



OECD Journal on Budgeting

OECD Journal on Budgeting, Volume 2020 Issue 3

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Note by Turkey

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Please cite this publication as:

OECD (2021), *OECD Journal on Budgeting, Volume 2020 Issue 3*, OECD Publishing, Paris, <https://doi.org/10.1787/d6d8a509-en>.

OECD Journal on Budgeting
ISSN 1608-7143 (print)
ISSN 1681-2336 (online)

Photo credits: Cover © K.Narloch-Liberra.

Corrigenda to publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.

© OECD 2021

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.

Foreword

The OECD Journal on Budgeting is a unique resource for policy makers, officials and researchers in public sector budgeting. Drawing on the best of the recent work of the OECD Working Party of Senior Budget Officials (SBO), as well as special contributions from finance ministries of member countries and from other practitioners, the Journal provides insights on leading-edge institutional arrangements, systems and instruments for the effective and efficient allocation and management of resources in the public sector.

We welcome feedback from our readers. Your views on how to improve the Journal can be sent to: The Editors, The OECD Journal on Budgeting, OECD, 2, rue André-Pascal, F-75775 Paris Cedex 16, France. Fax: (33 1) 44 30 63 34; e-mail: sbo.news@oecd.org.

The Editors

Public Governance Directorate, OECD

Elsa Pilichowski

Director

Jón R. Blöndal

Head of Public Management and Budgeting Division

OECD Journal on Budgeting

Jón R. Blöndal

Editor-in-Chief

Table of contents

Budgeting in Thailand	6
Thailand: Gender Budgeting Action Plan	82

Follow OECD Publications on:



http://twitter.com/OECD_Pubs



<http://www.facebook.com/OECDPublications>



<http://www.linkedin.com/groups/OECD-Publications-4645871>



<http://www.youtube.com/oecdilibrary>



<http://www.oecd.org/oecdirect/>

Budgeting in Thailand

This review provides an overview of the budgetary landscape in Thailand and identifies the legal and constitutional aspects that impact on the planning, preparation and reporting of the budget. It then discusses strategic planning elements of the budget, specifically fiscal objectives, medium-term planning, capital investment, the management of fiscal risk in budgets and performance budgeting. It focuses on the development and preparation of the budget, the oversight of the execution of the budget, and the accounting and reporting functions supporting the budget. The final section considers the oversight and accountability of the budget from the perspective that is external to the preparation and decision making of the government. It looks at the role of parliament and independent institutions as well as the transparency, openness and accessibility of the budget. The analysis undertaken in this review is based on the OECD Recommendation of the Council on Budgetary Governance.

This report was prepared by Andrew Blazey, Anne Keller and Scherie Nicol of the OECD Directorate for Public Governance and Donna Degan, Assistant Secretary at the Australian Department of Finance.

JEL codes: H50, H60

Keywords: Thailand, budgetary governance, fiscal transparency, gender budgeting, medium-term planning, performance budgeting, public financial management, budget review

Acknowledgements

The OECD would like to thank the government of the Kingdom of Thailand for its engagement and commitment during the review, in particular to the Budget Bureau for its availability and insights during the review process.

The OECD conducted interviews with officials from the Ministry of Finance and line ministries, the State Audit Office, the Parliamentary Budget Office, the parliament, as well as consultations with independent experts and representatives of civil society (Annex B). The authors would like to express their appreciation to all of these stakeholders for their availability and insights.

This review was undertaken by Andrew Blazey, Donna Degan, Anne Keller and Scherie Nicol. Andrew Blazey, Anne Keller and Scherie Nicol are from the Budgeting and Public Expenditures Division, Directorate for Public Governance, OECD. Donna Degan is Assistant Secretary at the Department of Finance in Australia. Aline Pennisi, Head of Unit in the State Budget Division of the Ministry of Economy and Finance, Italy, acted as peer reviewer.

The report includes feedback from a consultation process co-ordinated by the Budget Bureau. The OECD is grateful to all the parties who provided feedback on the report.

Acronyms and abbreviations

ASEAN	Association of South East Asian Nations
BPA	Budget Procedures Act
CGD	Comptroller General's Department
EEC	Eastern Economic Corridor
FPO	Fiscal Policy Office
FRA	Fiscal Responsibility Act
FY	Fiscal year
GDP	Gross domestic product
IFI	Independent fiscal institution
IMF	International Monetary Fund
LAO	Local administrative organisation
MOU	Memorandum of understanding
MTEF	Medium-term expenditure framework
MTFF	Medium-term fiscal framework
NESD	National Economic and Social Development
OECD	Organisation for Economic Co-operation and Development
OPDC	Office of the Public Sector Development Commission
PBO	Parliamentary Budget Office
PPP	Public-private partnership
SAC	State Audit Commission
SAI	Supreme Audit Institution
SAO	State Audit Office
SDG	Sustainable Development Goals
SEPO	State Enterprise Policy Office
SOE	State-owned enterprise
SPPB	Strategic Performance Based Budgeting
THB	Thai baht (currency)
USD	United States dollar (currency)

Overview

In recent years, Thailand has enjoyed sustained economic growth, fiscal surpluses, relatively low public debt, low inflation and a high rate of labour market participation. In this regard, it has outperformed many OECD countries; yet, in some instances, its results are below regional comparisons. Within the government's 20-year National Strategy, Thailand seeks to become a high-income country by 2037. The National Strategy draws on the effective use of public resources through effective budgetary governance as an important enabler to achieve its objectives.

This *OECD Review of Budgeting in Thailand* was conducted in parallel to a *Gender Budgeting Action Plan* and is based on the 2015 *OECD Recommendation of the Council on Budgetary Governance*.

Budget strategy

The Thai government operates a top-down budgeting approach, driven from high-level, long-term strategies. These strategies are reflected in medium-term plans and operationalised through annual budgets to show policy and expenditure priorities. The top-down approach is supported through a comprehensive legal framework that was modernised in 2018 to include a medium-term fiscal framework and governance arrangements to set fiscal rules and clarify the organisational responsibilities of the Budget Bureau. Although the majority of the fiscal rules operate outside of the legislation, the rules are long-standing and stable.

The government views capital investment as a means to raise incomes by boosting productivity and improving public services for the people of Thailand. A modest level of fiscal space supports carefully selected public investments. However, the government needs to first strengthen the way it manages capital investment to increase the likelihood that investments deliver on expectations. This report recommends that the Budget Bureau increase its emphasis on appraising and selecting capital investment projects as part of the budget to ensure the projects selected for implementation offer the greatest benefits in terms of the government's overall goals.

Thailand is making sound progress towards the Sustainable Development Goals, which is an effective outcome-based performance framework. The Budget Bureau should consider seeking an estimate of the cost of achieving the Sustainable Development Goals, along with other international commitments, such as the Paris Agreement on Climate Change, in order to inform the preparation of the government's medium-term fiscal framework.

Budget management

The Thai government's preparation of timely, well-managed budgets reflects well on the Budget Bureau and its co-ordination with the three other relevant central agencies: the Ministry of Finance, the Bank of Thailand, and the National Economic and Social Development Council. The processes in place support the discovery of information from across government ministries to inform the medium-term fiscal framework and the overall budget ceiling. However, the process is resource-intensive, reflecting an expansive network of committees to support information sharing and a consensus approach to decision making.

Based on the OECD review of the budget process in place for the 2019 Budget, this report recommends reviewing the sequencing of the budget cycle, streamlining the medium-term expenditure preparations and moving to a single-stage annual budget preparation process. Scrutiny of off-budget funds and the participation of independent entities in the budget process would help the Budget Bureau identify policy choices for the Cabinet.

The government operates a performance-orientated budget system. Over time, the number of budget programmes have increased, as have the performance indicators supporting the programmes. This

proliferation has begun to obstruct the value of the information produced and increased reliance on the Budget Bureau to make sense of it all. A similar issue exists concerning the quantum of line items within the annual budget. The Budget Bureau and the other central agencies have already started to respond by streamlining IT systems. The Budget Bureau and line ministries could consider also streamlining the number of programmes and performance indicators, and clarifying the relationship between programmes and how they contribute to strategic outcomes. This would involve clarifying the roles and responsibilities of the various central agencies and line agencies. There is scope to increase the effectiveness of evaluations through spending reviews and policy evaluation. The Budget Bureau has made progress implementing the cross-cutting priorities of the government, including decentralisation reforms regarding the transfer of budget to local administrative organisations, but the OECD recognises that the initiative is likely to take some years to fully complete.

Budget oversight

The budget process in Thailand has historically been controlled by the government, with limited independent scrutiny. Nevertheless, the role of the National Assembly of Thailand in the budget process has expanded over the years. The establishment of the Parliamentary Budget Office is a positive step, increasing both the resources available to parliament to consider the government's budget and fiscal policy settings and the scrutiny applied to the budget. Experience from across the OECD shows that independent fiscal institutions, including parliamentary budget offices, can increase the transparency of the budget process where these institutions have the independence needed to fulfil their roles.

The independent Supreme Audit Institution supports the integrity of the budget process and its plan to strengthen its mandate to undertake performance audits supports the performance orientation of the budget.

The transparency of the budget process has progressively improved through a broader range of budget publications. Innovations such as online budget portals allow the government to create a single entry point for budget information, and are increasingly common in OECD countries. Public participation in the budget is low and has not changed greatly over time. The implication for the budget process is that the government does not benefit from a diversity of perspectives beyond those offered by government ministries. Increasing the public's voice in the budget is a role that ministries – and not just the Budget Bureau – can take on to inform the design of budget proposals. Similarly, the parliament has little voice in the preparation of the budget. Unlike a growing number of OECD countries, the Thai parliament does not have a role in the *ex ante* stage of the budget process. However, standing committees of the parliament can call in government agencies to provide information. The introduction of a parliamentary debate on budget priorities might be considered in the future.

The *OECD Recommendation of the Council on Budgetary Governance* contains ten principles of effective and modern budgeting. Table 1 summarises this report's findings.

Table 1. Budgeting in Thailand and the *OECD Recommendation of the Council on Budgetary Governance*

Budget principles	Comment	Reference
1. Clear, credible and predictable limits for fiscal policy	Thailand has a comprehensive legislative framework for budgeting and fiscal management. The framework has contributed to Thailand's credentials on sound fiscal control. The multiple fiscal rules have stable settings and receive political backing. The fiscal rules influence the top-down approach and the overall budget ceiling. The rules apply only at the national level, not for local administrative organisations. Reviewing the sequence of the budget cycle, streamlining the medium-term expenditure preparations and moving to a single-stage annual budget preparation process should be considered to increase the efficiency of budget formulation.	Section 2
2. Medium-term strategic alignment	Thailand has a comprehensive, long-term planning framework which is established in legislation and implemented across government. The medium-term fiscal framework connects to the national strategies and the National Economic and Social Development Council monitors the achievement of the strategic plans. As noted in Principle 8, attributing performance results from outputs to strategic outcomes is challenging.	Section 2
3. Cost-effective and coherent capital budgeting	Potential increases to the level of capital investment highlight the need for a robust approach to assessing, selecting and monitoring capital projects to ensure the projects with the greatest benefits relative to Thailand's strategic goals are undertaken. Thailand has a revised Public-private Partnership law to clarify the framework and governance of public-private partnerships. The plans to report the potential risks of PPPs in a co-ordinated way across government are a priority.	Section 2
4. Open, transparent and accessible budget documents and data	Budget transparency has improved greatly. The next steps are to increase the analyses and performance reporting of budget information, making the most of IT solutions, such as online budget portals.	Section 4
5. Inclusive, participative and realistic debate on budget choices	The establishment of the Parliamentary Budget Office (PBO) increases the resources available to the parliament to support the debate on the budget. Public participation in the budget process is limited, but can be exercised by ministries when preparing budget proposals as well as the Budget Bureau. The Gender Action Plan contains recommendations to implement gender equality through budgeting, including by gender tagging budget programmes and mainstreaming gender impact assessments.	Section 4
6. Comprehensive, accurate and reliable accounting	Thailand has adopted international accounting standards, which are in line with the majority of those of OECD countries; however, off-budget funds accounted for 28% of the 2018 Budget. The budget is prepared on a cash basis, supported by capital commitment budgeting. Financial results are prepared on a modified accrual basis. The volume of line items in the budget are greatly in excess of those used by OECD countries and could be streamlined. National statistics are independent and support the budget process. Greater use of national statistics is possible in performance budgeting processes.	Section 3
7. Plan, manage and monitor budget execution	IT monitoring systems across the central agencies provide oversight on budget execution, in addition to the role performed by the Comptroller General's Department on the distribution and record of budget funds.	Section 3
8. Performance, evaluation and value for money	The government operates a performance-orientated budgeting system. The number of programmes and indicators could be reduced and the linkages between output indicators and outcome indicators clarified. The authorities are taking action to resolve fragmented IT systems for monitoring performance while clarifying the roles and responsibilities for performance measurement among the various central agencies and line agencies. Progress towards the Sustainable Development Goals is the most recognised performance framework and could be integrated into budget decision making and reporting.	Section 2
9. Fiscal risks and long-term sustainability	A fiscal risk statement is provided by the Committee on Fiscal Risk Management and is considered in the medium-term fiscal framework preparation. The government should continue to co-ordinate its preparation of the statement across agencies to ensure it is comprehensive, timely, publicly available and connected to the budget process. Awareness of the policy challenges of long-term sustainability would be enhanced through a long-term fiscal statement and estimating the cost of achieving international commitments, including the Sustainable Development Goals and Paris Agreement on Climate Change.	Section 2
10. Quality, integrity and independent audit	The Supreme Audit Institution (SAI) performs an independent role on financial and performance audits. The emphasis on performance supports the performance orientation of Thailand's budget system. Stakeholder engagement has increased awareness of the SAI's functions and the SAI should continue to increase the coverage of its public reporting in a timely and accessible format. The PBO increases the scrutiny applied to the budget and fiscal policy. It has a broad mandate, but insufficient resources at present to fulfil that mandate. A Memorandum of Understanding between the PBO and the government would help increase access to information so that the PBO could undertake analyses.	Section 4

1. Economic and fiscal environment

This section provides an overview of the budgetary landscape in Thailand and identifies legal and constitutional aspects that are relevant to budgeting and public expenditure. The section discusses institutional roles and responsibilities and highlights recent legislation reforms that impact on the planning, preparation and reporting of the budget.

1.1. Economic landscape

In 2018, real gross domestic product (GDP) growth was 4.1%, higher than its five-year average of 3.7%. The economy has a strong exchange rate and current account surplus at 6.4% of GDP in 2018 (IMF, 2019^[1]). The National Economic and Social Development (NESD) Council forecasted GDP growth of 2.6% in 2019. Although growth is strong relative to the OECD average, economic growth rates in Thailand have gradually fallen relative to those achieved in the 1970s and 1980s, and have started to trail the rates of neighbouring Asian countries.

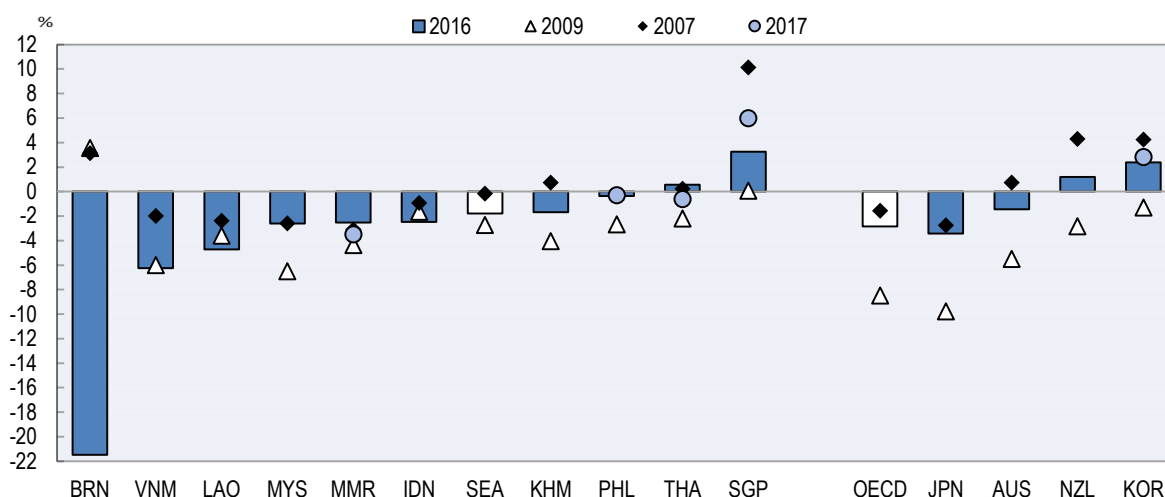
At the same time, inflation remains low at 1.1% in 2018, stemming, in part, from modest levels of domestic consumption. The Bank of Thailand has a 1-4% inflation range, based on an annual average rate of 2.5% and a tolerance band of $\pm 1.5\%$. From 2015 to 2019, inflation has been between 0% and 1%. The transparency of monetary policy in Thailand is considered high, for example through the publication of minutes from the Monetary Policy Committee and the diversity of the membership of the committee (Koen et al., 2018^[2]).

The unemployment rate is low, around 1%, and the labour participation rate is higher than the OECD average (ILO, 2017^[3]). However, many people work in the informal sector, which is large in Thailand relative to other countries, particularly in regional agricultural sectors. The government has implemented initiatives to formalise work arrangements and increase work security for employees, including by minimum wage legislation and extending social security policies (World Bank, 2017^[4]).

The government has an established track record of fiscal control and the general governmental fiscal balance has remained in surplus from 2015 to 2019 and is forecast to continue to produce in surplus (IMF, 2019^[1]). Figure 1 shows the results of Thailand's fiscal balance relative to regional comparisons and the OECD average. Of note is that the average fiscal balance across OECD countries has remained in deficit for a prolonged period relative to the surpluses produced in Thailand.

Over the past ten years public debt has averaged 40% of GDP, which is below most countries in the region and below the OECD average. In 2018, the average level of public debt across OECD countries was 81% of GDP. Figure 2 shows Thailand's public gross debt as a percentage of GDP relative to regional comparators and the average for OECD countries. In 2018, the Ministry of Finance confirmed the debt ceiling of 60% of GDP, ensuring sufficient borrowing space should a downturn in the economy require an increase in government expenditure. However, the increased headroom was never required (Bogiatzis, Asada and Rizwan Habeeb Rahman, 2018^[5]). The debt ceiling has remained unchanged since 2010, conveying stability about Thailand's fiscal setting.

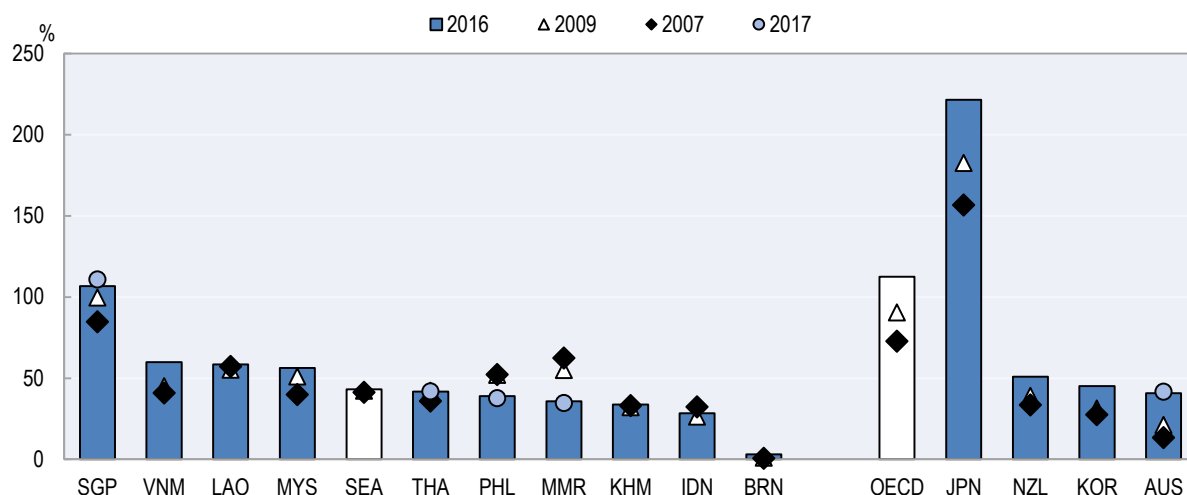
Figure 1. General government fiscal balance as a percentage of GDP, 2007, 2009, 2016 and 2017



Sources: OECD (2019^[6]). For Southeast Asian countries: IMF (2018^[7]). For OECD countries: *OECD National Accounts Statistics* (database).

StatLink <https://doi.org/10.1787/888933840437>

Figure 2. General government gross debt as a percentage of GDP, 2007, 2009, 2016 and 2017

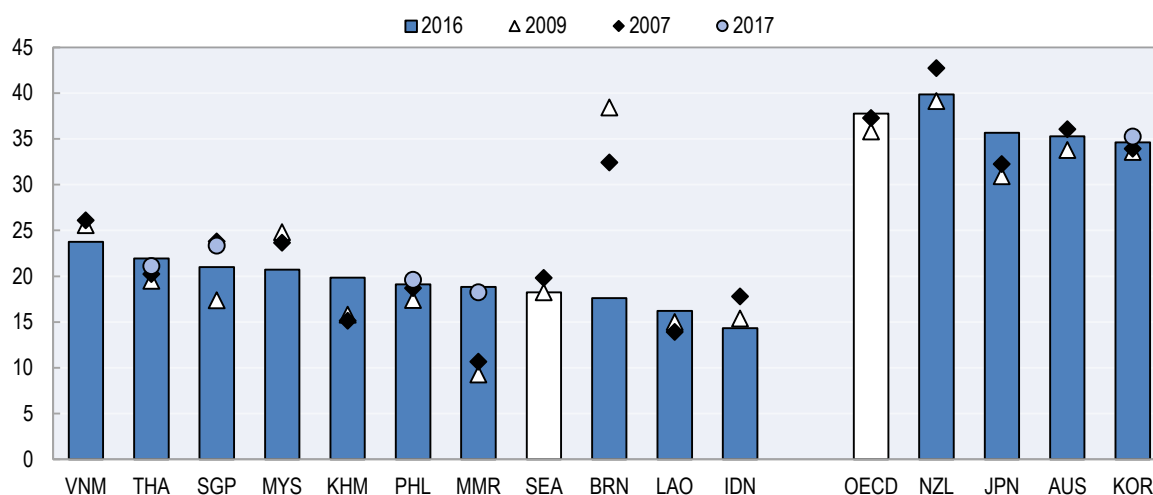


Sources: OECD (2019^[6]). For Southeast Asian countries: IMF (2018^[7]). For OECD countries: *OECD National Accounts Statistics* (database).

StatLink <https://doi.org/10.1787/888933840513>

Thailand's general government revenue is at a comparable proportion of GDP relative to countries in the Asia region, but is considerably lower than the average of OECD countries, as shown in Figure 3. Of the 21% of GDP collected in tax revenue in Thailand, 8.4% of GDP refers to taxes collected by local administrative organisations (LAOs). The LAOs receive transfers from the central government in addition to locally collected taxes and user charges to fund public expenditure.

Figure 3. General government revenues as a percentage of GDP, 2007, 2009, 2016 and 2017



Sources: OECD (2019^[6]). For Southeast Asian countries: IMF (2018^[7]). For OECD countries: *OECD National Accounts Statistics* (database).

StatLink  <https://doi.org/10.1787/888933840551>

The government's rate of public investment averages 20% of total government expenditure for the 8-year period to 2016, which is slightly slower than the average across Southeast Asia of 16%, but considerably higher than the OECD average of 7.6% (OECD, 2019^[6]). A sustained track record of generating modest fiscal surpluses has maintained a stable level of public debt. The International Monetary Fund suggests that Thailand has some fiscal space for a targeted increase in public investment while remaining well below the established debt ceiling of 60% of GDP. The suggestion of targeted public investment is to focus on investment that supports productivity growth and private sector participation (IMF, 2019^[1]).

Thailand has a population of 68 million and has an export-oriented economy, benefiting from its location in the greater Mekong region. As global demand eases and global trade tensions become more evident, Thailand has felt the consequences through a relative decline in exports, with a corresponding effect on GDP growth. These near-term effects do not appear to have distracted the government from its goal for Thailand to become a high-income economy by 2037, based on its 20-year National Strategy (Box 1).

1.1.1. Strategic and political landscape

1.1.1.1. Strategic direction

The National Strategy charts a course for Thailand to break free of the middle-income trap by transitioning from a low-wage comparative advantage to one based on a technology- and innovation-driven economy. In order to make the transition, the strategy identifies ways to lift productivity and raise the potential growth of the economy through a focus on infrastructure and an increased focus on value-adding production processes and tertiary sectors.

Box 1. Thailand's National Strategy 2018-2037

The Royal Thai Constitution states that the government should have a national strategy as a framework to formulate consistent and integrated plans. The governance and preparation of the strategy is established in law under the National Strategy Act 2017. The government's strategy has the vision of Thailand becoming, "a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy."

The Sufficiency Economy Philosophy was introduced by the late King Bhumibol Adulyadej as an overarching approach to sustainable development, emphasising moderation, reasonableness and prudence. Central to the philosophy is human development, resilience and respect for the environment.

The National Strategy comprises six goals, each supported by indicators to measure progress. A further six strategies identify the ways in which the government will go about achieving each goal. The strategies focus on:

1. national security
2. enhancing national competitiveness
3. developing and strengthening human capital
4. a cohesive and just society
5. eco-friendly development and growth
6. public sector rebalancing and development.

Performance in relation to rebalancing and developing the public sector includes the public's satisfaction with public services; public service efficiency; levels of transparency and corruption; and equal treatment in the judicial process. The rebalancing and development is to be brought about by downsizing the public sector, modernising its operation while at the same time ensuring it adheres to the implementation of the National Strategy and operates with transparency to tackle corruption and support professionalism.

Source: National Strategy Secretariat Office and Office of the National Economic and Social Development Board (2018^[8]).

The National Strategy is translated into national economic and social development (NESD) plans, which cover a five-year period. The NESD plans are to align to the National Strategy and are to guide the allocation of resources in the annual budget planning process. In 2017, the government enacted the National Strategy Preparation Act, which established a legal requirement to develop NESD plans in a manner that is consistent with the National Strategy, a move that is designed to increase the consistency of planning across government ministries and agencies.

As part of progressing the National Strategy, the government has undertaken economic development **initiatives** and sought advice from international organisations. The economic initiatives have sought to modernise the economy as the country's economic maturity increases, and to catalyse economic development in regional clusters that are expected to expand over time (Box 2). Advice from international organisations has included the OECD's *Multi-dimensional Review* (OECD, 2018^[9]) to identify policies that help leverage Thailand's strengths and to anticipate challenges as the country advances (Box 3).

The sixth area of focus in the National Strategy, shown in Box 1, refers to rebalancing and developing the public sector. In this regard, the National Strategy is to guide policy development on public administration reform. Reform initiatives are to have regard for national security, competitiveness, human capital, social equality and a green economy within the public sector.

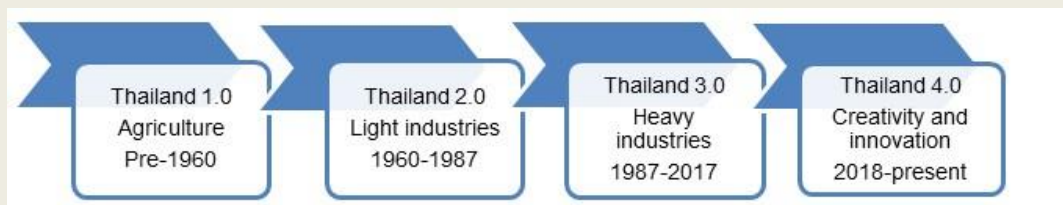
Box 2. Initiatives to boost growth and productivity in Thailand

Thailand 4.0

The Thailand 4.0 strategy is designed to increase the proportion of the Thai economy that is based on services relative to production, by prioritising technology and innovation. The strategy has four objectives: 1) economic prosperity; 2) social well-being; 3) human values; and 4) environmental protection.

Figure 4 shows the narrative that characterises the evolution of the Thai economy from Thailand 1.0 to the present-day Thailand 4.0 strategy.

Figure 4. Evolution of the Thai economy: From Thailand 1.0 to Thailand 4.0



Eastern Economic Corridor

The Eastern Economic Corridor (EEC) is part of the government's plan to establish special economic zones in provinces that are close to the borders of ASEAN (Association of South East Asian Nations) countries to help boost cross-border trade and employment. The EEC is a pilot area to develop three coastal regions (Chonburi, Rayong and Chachoengsao) into a special economic zone to enhance logistical effectiveness through improved infrastructure and regulation. The EEC targets ten sectors including aviation, biofuels, electronics, digital, logistics and medical. The objective of the EEC is for Thailand to become an economic base for the ASEAN region and thereby contribute to Thailand raising its national income level.

Source: Anuroj, B. (2018_[10]).

Box 3. OECD Multi-dimensional Review of Thailand

In 2018, Thailand requested the OECD to undertake a multi-dimensional review for the purpose of identifying the main constraints for equitable and sustainable growth. The review methodology builds on the Sustainable Development Goals and takes a cross-cutting, rather than a sectoral, perspective on policies. The review noted that Thailand has made impressive economic and social progress over several decades. However, the rising prosperity has not been shared equally across the country. The disparities risk obstructing the next stages of development. The review identified three transitions:

- to move from a growth path dominated by a few geographically concentrated sources of innovation to one that focuses on unlocking the potential of all regions
- to organise multi-level governance arrangements that recognise the relationship between the layers of government, particularly regarding financial resources
- to focus on water and the environment, specifically sustainable development in relation to the natural disaster risks the country faces.

The review provided a set of policy recommendations and actions to support the transitions. Of relevance to budgeting and public expenditures, the review identifies the lack of co-ordination across government agencies, inefficient infrastructure financing, and imbalances between central and local government.

Source: OECD (2018^[9]).

1.1.1.2. Trust in government

The legislature in Thailand is bicameral, consisting of a Senate (the upper house) and a House of Representatives (the lower house). Members of the upper house are appointed by the National Council for Peace and Orders under the 2017 Constitution, only for the initial stage of five years. The government is dependent on the support of the parliament through votes of confidence.

Following post-elections negotiations from the general election that took place on 24 March 2019, Prime Minister Prayut Chan-o-cha was returned to power in a government that has a 4-seat majority from a 19-party coalition arrangement. Prayut Chan-o-cha first took power in 2014.

The result of the election was a significant milestone for Thailand, as it was the first election since 2014 and in an environment where mainstream news of political unrest is not uncommon. With the election result complete and a government in place, policy certainty has increased for the direction with which the government will implement the National Strategy and its other priorities. However, uncertainty focuses on how the coalition government and the parliament will function under the amendments to the 2017 Constitution to give effect to economic and social policy. The next scheduled election for the House of Representatives is in 2023.

In Thailand, according to the Gallup World Poll (2017), there is a high level of trust in the government relative to the OECD average (Gallup, 2017^[11]). Over 60% of respondents to the Gallup Poll stated they had confidence in the national government. That said, the level of trust in government in Thailand has declined since the early 2000s. This compares to the OECD average of only 45%. The OECD's research on the public's trust in government shows that the effective delivery of public services and a government's response to a crisis situation can strengthen the level of trust in government (OECD, 2017^[12]). As such, the government's focus on strengthening performance in the public sector, based on the National Strategy, should support trust in government.

Despite this level of trust in government, a perception of corruption tarnishes Thailand's ambition more generally. Transparency International's Perceptions of Corruption Index 2018 gives Thailand a score of 36 out of 100, relative to a simple average of 44 for the Asia-Pacific region and 69 for OECD countries.¹

The perception of corruption is not lost on the government. Within the budget process, the government has taken measures to strengthen the credibility of the budget framework through new legislation and has enacted a comprehensive procurement law which strengthens the implementation of budget decisions. The procurement law contains a strong focus on anti-corruption and an integrity pact. Further, the government has established a National Anti-Corruption Commission and a Public Sector Anti-Corruption Commission. It has prepared a National Anti-Corruption Strategy (2017-21), and in 2018 completed an *OECD Integrity Review* (OECD, 2018^[13]) to provide recommendations on coherent and effective integrity policies.

1.2. Legal and constitutional framework

1.2.1. Budget laws

Thailand has a comprehensive legislative framework on budgeting that has well-established foundations and has been updated over time. Thailand's legal framework for budgeting and public financial management comprises three principal pieces of legislation:

- 2017 Constitution of the Kingdom of Thailand (B.E. 2560)²
- 2018 Fiscal Responsibility Act (B.E. 2561)
- 2018 Budget Procedures Act (B.E. 2561).

The Constitution of Thailand is the supreme law of the state. The current Constitution came into force in April 2017 and comprises relevant budgetary principles such as:

- the requirement to strictly maintain its financial and fiscal discipline (Section 62)
- a fair tax system (Section 62)
- the legal authority for expenditure (Section 140)³
- disclosure of budget information to be provided with the Annual Appropriation Act (Section 142)⁴
- constitutional restrictions on parliament's role (Section 143-144).

Thailand is modelled after the Westminster system. The 2017 Constitution reintroduced a bicameral parliament consisting of a House of Representatives and a Senate, which is similar to the 1997 Constitution.

The parliament needs a simple majority of the total number of existing members to amend and approve the budget (Section 132 of the Constitution). The draft budget is submitted to parliament at the end of May for parliament to approve or reject the draft budget before the start of the fiscal year in October.⁵ If parliament's consideration of the draft budget is not completed within that period, the annual appropriations of the preceding fiscal year shall apply for the fiscal year until the act is approved and enacted by the King (Section 141). In addition, parliament performs its oversight role of monitoring the budget and applying audit scrutiny through a permanent Budget Monitoring Committee to ensure public expenditures comply with the law (see Section 4).

The executive branch comprises the Prime Minister, who is usually the chair of the strongest party of the House of Representatives, and ministers of the government who form the Cabinet. The Cabinet takes decisions on public financial management, such as the preparation and submission of the budget to parliament, the execution of the budget, and budget reporting obligations. Here, the Budget Bureau and the Ministry of Finance have prominent roles.

1.2.2. Recent budget law reforms

Under the Constitution, Section 5 of the Constitution states:

...whenever no provision under this Constitution is applicable to any case, an act shall be performed or a decision shall be made...

To this effect, in 2018, two pieces of budget legislation were enacted, the Budget Procedures Act (2018 BPA) and the Fiscal Responsibility Act (2018 FRA). The purpose of the legislation is to improve the overall management of the budget and to enshrine fiscal discipline in legislation. These two laws are discussed below and focus on prescribing the form of budget documents and define the planning, execution, controlling, monitoring and evaluation of the budget.

Of note, government agencies and local government administrations become direct budget recipients under the 2018 BPA. This decentralisation of responsibility will increase the administrative burden of agencies in some areas and may require supporting information systems. At the same time, the localised allocation of responsibility is consistent with the principle of subsidiarity, ensuring that decisions are taken at the level most suited to the solutions proposed. At the time of writing, it was too early to review the implementation of these new laws.

1.2.2.1. 2018 Budget Procedures Act B.E. 2561

The 2018 BPA replaced six amendments of the 1959 BPA and complements the 2018 Fiscal Responsibility Act.

The 2018 BPA improves the overall management of the budget by introducing a result-oriented outcomes focus while increasing the overall accountability and comprehensiveness of the central and local governments. This 20-page legal document defines the content of the draft budget and its supporting documents, covers the whole budget process, including the budget preparation, the management of appropriations, budget controls and evaluation processes as well as the government's reporting obligations.

In addition to the key features of the 2018 BPA law given in Box 4, the law redefines and strengthens the roles of the Budget Bureau by:

- Attributing a decision-making role – together with the Ministry of Finance, the Office of the National Economic and Social Development (NESD) Council, and the Bank of Thailand – on the annual budget policy, including the total annual budget ceiling, and the establishment of expenditure and income estimates of at least three years ahead.
- Introducing an outcome-oriented control function shifting the focus from input control to supervising spending outcomes.
- Holding the overall responsibility of more systematic and comprehensive budget expenditure monitoring and evaluation processes, covering *ex ante* and *ex post* evaluations as well as reviews during the implementation of expenditure programmes.

Box 4. Key features of the Budget Procedures Act B.E. 2561

1. Outcome focus: indication of achievement and expected benefits for draft budget and yearly reporting on appropriation disbursement and results of work performance.
2. Budget comprehensiveness: budget and spending must cover all sources of funds, budgetary and extrabudgetary.
3. Medium-term expenditure framework: reinforcement and preparation of at least three years ahead of the budget year.
4. Decentralisation of spending accountability:
 - ministers and heads of agencies are required to oversee, monitor and evaluate the spending of the budget envelopes
 - local administrative organisations, of which there are 7 851, become direct budget recipients of subsidy financing (Section 29).
5. Budget flexibility:
 - public sector personnel programmes (i.e. appropriations for personnel) are classified separately (Section 17) while the transfer of budgets across agencies under an integrated programme and under a public sector personnel action plan is now permitted (Section 35)
 - budget carry-over to the next fiscal year is possible where an obligation has been committed by the end of the fiscal year.
6. Budget monitoring and evaluation systems: development of evaluations pre-budget allocations, during budget execution and *ex post* following implementation.

Source: Based on PEMNA (2018^[14]) and information provided by Thai Budget Bureau.

The stronger role of the Budget Bureau increases its accountability for co-ordinating the budget across the government and creates a focus on the outcomes achieved from the annual budget.

1.2.2.2. 2018 Fiscal Responsibility Act B.E. 2561

Thailand's recent history shows a track record of sound fiscal results under an environment where there is no specific legislation on fiscal responsibility. The 2018 Constitution addresses that point in Section 62 by requiring the state to strictly maintain its financial and fiscal discipline in accordance with a fiscal responsibility law.

Section 62 led to the adoption of the Fiscal Responsibility Act. The law contains obligations in the areas of financial and budgetary proceedings, fiscal rules, local government finance, accounting, reporting, and auditing. With this law now in place, the OECD review team was advised that the Budget Bureau, in consultation with other relevant agencies including the Ministry of Finance, is likely to prepare guidelines on fiscal discipline, discipline on fiscal innovation, and comprehensive fiscal reports and analyses.

The 2018 FRA mandates the establishment of the Fiscal Policy Committee (Section 10) with responsibility for fiscal policy management. The committee is chaired by the Prime Minister. Pursuant to Section 11, the committee is to prepare and revise the medium-term fiscal framework (MTFF) and set fiscal rules. Other sections of the 2018 FRA refer to financial and budgetary proceedings such as:

- providing guidance on annual appropriations and budget rules, supplementary budgets, and the Central Fund

- requiring state agencies to implement systems for the preparation and execution of budgets, the supervision of expenditure, and systems for fiscal and financial internal auditing (Sections 20-23).

1.2.3. Gender budgeting reforms

Thailand has been giving increasing attention to the gender equality agenda in recent years, and adopted the country's first-ever Gender Equality Act in 2015. Of particular note, Thailand enshrined the concept of gender budgeting in the 2017 Constitution. Thailand's commitment to gender budgeting can help redress gender inequalities through the government's tax and spend decisions.

Building on this recent commitment to pursue gender budgeting, the government of Thailand asked the OECD to assist in developing a Gender Budgeting Action Plan, undertaken in parallel with this Review.

1.2.4. Subnational government budgets and decentralisation reforms

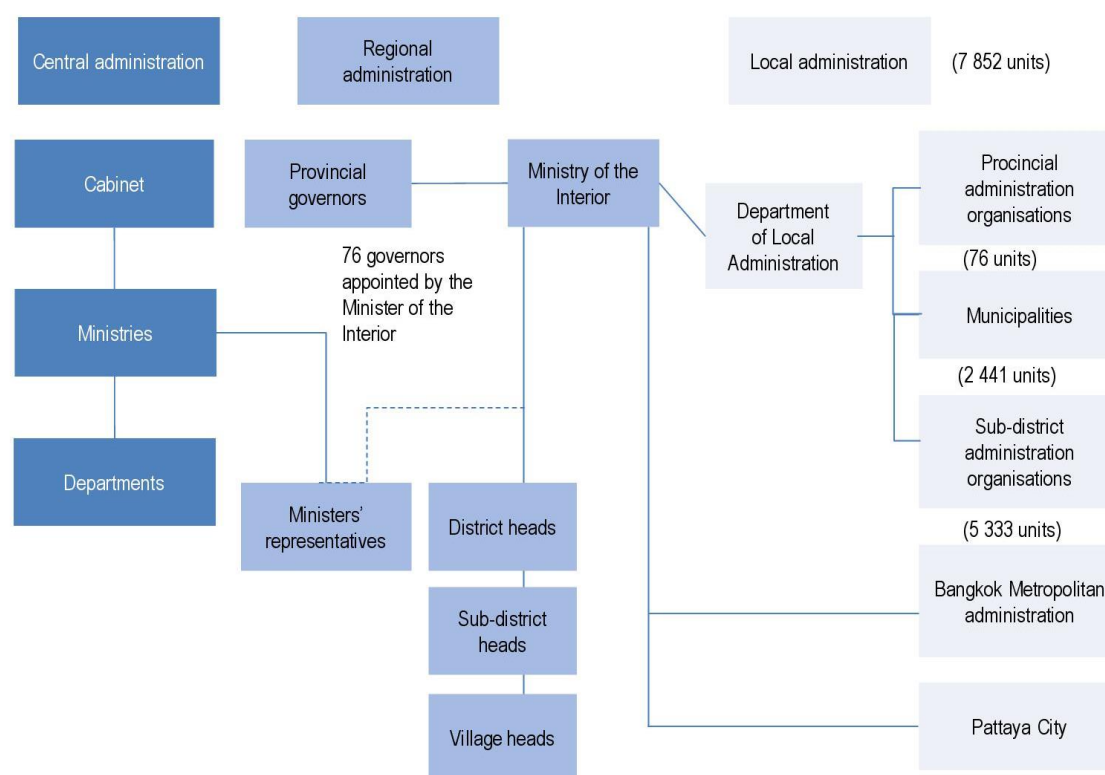
Thailand's geography gives rise to economic challenges, including the distribution of income. Thailand has made great strides to reduce poverty, but the poorest regions of the country are rural and rely on agriculture. Thailand's decentralisation process is one way in which the government is working to address the challenge. Since the 1990s, the authorities have worked at different ways to decentralise government operations to focus on public services at a regional level. At the provincial level, most officials are appointed by the central government and at the local level officials are elected. Differences in governance impact on the incentives and leadership at each level and the way they work together.

The national administration of Thailand is divided into three parts: central, regional and local (Section 76 of the 2017 Constitution). The local administration is based upon the concept of decentralisation and according to the Government Administration Act B.E. 2534 (1991) and amendments, there are four forms of local government administrations: provinces, municipalities, sub-district administration organisations and special local government administrations.

Altogether, there are 7 852 units of local administration. There are currently two subnational government tiers. The upper levels of local administration are the 76 provincial administrative organisations, which co-ordinate and assist local governments within each province to deliver public services. The governors and other head officials of the state provinces are appointed by the Ministry of Interior. The provinces are divided into 2 441 municipalities (a lower level of local administration) and subdivided into 5 333 sub-district administration organisations. The subnational governments have directly elected councils and administrators. In addition, Thailand also has two special local government administrations, which refer to cities with a special status: the Bangkok Metropolitan Administration and Pattaya City.

The implementation of an ambitious decentralisation concept is ongoing in Thailand: a decade ago the Decentralisation Act of 1999 (B.E. 2542) required the government to allocate revenue, duties, subsidies and other revenues to the LAOs. Furthermore, in line with previous constitutions, the 2017 Constitution (Sections 249-254) requires the LAOs to be organised in accordance with the principle of self-government within an indivisible Kingdom. More precisely, it specifies more autonomy in the administration, finance and human resources management. It also refers to the establishment of appropriate systems of taxation and the allocation of taxes to ensure that the LAOs can collect revenues. Consistent with recent legislations such as the 2018 FRA, the 2018 BPA, and the Land and Property Tax B.E. 2562 (2019), initiatives have been implemented to improve the revenue capacity and autonomy of the LAOs.

Figure 5. Administrative structure of the Royal Thai government



Source: Thai Budget Bureau (2019_[15]).

The financing of Thailand's subnational government is, however, still highly centralised, with the LAOs being fiscally dependent of the central government. According to the Office of Decentralization to the Local Government Organization Committee, estimated revenues for the fiscal year 2019 show the locally levied revenue only accounting for 15%, centrally levied revenue accounting for 32%, shared tax accounting for 16% and subsidies accounting for 37% of the total revenue. The decentralisation reform's current target is to transfer 359 functions while increasing the proportion of total LAO revenue to the central government's net revenue to 35%.⁶ While the target has not yet been reached, the transfer of functions to the LAOs is steadily increasing the proportion of LAO revenue to the central government's net revenue (net revenue excluding borrowings), as shown in Table 2.

Table 2. Proportion of total local administrative organisations' revenue to central government's net revenue

Fiscal year	Percentage of local administrative organisations' revenue
2000	13.3%
2001	20.6%
2011	26.1%
2019	29.5%

Source: Thai Budget Bureau (2019_[15]).

As a measure to reach the objective of 35% revenue transfer, as stated in the 1999 and 2006 Decentralization Acts, it is envisaged that the parliament will increase the taxation powers of the LAOs and hence the revenue collected directly by them. In doing so, the revenue sharing and subsidies from the central government would decrease while reaching the objective of a higher proportion of total LAO revenue to central government's net revenue. In order to strengthen the autonomy and accountability of the LAOs, under the 2018 BPA, the 7 850 LAOs would become direct recipients of budget funding, starting with 76 provincial administrative organisations as pilots for the 2020 fiscal year.⁷

While the decentralisation reform is well ongoing, the Budget Bureau estimates that it may take some years to fully implement the reform. The process is not complete as changes to local laws tend to follow those enacted by the national parliament. Capacity building at the local level for investment in financial systems and policy take time to implement (Bogiatzis, Asada and Rizwan Habeeb Rahuman, 2018^[5]). Based on consultations with the Budget Bureau, several challenges for fiscal decentralisation exist, such as: improving the inter-governmental system and building the capacities of local fiscal and financial structures. Potential implementation risks could be reduced by:

- clarifying the functional roles and assignment of expenditure
- rationalising vertical and horizontal arrangements across government
- developing systems to facilitate co-operation
- strengthening local fiscal and financial structures
- monitoring local spending (central government grants and local sources of funds)
- evaluating local performance to ensure minimum standards of service.

1.3. Institutional roles and responsibilities

1.3.1. Budget institutions and responsibilities

Thailand is a constitutional monarchy. The Prime Minister is the head of government and the King is head of state. The King appoints the Prime Minister and not more than 35 other ministers to constitute the Council of Ministers, with the duty to carry out the administration of the state affairs in accordance with the principle of collective responsibility.

The National Assembly consists of the House of Representatives and the Senate. The President of the House of Representatives is the President of the National Assembly. The President of the Senate is the Vice-President of the National Assembly.

The National Assembly approves the National Strategy, which then provides the foundation for policy development and budget allocation to support the achievement of strategy goals together with indicators to inform what success looks like.

Within the government, several central agencies have responsibilities throughout the whole budget process:

- The **Budget Bureau**, a department under the Office of the Prime Minister, is the central agency responsible for budget policy and planning. It also leads the prioritisation, co-ordination and execution of the budget process and is responsible for the expenditure estimates. The Budget Bureau provides the draft budget to the Cabinet for endorsement, prior to the draft budget being presented to the parliament for approval.
- The **Ministry of Finance** houses a policy unit, the **Fiscal Policy Office (FPO)**, which is responsible for preparing the revenue forecasts for the budget. The FPO is also responsible for undertaking monitoring and in-year reporting of actual economic and fiscal performance against the budget. The FPO also undertakes analysis and research, providing technical advice to the Permanent Secretary and the Minister of Finance.

- The **Office of the National Economic and Social Development (NESD) Council**, a department under the Office of the Prime Minister, is Thailand's central planning agency responsible for formulating the five-year National Economic and Social Development Plan. The NESD Council also prepares macroeconomic projections and publishes the National Accounts and other economic indicators.

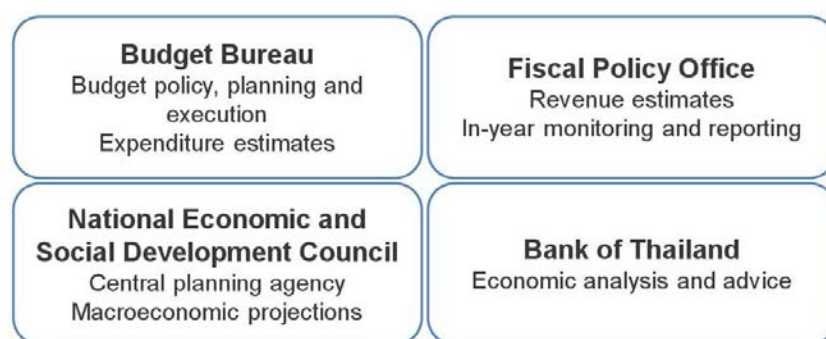
The NESD Council comprises 15 distinguished professionals, including a chairman and 9 members who are experts in the area of economic and social development, together with 5 *ex officio* members. The duties and responsibilities of the NESD Board include:

- to provide opinions and recommendations on national economic and social development to the Cabinet
- to scrutinise the NESD Plan and other proposals before submitting it to the Cabinet for consideration
- to provide opinions concerning economic and social development issues to the Prime Minister as requested
- to set up the co-ordination mechanism between the NESD Board, concerned agencies and state enterprises regarding the planning and implementation of development programmes and projects.

The **Bank of Thailand**, with respect to budget responsibilities, co-ordinates with the Budget Bureau, the FPO and the NESD Council quality assurance elements throughout the budget process, including scrutinising the NESD Plan, giving the economic outlook, and forecasting government revenue and expenditure.

These four key institutions form the **Fiscal Policy Committee**.⁸ The committee is chaired by the Prime Minister and is responsible for preparing and revising the MTFF and for setting fiscal rules. The economic projections and revenue estimates that underpin the budget are agreed by consensus through a series of discussions when meeting to prepare the MTFF.

Figure 6. Outline of key budget institutions in Thailand



Other relevant units within the Ministry of Finance include:

- the **Comptroller General's Department** controls the cash disbursements and manages the treasury reserve balance
- the **Public Debt Management Office** is responsible for the public debt management
- the **State Enterprise Policy Office** monitors and reports on state-owned enterprises (SOEs) and other commercial (and quasi-commercial) entities, including to analyse the capital investment proposals prepared by the SOEs for government approval.

1.3.2. Oversight of public finances

This section refers to two oversight institutions. More information on the institutions can be found in Section 4.

Thailand's **supreme audit institution's** (SAI) core function is the audit of the year-end government accounts, followed by compliance and performance audits. The SAI consists of three parts: 1) the State Audit Commission (SAC); 2) the Auditor General; and 3) the State Audit Office. The SAC holds the supervisory power and is responsible for setting the directions and scope of the audit work, including the State Audit Policy and Standards. The SAC is an independent body within the 2017 Constitution, separate from executive authority.

The **Parliamentary Budget Office** (PBO) was established in 2013 as an agency under the Secretariat of the House of Representatives to strengthen non-partisan budgeting and fiscal analysis in the Thai parliament through the provision of academic and budget analysis support to parliamentarians. The establishment of the PBO has been a positive first step in allowing impartial scrutiny and analysis of the budget. However, measures should be taken to assure its continued independence and to ensure that its structure, mandate and resources are appropriate to deliver the benefits of impartial oversight and in-depth analysis that such an independent body can provide.

1.4. Conclusions

Thailand has a well-established record of fiscal control, producing fiscal surpluses on a sustained basis and maintaining a relatively low level of public debt. The institutional arrangements supporting the budget are mature and stable, and are based on a co-ordinated approach across four central government agencies. The completion of general elections in 2019 was a significant milestone and creates policy certainty for the conduct of the budget for the planned parliamentary term. The decentralisation process between the central and local governments is a long-term initiative that will take several more years to complete. It is an area of ongoing change and capacity development for the governance of the budget. The legislative changes brought about by the 2018 FRA and 2018 BPA stem from the 2017 revision to the Constitution and are a material step to modernising budgetary governance in line with international good practice.

2. Strategic planning and budgeting

This section discusses strategic planning elements of a budget, specifically fiscal objectives, medium-term planning, capital investment, the management of fiscal risk in budgets and performance budgeting. It considers Principle 1 (clear fiscal limits), Principle 2 (alignment with the medium term), Principle 3 (capital budgeting), Principle 8 (performance, evaluation and value for money) and Principle 9 (long-term fiscal sustainability) of the *OECD Recommendation of the Council on Budgetary Governance*.

2.1. Medium-term budgeting framework

2.1.1. Medium-term planning

The government's National Strategy guides the medium-term priorities for the government for fiscal planning and management purposes. The Fiscal Responsibility Act requires the government to have a medium-term fiscal framework (MTFF) which is to be used as the master plan, drawing from the National Strategy, for fiscal and budget management and which covers fiscal planning, budget proceedings and the administration of public debt. The MTFF is an important tool for overcoming the limitations of the annual

budget cycle (Section 3). For example, a capital investment project usually takes several years to complete and the MTFF helps to take into account the multi-year impact of such projects.

The MTFF is jointly prepared by the Ministry of Finance, the Budget Bureau, the National Economic and Social Development Council, and the Bank of Thailand within three months from the end of the fiscal year and covers a period of at least three years. The ministry is responsible for revenue and financing and the Budget Bureau for expenditure allocations. The National Economic and Social Development Council and the Bank of Thailand are responsible for macroeconomic forecasts. The MTFF is a rolling plan with estimates of at least three out-years and is considered in the annual budget expenditure preparation. The MTFF includes:

- fiscal objectives and policies
- economic estimates
- revenue and expenditure estimates
- fiscal balance
- public debt status of the government
- fiscal and financial obligations of the government.

The majority of Southeast Asian countries (70%) and OECD countries (90%) operate a medium-term framework. Within Southeast Asia, only Thailand, Indonesia and Viet Nam prescribe the framework in legislation. In the case of OECD countries, 72% of the member countries have used legislation as the authoritative basis for each country's framework. In Thailand, a fiscal risk statement and debt sustainability analysis is prepared by the Committee on Fiscal Risk Management, which comprises the Ministry of Finance, the Budget Bureau, the Bank of Thailand, and the National Economic and Social Development Board. The statement and analysis is prepared in March of each year and is to refer to the effects of the macroeconomic, fiscal systems, government policies and the operations of state agencies such as details of social expenditures and transfers that are likely to cause a financial burden for the government. The statement is to include advice on the management of such risks.

The MTFF is reviewed and endorsed by the Fiscal Policy Committee, which is comprised of the Budget Bureau, the Ministry of Finance, the Bank of Thailand, and the National Economic and Social Development Council.

The government operates a top-down budget process, which is led and co-ordinated principally through the Budget Bureau under the direction of the Fiscal Policy Committee, as authorised in the 2018 Budget Procedures Act (BPA). The Budget Bureau provides medium-term expenditure estimates to the Fiscal Policy Committee to contribute to the MTFF. The purpose of the information is to identify the fiscal space available for new initiatives through the annual budget process and to determine budget ceilings for government ministries and agencies. The Fiscal Policy Committee, chaired by the Prime Minister, approves the proposed budget parameters and ceilings. Once approved by the Cabinet, the information is available on the Secretariat of the Cabinet's website.

The trick to an effective MTFF is ensuring it reflects the most pressing issues that have fiscal implications over the medium term and that the government seeks to manage. The issues might include the implications of an ageing population, economic and environmental sustainability, and social prosperity. The inclusion of such issues increases the relevance of the MTFF as a tool that helps the government translate its strategic ambition from the National Strategy into the annual budget process.

When agencies prepare expenditure proposals during the budget formulation period (December-February), the information includes the estimated cost of initiatives over the forecast period along with an estimate of an agency's own sources of revenue. The information is submitted to the Budget Bureau and provides a bottom-up perspective of the potential cost of the government's current policies across the forecast period in the MTFF. The information helps to refine the estimates in the Budget Bureau's

medium-term expenditure forecasts and places the Bureau at the focal point for managing fiscal control and prioritising the most urgent and important expenditure across government.

Through the NESD Plan, the government has recognised the importance of green growth and a low-carbon economy over the medium term. The implementation of the NESD Plan has been supported by national and local policies, consistent with Thailand's Sufficiency Economy Philosophy to promote a green economy supportive of economic growth (OECD, 2013^[16]). Thailand has taken practical measures to expand on the NESD Plan by identifying national targets on energy efficiency, emissions targets, energy intensity, renewable energy and deforestation. Supporting these measures are green growth initiatives to help to achieve the targets. The Office of Natural Resources has responsibility for the policy and planning considerations stemming from climate change. It has prepared a Climate Action Plan to help manage the climate-related challenges facing Thailand (Box 5).

Despite these measures and initiatives, Thailand has yet to ratify through parliament the Paris Agreement within the United Nations Convention on Climate Change, despite signing it in 2016. Further, the measures and initiatives need to be supported at national and local levels to monitor implementation to determine whether adjustments to the initiatives are warranted if they do not perform as expected. One area for the government to consider is to prepare an estimate of the cost of achieving the environmental goals of the Sustainable Development Goals (SDGs) and to programme that cost into the MTFF, a concept recently promoted through the Global Initiative on Fiscal Transparency.⁹ The concept is relevant to work carried out by the Office of Natural Resources to implement a tracking and monitoring system of climate-related initiatives approved through the annual budget process.

Other areas to consider as the use of the MTFF matures include seeking an external technical review of the MTFF's projections, publishing the findings as well as the government's response to those findings. The purpose of such a review is to apply continuous improvement disciplines to existing practices and to maintain ongoing confidence in the government's preparation of macro fiscal information.

Box 5. Green budgeting

Green budgeting uses the central tool of budgetary governance to align expenditure and revenue processes with climate and other environmental goals. It does so by systematically examining existing and potential fiscal measures and policies to mainstream an environmentally informed approach into the national and subnational budgetary and fiscal frameworks. This makes governments more accountable for their environmental commitments and supports them in making the transformation towards more sustainable and greener societies.

In recent decades, countries all over the globe have committed to domestic and international objectives on climate and environment, including the Paris Agreement, the Aichi Biodiversity Targets, and related Sustainable Development Goals, with the implication to advance national policies in response of environmental and climate challenges. The way governments choose to spend and raise their money will be decisive to achieving these commitments. In order to align budgetary policies and processes in support of environmental goals, governments need to apply a holistic approach.

Green budgeting aims to provide a clearer sense of the “green credentials” of the annual budget by building on key elements of good budgetary governance, including by: reporting on environmental targets in budgetary performance indicators and budget documentation; integrating environmental costs and benefits into medium- and longer term fiscal planning; and mainstreaming a green growth perspective within budgetary and broader policy making, including alignment of incentives. Governments around the world have already started to commit to pursuing coherent budgetary action for climate and environment across multiple policy areas, including expenditures tracking, systematically scaling back existing support measures for fossil fuel generation or introducing tax schemes to encourage environmentally friendly low-carbon behaviour.

To assist governments in moving towards green budgeting, the OECD launched the Paris Collaborative on Green Budgeting, which provides a co-ordinating platform to identify research priorities and gaps; design new and innovative green budgeting tools; share data and best practices; and channel this knowledge to help governments to achieve their goals individually and collectively. Under the collaborative, the OECD advances the analytical and methodological groundwork based on a wide spectrum of ongoing OECD work that provides key elements for green budgeting.

Source: www.oecd.org/environment/green-budgeting.

2.1.2. Fiscal rules

The Royal Thai government has an established set of fiscal rules to guide and communicate the fiscal objectives of the budget. The rules focus on different elements of the government’s fiscal aggregates, such as expenditure, budget balance (in terms of deficit or surplus), public debt and revenue. The government has strengthened the operation of the rules by referring to them in the 2018 Fiscal Responsibility Act (FRA) and prescribing the governance arrangements for setting and monitoring the rules. The legislation does not state the setting for each rule, with one exception. Instead, the arrangements for setting the rules are established through the governance arrangements in the legislation.

In general, there are four types of fiscal rules (Box 6). Fiscal rules can be set in legislation, so they are legally binding on the government, established through political commitment or reflect the operating policy of the government. Thailand uses a combination of these three levels of commitment. In practice, a government’s political commitment to its fiscal rules can provide the strongest form of accountability on a government, as to not observe the rules would damage the fiscal management credentials of the

government. Examples of countries that rely on political commitment as a form of accountability include Australia and New Zealand.

Box 6. Types of fiscal objectives and fiscal rules

Economic, political and social factors at the national level, as well as the specificities of the institutional arrangements of the budget process, must be taken into account in the formulation of fiscal rules. Four broad distinctive categories of fiscal objectives and rules exist: budget balance, debt, expenditure and revenue.

1. Budget balance (i.e. deficit or surplus) rules: directly target the budget balance (i.e. the gap between government spending and revenues); for example a requirement to run a balanced position, not to exceed a defined deficit limit or a requirement to attain a defined surplus at minimum. Such rules can be expressed in nominal or cyclically adjusted terms, usually by reference to a percentage of gross domestic product (GDP).
2. Debt rules: limit the amount of government debt that can be accumulated and can be expressed in nominal terms, as a debt-to-GDP ratio, or as an explicit reduction of the debt-to-GDP ratio.
3. Expenditure rules: limit the amount of government spending, or the rate of growth in government spending, and can be expressed in nominal or real terms or as an expenditure-to-GDP ratio.
4. Revenue rules: impose constraints on the tax-to-GDP ratio and place restrictions on government revenues raised in excess of projected amounts.

Source: OECD (2019^[17]).

In Thailand, the rate of capital expenditure is legally binding, while the other rules carry both a political commitment and are the operating policies of the government. An overview on the fiscal rules and current limits is given in Table 3. The fiscal rules are comprehensive and Thailand has decided to not have a revenue rule. The Fiscal Policy Committee is responsible for monitoring, reporting and enforcing the fiscal rules.

The other fiscal rules in Thailand are not legally binding as the 2018 FRA requires the Fiscal Policy Committee to set numerical limits for the expenditure and public debt and expenditure ratios (Sections 11 and 50). The Fiscal Policy Committee retains the right to make temporary changes in special circumstances. The committee is to publicly publish its decisions on fiscal rules. The parliament plays no role in setting these fiscal rules. While the possibility to revise the limits with a simple majority by the Fiscal Policy Committee could weaken the durability of any given fiscal rule, the ability to do so provides the committee with flexibility in the case of a changing macroeconomic environment.

Table 3. Fiscal Responsibility Act definitions of fiscal rules and the 2019 application of the rules

Type of fiscal rule	Definition	Reference	Setting	Frequency of revisions	Enforcement
Expenditure rule	Ratio of contingency reserve	Section 11(4)	2.0-3.5% of total budget	Not defined	FRA Ssection 20(6)
	Ratio of principal repayment to total expenditure	Section 11(4)	2.5-3.5% of total budget	Not defined	Public Debt Act Section 13
	Ratio of commitment to total expenditure (new multi-year commitment budget)	Section 11(4)	≤ 10% (in Annual Budget Law)	Not defined	BPA Sections 18 and 26
	Ratio of commitment to total expenditure (new multi-year commitments approved outside Annual Budget Law)	Section 11(4)	≤ 8%	Not defined	BPA Section 42
	Stock of fiscal liability for expenses or revenue loss of compensation arisen from quasi-fiscal activities	Section 28	≤ 30% of total budget	Not defined	BPA Section 20(5)
Debt rule	Ratio of public debt to GDP	Section 50	≤ 60%	At least every three years + semi-annually report to the Cabinet (FRA Section 50)	– Ministry of Finance reports to the Cabinet the rationale of non-compliance (if any) and proposes corrective measures (procedure and time frame), and discloses to the public (FRA Sections 50, 51.2-3 and 52) – Administrative measures see Sections 95 and 97 of the Public Audit Act of 2018 (FRA Section 80)
	Ratio of government's debt service to annual estimated revenue	Section 50	≤ 35%	Not defined	Not defined
	Ratio of foreign debt to total public debt	Section 50	≤ 10%	Not defined	FRA Sections 56 and 57
	Ratio of foreign currency debt service to exports of goods and services	Section 50	≤ 5%	Not defined	FRA Sections 56 and 57

Notes: FRA: Fiscal Responsibility Act; BPA: Budget Procedures Act. The FRA defines different types of fiscal rules, while the determination ratio (setting) follows internal policies that are decided by the Fiscal Policy Committee. In addition to the above-mentioned flexible rules, the FRA also determines one legally binding fiscal rule in Section 20, Paragraph 1: Capital expenditure is no less than 20% of total expenditure and no less than the budget deficit.

Source: 2018 FRA and Thai Budget Bureau.

Of the fiscal rules in place in Thailand, the public debt rule of 60% of GDP is the most comprehensive in that it captures any expenditure that may be outside the budget by virtue of the expenditure still requiring financing for it to take place. The specification of fine-tuned rules, such as the interest expense on government debt, while being a direct consequence of the level of debt, provide assurance that the government takes into account a range of expenditure variables when formulating the budget and planning expenditure over the medium term.

The fiscal rules in OECD countries vary in design to reflect the characteristics of each country's national circumstances. The fundamental characteristic of a fiscal rule is twofold:

1. it presents a constraint that binds political decisions on proposed budget expenditure
2. it serves as an indicator of the executive's fiscal management credentials.

All OECD countries have budget balance rules, which for eurozone member states are a requirement of the European Fiscal Compact. The majority (72%) of OECD countries operate a combination of fiscal rules on public debt, public expenditure and revenue. Across OECD countries, a further 16% operate at least two types of rules (OECD, 2019^[17]).

2.2. Capital budgeting

2.2.1. Capital investment

The government seeks to increase public investment to support economic growth and boost productivity. The geographic characteristics of Thailand place an emphasis on investment that is resilient to the risks from climate change and supports regional economic and social development. Investment projects are identified through the priorities in the government's 20-year plan and flagship projects are identified as priorities to give effect to the plan.

To support the achievement of the 20-year plan, a number of investment plans are introduced, including an urgent transport action plan, the Ministry of Transport's Strategic Plan to Support Logistics Development, and the Strategic Development of Transport Infrastructure of Thailand Plan. A long-term infrastructure is one way of identifying the contribution public investment can make across sectors and regions, and in doing so helps co-ordinate the case for infrastructure across government and at the same time signal the government's investment intentions to the private sector. Examples of good practices of infrastructure plans include Australia and Ireland, where the plans integrate the infrastructure requirements across sectors, e.g. transport, electricity, water and sanitation, which increases the focus on the outcomes to be achieved from the investments.

Currently, the State Enterprise Policy Office (SEPO) is developing a consolidated SOE plan on a sector by sector basis to strengthen infrastructure planning across the state-owned enterprises (SOEs). At present, ten-year infrastructure plans exist for the energy and transport sectors. The next priorities include education, health and telecommunications. SEPO performs a role co-ordinating SOE engagement on infrastructure investment. Without the plans and SEPO's role, the risk of duplicative and/or poor placed investment increases.

The approval to commence a project is based on the readiness of the project in terms of planning, feasibility and to an extent financing. The government does not operate a standardised project assessment model or standardised criteria on key variables. Standardised approaches are readily available from public sources, such as the Five Case Model, which takes a comprehensive approach to assessing an investment proposal. However, Thailand undertook a public investment management assessment to increase its understanding of the areas where capacity building on the planning, appraisal, selection oversight and management of risk would better equip the government to increase the allocation to public investment (IMF, 2019^[11]). The assessment report was not published and the implementation of its recommendations is ongoing.

The Global Infrastructure Hub observed in its 2017 *Infracompass* report that Thailand performs relatively well in policy elements such as planning and permits relative to an average score of emerging countries (GIHub, 2017^[18]). Thailand rated lower in terms of the delivery of infrastructure to put the plans in place.

In relation to budgeting, the observations in the *Infracompass* report are consistent with the findings of the OECD review in that there are opportunities for Thailand to better leverage its assessment, selection and oversight of infrastructure investment. The majority of infrastructure investment in OECD countries is through government-funded investment (Figure 7), which underscores the importance of ensuring the government funding allocated to infrastructure investment delivers on the results expected of it.

In 2015, the government announced the establishment of the Thailand Future Fund to raise capital in support of investment in infrastructure projects and to increase the efficiency of the government's balance

sheet. The establishment of the fund highlights the importance of ensuring the fund has governance arrangements to oversee the proposed use of funds and that the funding mechanisms align to the budget and fiscal risk reporting processes of the national government.

In relation to budgeting, the Budget Bureau should investigate the feasibility of multi-annual budgeting of capital investment across the period of the medium-term expenditure framework. The approach expands on the existing practices of a capital account for budgeting purposes, but applies it to a longer period to increase the certainty of the funding committed to investment projects.

2.2.2. Public-private partnerships

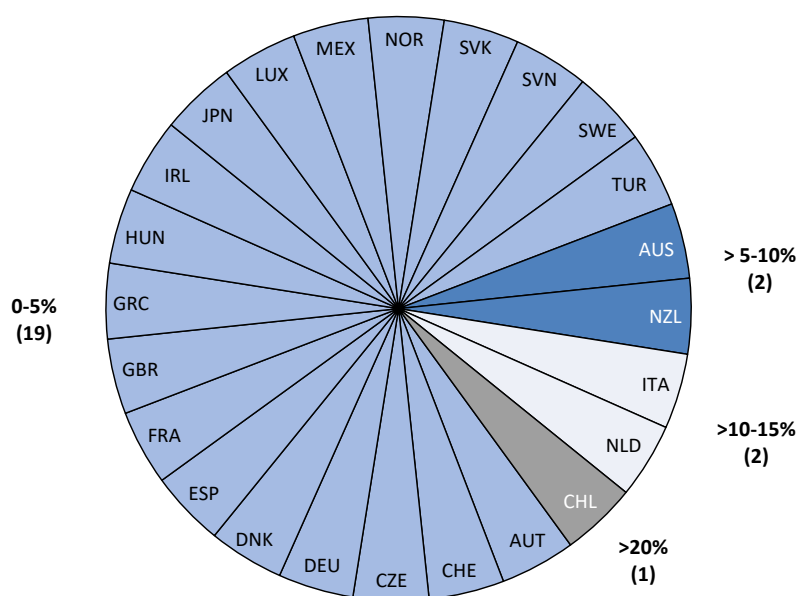
Thailand's Public-Private Partnership (PPP) Act B.E. 2562 was enacted in March 2019 and replaces the 2013 PPP legislation. The governance arrangements for PPP approvals are through a PPP Committee comprising 17 members including the Prime Minister as chair. The size of the membership reflects the co-ordination across government for a PPP. The committee is supported by SEPO as the secretariat. The Minister of Finance is responsible for the new law.

In Thailand, a PPP is a public sector investment with the private sector that is authorised through the issue of a permit, the granting of a concession or a similar form of right. The scope of a PPP includes arrangements from a concessions through to a contract for the design-build-finance-maintain-operate functions of infrastructure investment (SEPO, 2017^[19]). The PPP legislation identifies 12 sectors for the possible use of PPPs for infrastructure investment: roads, rail, airports, water ports, water management, energy, telecommunications, hospitals, schools, housing, exhibition centres and others. At the time of this OECD review, SEPO advised that Thailand had 55 PPP projects. It noted that the government's PPP activities are increasing and there is a move towards PPPs in the social sector, for example public hospitals.

The 2019 PPP legislation has new features relative to its 2013 predecessor, specifically an increased focus on planning to assess the alignment of a PPP to Thailand's economic and social planning documents. It also increases the threshold for approving PPPs to projects with a value higher than THB 5 billion (EUR 150 million).

All Southeast Asian countries have used PPPs to undertake infrastructure investment. Thailand is one of seven Southeast Asian countries with a dedicated unit to administer them. The establishment of the units recognise the specialist skills required to plan and prepare for a PPP, including the interaction between the construction and financial sectors. Two-thirds (67%) of OECD countries have dedicated PPP units (OECD, 2019^[6]). However, within Europe, the European Investment Bank has reported a decrease in its level of lending on PPP investment, reflecting a reduction in new PPP investments in the region (EPEC, 2019^[20]). Further, in OECD countries, PPPs account for a relatively small proportion of total public sector infrastructure investment (Figure 7).

Figure 7. Public sector infrastructure investment through public-private partnerships, 2016-18



Notes: Switzerland noted that the exact value would depend on the definition of public-private partnerships. Data for Belgium, Canada, Estonia, Finland, Iceland, Israel, Korea, Latvia, Poland, Portugal and the United States are not available.
Source: OECD (2018^[21]).

2.3. Performance objectives, budgets and reviews

Thailand has a well-developed performance and results orientation to its budgeting system, building on years of experience and preparation. The objective of the system is to have an output- and result-based approach to budget management. The transition to this approach started with the Strategic Performance Based Budgeting (SPBB) System for all ministries and line agencies in 2002. The SPBB and performance reporting has been reviewed periodically since then.

The SPBB is based on a performance-oriented programme budgeting approach and a three-dimensional administrative classification of expenditures:

- function (ministries/agencies)
- agenda (integrated expenditures)
- area (localities, provinces, clusters of provinces and regions).

The budget programmes are defined in the Annual Budget Allocation Strategy and are further broken down into ministry goals, agency goals, outputs and projects. The SPBB anticipates a decentralisation of responsibility from central agencies to spending agencies with the ongoing reforms to local government and an extension of performance-based budgeting to local government, as budget recipients. While the Budget Bureau provides guidance and oversight, capacity building and resourcing will be crucial for local government to respond to the responsibility of defining, monitoring and reporting performance indicators.

As pointed out in the 2006 OECD report on *Budgeting in Thailand*, the budget is presented in both a performance-based programme budget derived from long-term national strategies and an input-based line item budget (Blöndal and Kim, 2006^[22]). Recent reforms, in particular the 2018 BPA and the 2018 FRA, strengthen the outcome focus of the budget by defining the following performance budgeting components:

- consistency with long-term national strategies
- budget expenditure efficiency and cost-effectiveness

- completeness of the budget, including off-budget activities
- a supporting document, as part of the budget package presented to parliament, indicating expected achievements and benefits of the draft budget
- a yearly reporting on results of work performance of the past budget year.

The 2018 BPA (Sections 46-48) requires a budget monitoring and evaluation system for pre-allocation, ongoing and *ex post* evaluations. With the responsibility to set-up such a system, the Budget Bureau obtains an expanded role in monitoring and evaluation, whereas both the Budget Bureau and all budget-receiving units are responsible for a consistent monitoring and evaluation of the implementation of action plans and expenditures. In the case of non-achievement, the Budget Bureau shall provide recommendations for improvements to the responsible minister and, if needed, report it to the Council of Ministers for giving direction as it deems appropriate.

The 12th National Economic and Social Development Plan (2017-2021) also stresses the importance of monitoring and evaluation of policy programmes. In particular, Part 5 provides an operational plan including detailed analysis and means for its implementation, monitoring and evaluation. This includes, for example, the aim to deliver an improved integrated budget allocation system and the establishment of a participatory monitoring and evaluation system.

2.3.1. Performance measurement

2.3.1.1. Setting performance indicators in accordance with national strategies

Thailand has well-defined medium- and long-term national policy planning, which informs its budget framework. The annual budget allocation is the mechanism for ensuring alignment between resource allocation and various strategies and development plans. The most important policies for budget formulation are the 20-year National Strategy (2018-2037) and the 5-year National Economic and Social Development Plan (2017-2021), which then feed into the Budget Allocation Strategy with its subsequent annual strategies and programmes. The budget should align with these strategies and plans, as the budget proposals from line agencies are to align with the strategies and programmes of the annual budget allocation strategy.

The Thai performance budgeting system has three levels of indicators and performance measurement that are split in two groups (Figure 8):

1. the NESD Council and the National Strategy Committee: the performance of long-term national strategies (Levels 1 and 2)

The success factors for the longer term national policy planning strategies have an outcome-focus and are determined by the National Strategy Committee (Level 1) and the NESD Council (Level 2). In line with the 20-year National Strategy, the Fiscal Year (FY) 2019 Budget allocation comprises six strategies and a list of expenditures of general administration; totalling 62 budget programmes, as shown in *Thailand's Budget in Brief for Fiscal Year 2019* (Thai Budget Bureau, 2019^[15]).

2. The Budget Bureau: the annual budget key performance indicators (Level 3)

The annual budget allocation is linked to the National Strategy and requires supporting details including: projects, outputs, key performance indicators, and the organisational goals of line agencies and line ministries. The details reflect a bottom-up approach, showing the deliverables proposed by each unit of government.

The overall guidance for annual budget indicators (Level 3) is provided by the Budget Bureau and the NESD Council. The determination and selection of performance indicators and targets is a result of consultations and negotiations between the line agency and the Budget Bureau before the line agency prepares an official submission, together with its draft budget, to the Budget Bureau

for approval. Under the overall responsibility of the Budget Bureau, the performance indicators in the annual budget have an output orientation and focus on the efficiency and effectiveness of budget spending (i.e. achievement at the lowest cost).

The quality of performance indicators, however, varies, due to multiple standards set by sectoral agencies in addition to the Budget Bureau, which creates difficulties in linking strategies and programmes to the annual budget. This can make the alignment between the output-oriented performance indicators in the annual budget and the outcome-oriented indicators of the long-term national policy plans challenging. In particular, it is difficult to consolidate the output indicators into the outcome indicators.

Layers of national plans also result in a large number of indicators. There were 62 budget programmes in FY 2019, producing around 5 000 projects/outputs and 9 000 budget indicators. The high number of indicators is adding to the workload of line agencies and the Budget Bureau (data provided by Thai Budget Bureau, as recorded in its e-budgeting system).

The identification of a balanced, relevant and targeted set of indicators is a common challenge facing many OECD countries (OECD, 2019^[17]). The *OECD Recommendation of the Council on Budgetary Governance* provides guidance for the development of indicators (OECD, 2015^[23]):

- limited to a small number of relevant indicators for each policy programme or area
- clear and easily understood
- allow for tracking results against targets and for comparison with international and other benchmarks
- make clear the link with government-wide strategic objectives.

The *OECD Good Practices for Performance Budgeting* (OECD, 2019^[24]) underline the key dimensions of performance that need to be considered:

- achievement of key government policy goals
- delivery of high-quality public services
- value for money
- compliance with organisational business rules.

In line with the above guidance, several OECD countries have developed good practices, such as reducing the number of indicators (France); emphasising the need for a mix of indicators that tell a cohesive story on performance (Australia); providing quality assurance through a system of guidance on the selection of good performance indicators (Canada and the United States);¹⁰ and improving the quality of planning by systematically linking the budget to strategic policy goals (Austria) (Box 7).¹¹

Box 7. Austria's linkages between strategy and budget

The performance budgeting system in Austria requires that the outcome objectives of the budget chapters align with international strategies (e.g. EU 2020), the federal government's programme and sectoral strategies (e.g. Strategy for Research, Technology and Innovation). In the annual budget, each outcome objective is described in detail. Line ministries must give reasons why they have chosen a certain objective and, where possible, describe links between the objective and overarching strategies. For example, in the budget Chapter 20 "Labour market", there are several objectives that aim to reduce specific forms of unemployment. The objectives and the indicators to measure performance are linked to the national targets of the EU 2020 Strategy.

During budget preparation, the Federal Performance Management Office in the Federal Ministry for Civil Service and Sport provides quality assurance of the proposed objectives and indicators, including checking the alignment of objectives with national and sectoral strategies. If the objectives and indicators do not fulfil the quality criteria, the Federal Performance Management Office will make recommendations to the line ministries to amend the draft during the drafting phase. In addition, it publishes evaluation results after the *ex post* evaluation phase of the performance information.

Source: Austrian Federal Chancellery (2012^[25]).

In addition to the national long-term and annual performance measurements, the Office of the Public Sector Development Commission (OPDC) undertakes annual performance appraisals of line agencies' effectiveness and process efficiency (Box 8).

Box 8. The Office of the Public Sector Development Commission

The Office of the Public Sector Development Commission (OPDC) monitors and evaluates the organisational performance of line agencies to enhance public sector capacities, help drive national planning strategies and ensure the achievement of long-term national strategies' outcomes. The OPDC's approach is embedded in the national performance system and is consistent with national strategies. Each line agency has a balanced scorecard with key performance indicators forming part of a performance agreement between its minister and the OPDC.

The OPDC considers a line agency's progress and efficiency from achieving agreed key performance indicators by applying a flexible performance evaluation framework. In 2017, a five-part framework to measure efficiency improvements in the public sector was developed and is based on the following aspects:

1. function based: efficiency of performance based on the core mission
2. agenda based: efficiency of performance based on extra assignments
3. area based: efficiency of performance based on integrated co-operation across agencies (cross-agency missions; and within regional areas, provinces and provincial clusters)
4. innovation based: efficiency of public management, innovation development, and public or agency services
5. potential based: potential of agencies in terms of strategic importance for national development.

The OPDC reports its results to ministers and the Prime Minister and publishes a public report, which includes the results of the performance evaluations. The Budget Bureau has access to the assessments and can take the results into consideration as part of its decision making in the budget preparation process.

Source: Based on information provided by the OPDC.

2.3.1.2. Performance monitoring

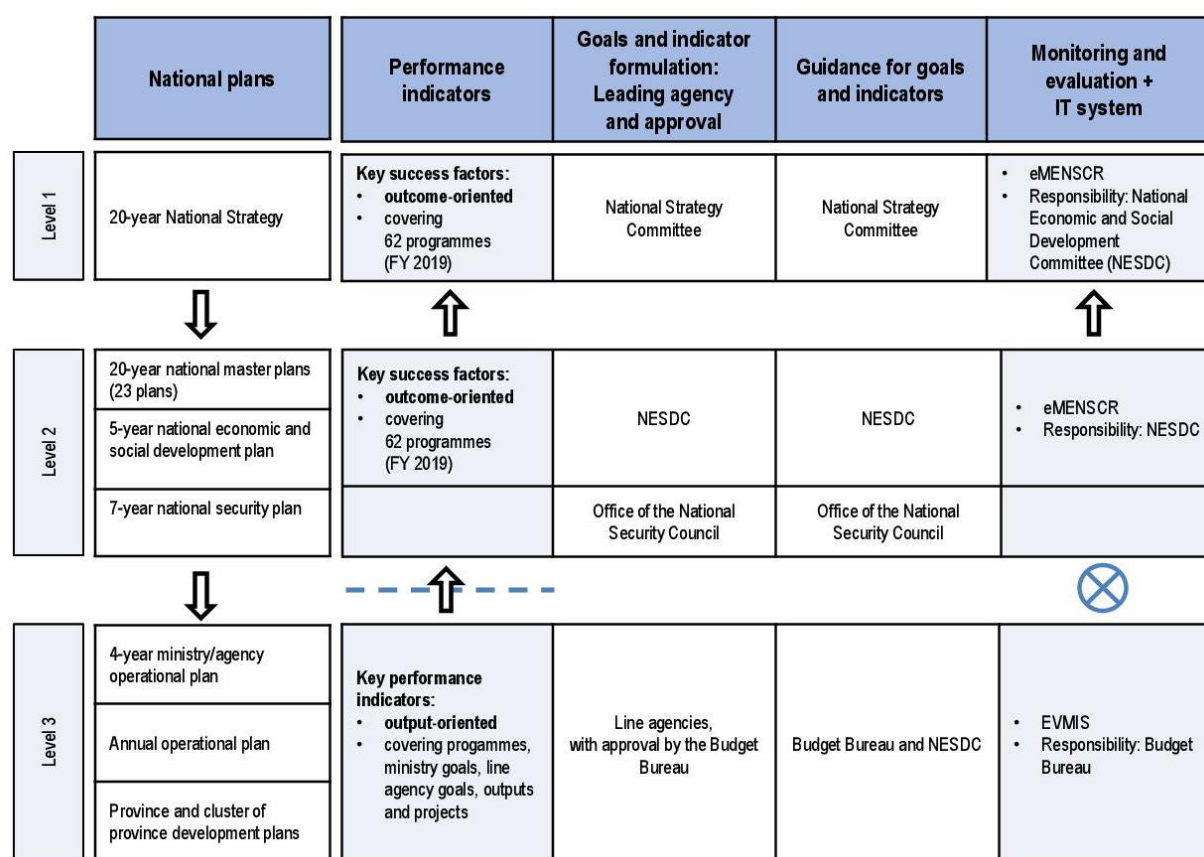
Similar to setting performance indicators, various central agencies are responsible for monitoring the achievement of the government's strategic goals. The main responsibility lies with the NESD Council and the Budget Bureau, in co-ordination with the line agencies (Figure 8).

According to the 2018 BPA, the Budget Bureau is responsible for the budget monitoring and evaluation system, specifically pre-allocation, ongoing and post-evaluations. For this purpose, the Budget Bureau's Budget Evaluation Office has established an IT system, EVMIS, covering the performance information of budget projects, programmes, outputs, and line agency and ministry goals. Line agencies are required to report on performance indicators and spending via EVMIS on a monthly basis. EVMIS is also linked to the e-budget system and GFMIS. The link to the e-budgeting system allows budget allocation data and indicator information to be transferred to EVMIS, and the GFMIS, which is under the responsibility of the Comptroller General's Department, provides disbursements information into EVMIS. The monitoring is focused on the achievement of the annual spending targets and work plans.

Moreover, the NESD Council monitors the implementation of longer term strategies, such as the 20-year master plans under the National Strategy (2018-37) and the 5-year National Economic and Social Development Plan (2017-21). To this end, the NESD Council has a corresponding monitoring and evaluation system, referred to as eMENSCR. Every project and programme that relates to the National Strategy, using public budget or other sources of funding, must also report through to eMENSCR. As

eMENSCR is not linked to EVMIS or GFMS, line agencies have to report performance information twice, that is, to eMENSCR and to EVMIS. Some co-ordination occurs at the line agency level to utilise data that are needed for both systems to reduce the data workload and enhance the efficiency of information management across budget allocations and policy decisions. The Budget Bureau and the NESD Council are aware of the inefficiency and plan to link the eMENSCR to the Budget Bureau's EVMIS in the short term and to the Comptroller General's Department's GFMS in the medium term.

Figure 8. Levels of national plans and performance indicators



Note: The symbol ⊗ indicates a missing alignment. The dashed line indicates insufficient alignment and measurement. The annual operational plan is linked to the fiscal year Budget Allocation Strategy and its annual strategies and programmes.

Source: Based on information provided by Thai Budget Bureau.

2.3.1.3. Performance reporting and accountability

The Budget Bureau reports performance goals, budget expenditures and budget outcomes to the Cabinet on a quarterly basis. Any cases of underperformance include a justification from line agencies, and the Budget Bureau is empowered under Section 48 of the 2018 BPA to provide recommendations to the Cabinet on improving performance. The reports cover both the financial execution and the achievement of project performance indicators. The focus is, however, more on budget and expenditure monitoring. If the performance of line agencies continues to falter, the Budget Bureau can report the matters to the responsible minister and the Cabinet.

The Budget Bureau is responsible for considering a line agency's past performance for in-year budget reallocations (adjustments to projects, budget spending or Central Fund requests) and the budget proposals for the coming fiscal year. According to Section 10 of the 2018 BPA, the annual budget proposed

to parliament must include a performance and budget expenditure report of the previous fiscal year and the detailed budget expenditure classified by department and programme.¹² During its scrutiny of the budget proposal, the parliament can invite line agencies to provide clarifications of the performance achieved in the previous fiscal year. The parliamentary scrutiny, however, largely focuses on budget allocations, rather than the performance information accompanying the draft budget (see Section 4).

Despite a comprehensive accountability framework, performance information is not yet fully used by management and other institutional actors in decision-making and review processes. Similar problems can be observed in OECD countries, where a “lack of accurate and timely data” and “co-ordination problems” among the relevant stakeholders have been identified as the main challenges for the implementation of performance budgeting (OECD, 2018^[26]). To this effect, “the number of exogenous factors affecting performance explains one reason why automatic budget cuts are rarely an effective response to under-performance, which may be due to many reasons, including poor programme and policy design, poor specifications of performance indicators, unrealistic targets, unforeseen risks, etc. OECD countries’ experience suggests that in-depth analysis is needed to understand the reasons for good and bad performance and identify good solutions” (Beazley, Downes and Nicol, 2019^[27]). This in-depth analysis can, for example, assess the robustness of the used performance indicators or consider complementing factors to performance budgeting, such as programme evaluations.

The quality of budget indicators and targets varies, as many indicators are output-based and government organisations have difficulty linking the indicators to longer term outcome-oriented strategies and national plans. The use of performance information by management and other independent institutions (parliament, the supreme audit institution) is therefore limited, and the large volume of indicators can give rise to “indicator-fatigue”.

The roles and responsibilities of the various central agencies in preparing and monitoring performance indicators are not clear, which leads to the duplication of IT systems across the Budget Bureau, the NESD Council and the Comptroller General’s Department. Other tools complementing performance budgeting to improve the performance orientation are not systematically developed, specifically *ex ante* and *ex post* impact assessment of policies. These issues add to the complexity of monitoring and reporting of the LAOs in the context of the decentralisation reforms.

In order to increase the availability and use of relevant performance information for decision-making purposes, central agencies should review the monitoring and evaluation system for the whole planning and performance process – from setting targets and indicators to verifying the results reported against them. Throughout the performance life cycle, it is important to clarify the roles and responsibilities of the relevant public institutions to establish the mechanisms and incentives for effective co-ordination and collaboration.

2.3.2. The role of evaluations and spending reviews

Closing the gap in the overall performance budgeting framework to improve the performance orientation and decision making in the budget process is one of the main objectives of programme evaluation and spending reviews.

2.3.2.1. The role of evaluations

OECD Good Practices for Performance Budgeting (OECD, 2019^[24]) notes that:

- *Ex ante* appraisal of new spending programmes is used to strengthen programme design including key performance indicators, and to facilitate processes of monitoring and *ex post* evaluation.
- *Ex post* evaluations of major spending programmes are carried out on a rolling basis and the findings are systematically fed back into the budget preparation process.

In Thailand, the 2018 BPA foresees that budget monitoring and evaluation systems shall be provided for pre-allocation, ongoing and post-spending reviews. The responsibility for implementing a monitoring and evaluation system rests with the Budget Bureau's Budget Evaluation Office. The EVMIS monitoring system only monitors ongoing projects and expenditures. The Budget Bureau, however, also conducts *ex ante* and *ex post* evaluations of policy programmes for both current and capital¹³ expenditures.

The evaluations follow an efficiency and effectiveness rationale, but no standard evaluation approach is used and evaluations can be approached in a variety of ways. Frequently used tools include intervention logic frameworks and the Context, Input, Process and Product (CIPP) evaluation model to assess the value of a programme. The procedure for the evaluations are included in the budget circular providing guidance to government institutions. The results of *ex ante* and *ex post* appraisals are used for internal budget allocation and reallocation purposes and are not made public. With a minimum requirement of at least eight in-depth *ex post* project evaluations per year, there is no system-wide obligation to perform *ex post* evaluations. Selection criteria are high priorities and important government policies. The focus of *ex post* evaluations is on the achievement of intended outcomes/impacts of the project/programme, the disbursement rate, the implementation problems and the recommendation.

The NESD Council fulfils its role of evaluating the longer term outcomes of national plans via *ex post* impact assessments. To this end, it has an evaluation and monitoring office which prepare evaluations of national plans on an annual and biannual basis. Yearly briefings to parliament include an assessment of the national plans and the coherence of the plans to the master plans under the National Strategy.

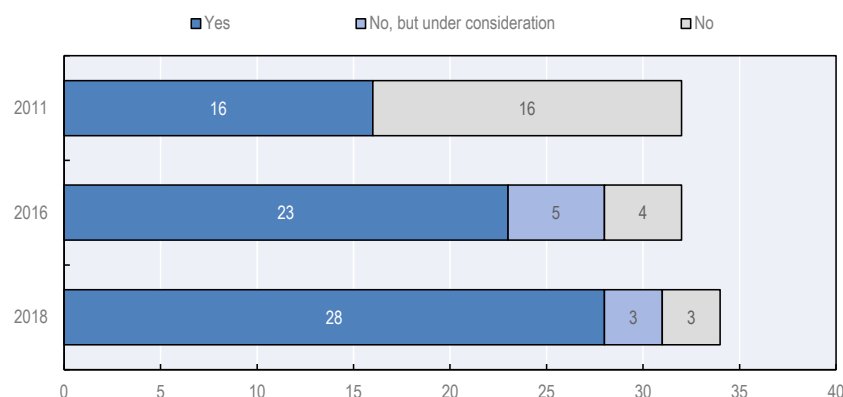
2.3.2.2. The role of spending reviews

Spending reviews are commonly used in OECD countries and are referred to in *OECD Good Practices for Performance Budgeting*:

Spending reviews are used in conjunction with performance budgeting to review the justification for spending and to identify budgetary savings that can be redirected to support priority goals. (OECD, 2019^[24])

The Thai government's shift from an input control basis of budgeting to an outcome orientation is consistent with over 90% of OECD countries that have a performance budgeting approach to the formulation of the annual budget (OECD, 2019^[17]). Similarly, the focus on evaluation and review is consistent with practices in OECD countries. Figure 9 shows the increased use of spending reviews across OECD countries for the period 2011-18.

Figure 9. Adoption of spending reviews in OECD countries, 2011-18

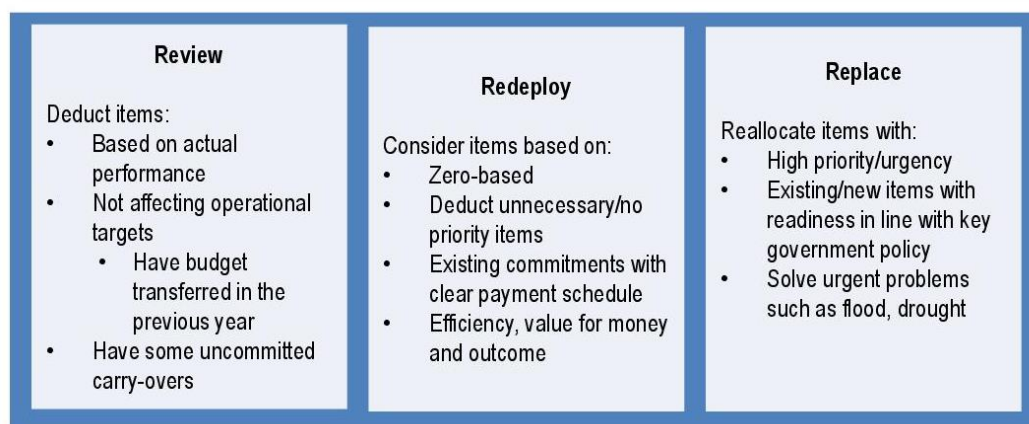


Notes: 2018 data for the United States are not available. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.
Source: OECD (2018^[26]), Question 36.

In Thailand, in order to enhance decision making during the budget formulation phase, line agencies conduct spending reviews for all projects that were included in the previous fiscal year's budget, using the 3R Concept (review, redeploy and replace). The purpose is to review and identify non-urgent, non-relevant and ineffective expenditure. Information such as performance outcomes and budget disbursement and transfer are taken into account during a review (Figure 10).

In order to prioritise expenditure, line agencies review mandatory and strategic tasks in accordance with national strategic targets and prioritise the importance of each major activity.

Figure 10. 3R Concept: Review, redeploy, replace



Source: Thai Budget Bureau.

The main purpose of the review is to understand if expenditure allocated from previous budgets remains necessary, aligned with the government's priorities and effective relative to the original policy intentions of the expenditure. However, the review results do not seem to be taken systematically into account by the Budget Bureau or ministers during the preparation of the coming year's annual budget.

For the set-up of a sound monitoring and evaluation system, the following dimensions are relevant for budgeting in Thailand:

1. Improve the quality of the annual budget performance indicators and the alignment with the long-term strategies, national plans and programmes while streamlining the number of indicators.
2. Introduce a systematic evaluation programme, including the introduction of *ex ante* impact assessments as a meaningful part of the policy development process and *ex post* assessments to assess the achievements against plans and to help feed into the policy development process. Reform efforts in this area are intended to strengthen appraisal capacities, ensure that evaluation information contributes to budget decisions and drive improvements to value-for-money judgements.
3. Streamline IT systems to increase the performance monitoring and reporting capacities while reducing inefficiencies for central and line agencies.

Thai stakeholders appear aware of the main shortfalls and recommendations as a detailed action plan for improvements of the performance budgeting framework is outlined in Part 5 “Implementation, Monitoring and Evaluation of the Twelfth Plan” of the 12th National Economic and Social Development Plan (2017-21).

2.4. Managing fiscal risks and long-term sustainability

2.4.1. Managing fiscal risks

Essential to the effective management of fiscal risks is a well-defined, internationally recognised framework and a communication that supports stakeholder awareness and response to the government’s management of fiscal risks. Thailand’s credentials on managing fiscal risk are supported by its track record of maintaining a fiscally conservative position in line with economic conditions and in a manner that has kept public debt at a low and sustainable level. The International Monetary Fund has noted over successive debt sustainability analyses that Thailand’s debt outlook is low and stable over the medium term (IMF, 2018^[28]; 2012^[29]). Further, the government has demonstrated that it is able to take additional measures to achieve a co-ordinated response when circumstances require, for example to establish a Memorandum of Understanding between the Budget Bureau and the Ministry of Finance agreeing to operate in a manner that restored a balanced budget within five years following the 2009 financial crisis (Sangsubhan and Wangcharoenrungs, 2011^[30]).

The Thai government has strengthened its fiscal risk management practices by taking into account a fiscal risk statement and a debt sustainability analysis in the preparation of the MTFF (see Section 2.1). The Ministry of Finance prepares the statement and analysis in conjunction with the Bank of Thailand and the NESD Council in March of each year. The content covers the effects of the macroeconomic, fiscal systems, and government policies and the operations of state agencies that are likely to cause financial burden for the government. The statement is to include advice on the management of such risks.

The co-ordination between the Bank of Thailand and the NESD Council is an element in the quality assurance process to test the judgements on materiality of a risk. A similar quality assurance arrangement exists in relation to fiscal projections, as the Bank of Thailand comments on the material prepared by the NESD Council. The fiscal risk statement is published in Thai on the Ministry of Finance’s website.

Within the formulation of the budget, a provision is included for contingencies. The scope of the provision does not include such things as environmental risks, as the costs from emergencies is met from the Central Fund.

SEPO works with the Fiscal Policy Office to co-ordinate risk disclosure in relation to the 56 SOEs in Thailand. The process involves a fiscal risk assessment covering a 10-year period. Risks from SOEs can have a potentially material impact on the government as the gross assets of the SOEs are equivalent to Thailand's annual GDP. While the SOEs can access funding from the domestic capital market through the government's Public Debt Management Office facilitation, the debt shown on SOE balance sheets, which can result in a fragmented approach to consolidated risk position for risks relating to debt-funded projects. Mitigating this risk is the Public Debt Management Office's initiative to prepare a medium-term debt strategy, which includes guidance and reporting requirements on the debt coverage ratios for the SOEs, is prepared in co-ordination with other areas of the Ministry of Finance.

The Ministry of Finance has scope to expand the coverage of fiscal risks in the statement to include PPP liabilities, identify risks in relation to specific projects, increase the quantitative analysis of the potential implications from the risks and disclose the assumptions relating to each risk. Subject to materiality and other disclosure criteria, the Fiscal Risk Statement should include risks relating to off-budget funds (including the pension funds), SOEs' specialised financial institutions, financial sector exposures, multi-annual contracts (including PPPs) and contingent liabilities, including guarantees. The co-ordination occurring between the Ministry of Finance and SEPO is an encouraging indication of the measures the Ministry of Finance is already contemplating in this regard.

2.4.2. Long-term fiscal, environmental and social sustainability

In 2017, Thailand integrated its Sufficiency Economic Philosophy and SDGs into the 20-year National Strategy and the NESD Plan. The SDGs are allocated across the six areas in the National Strategy. Ministries have responsibilities for specific SDGs, although the responsibilities are held only at the national level and do not flow through to a local level, as recognised in the 2018 *Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development* (Thai Ministry of Foreign Affairs, 2017^[31]).

Thailand is making strong progress towards the SDGs. Based on the 2019 *Sustainable Development Report*, Thailand recorded improvements to 9 out of the 17 goals. Thailand has moved up 19 places, rating 40th out of 162 countries surveyed on development progress according to the Sustainable Development Solutions Network, which is the highest rating among ASEAN countries (SDSN and Bertelsmann Stiftung, 2019^[32]).

Despite progress on planning to achieve the SDGs through the National Strategy and related planning documents, financial estimates of the cost to achieve the SDGs over a 10-year period to 2030, in the context of the National Strategy are not publicly available. The absence of a cost estimate undermines the strong emphasis on planning in terms of establishing whether the plans are achievable within the parameters to which the government manages its annual budget.

2.4.2.1. Long-term fiscal sustainability

Across OECD countries, long-term fiscal reports are used as a tool to prepare projections on trends that are likely to shape the economic and social challenges facing a national population in the future and the policy challenges this may create for future governments, including from demographics, specifically an ageing population, changes to the location of people through urbanisation and changes to income levels. New Zealand prepares a long-term fiscal report at least every four years, containing fiscal projects over a 40-year period to help inform views on the long-term sustainability of existing policy settings.¹⁴ Similarly, in the United Kingdom, the Office of Budget Responsibility prepares a Fiscal Sustainability Report and provides it to the parliament (Box 9).

Box 9. The United Kingdom's Fiscal Sustainability Report

The Office of Budget Responsibility (OBR) prepares a Fiscal Sustainability Report that looks beyond the medium-term forecast horizon of twice-yearly economic and fiscal outlooks and asks whether public finances are likely to be sustainable over the longer term. In doing so, the OBR's approach is twofold:

1. the report looks at the fiscal impact of the government's past activity, as reflected in the assets and liabilities on the public sector's balance sheet
2. the report looks at the potential fiscal impact of the government's future activity, by preparing 50-year projections of public spending, revenues and significant financial transactions, such as government loans to students.

Over the years, the OBR has presented analysis on long-term fiscal sustainability in annexes to the report and via supplementary tables. In 2018, the report included a specific focus on how demographic trends have been incorporated into the OBR's central population projection and considers how alternative assumptions might affect the size and structure of the United Kingdom's population. A second focus was set on the implications for fiscal sustainability of factors that could affect the long-term costs of long-term care.

Source: OBR_(2018^[33]).

2.3. Conclusions

The Thai government has elevated its MTFF to sit within a legislative framework and strengthen the top-down approach to budgeting by broadening the responsibilities held by the Budget Bureau. The government has a comprehensive set of fiscal rules to guide the formulation of the budget. Although all but one of the rules is outside of legislation, the rules receive political backing. The public debt-to-GDP ratio is the most comprehensive rule, as it can capture transactions that do not flow through the budget.

As Thailand looks to increase its rate of capital investment in a move to increase productivity and realise a national ambition to become a high-income country, it should allocate sufficient resources to the functions that assess, prioritise and monitor the implementation of capital projects to ensure that the most beneficial projects are implemented and deliver on expectations. Increases in capital investment through government funding or commercial arrangements, such as PPPs, highlight the importance of a well-designed and well-functioning risk management and reporting framework. The government has made inroads to strengthen its management and reporting of fiscal risks, and extending the coverage, increasing the frequency of reporting and including the risk assessments in the budget formulation process will help to ensure the information is useful and used.

The government operates a performance-orientated budgeting system across government. The system can work well, but is burdened by a large volume of performance indicators and separate IT systems across the agencies that monitor performance. Spending reviews are widely undertaken, but the effectiveness of the reviews has diluted overtime, leaving the Budget Bureau to assess the information provided from the reviews, rather than agencies reflecting the findings in budget proposals. The government's focus on the SDGs and progress towards achieving them is the strongest indication of an effective performance orientation. The Budget Bureau is able to build on this focus through its reporting of budget results and commissioning estimates of the cost of achieving the SDGs across the annual budget cycle to 2030.

3. Budgetary management and control

This section considers Principle 6 (comprehensive budget accounting), and Principle 7 (effective budget execution) of the *OECD Recommendation of the Council on Budgetary Governance*. In doing so, it focuses on the development and preparation of the budget, the oversight of the execution of the budget, and the accounting and reporting functions supporting the budget.

3.1. Developing and preparing the budget

The annual state budget covers the appropriations to state agencies, which includes government agencies, state enterprises and local government organisations. Social security and health expenditures are also authorised in the budget. Furthermore, for the creation of the state budget, all sources of funds, budgetary and extra-budgetary, are taken into account. However, the coverage of the state budget is limited by 115 off-budget funds (Box 10), which totalled approximately 28% of the 2018 Budget. This means that a sizable part of revenues and expenditures is not disclosed in the budget, thus limiting the principle of comprehensiveness as stated in Principle 6 of the OECD Recommendation.

Box 10. Off-budget funds in Thailand

Off-budget funds in Thailand can be divided into five categories:

1. funds for borrowing
2. funds for sales and production
3. funds for services
4. funds for social welfare
5. funds for other support purposes.

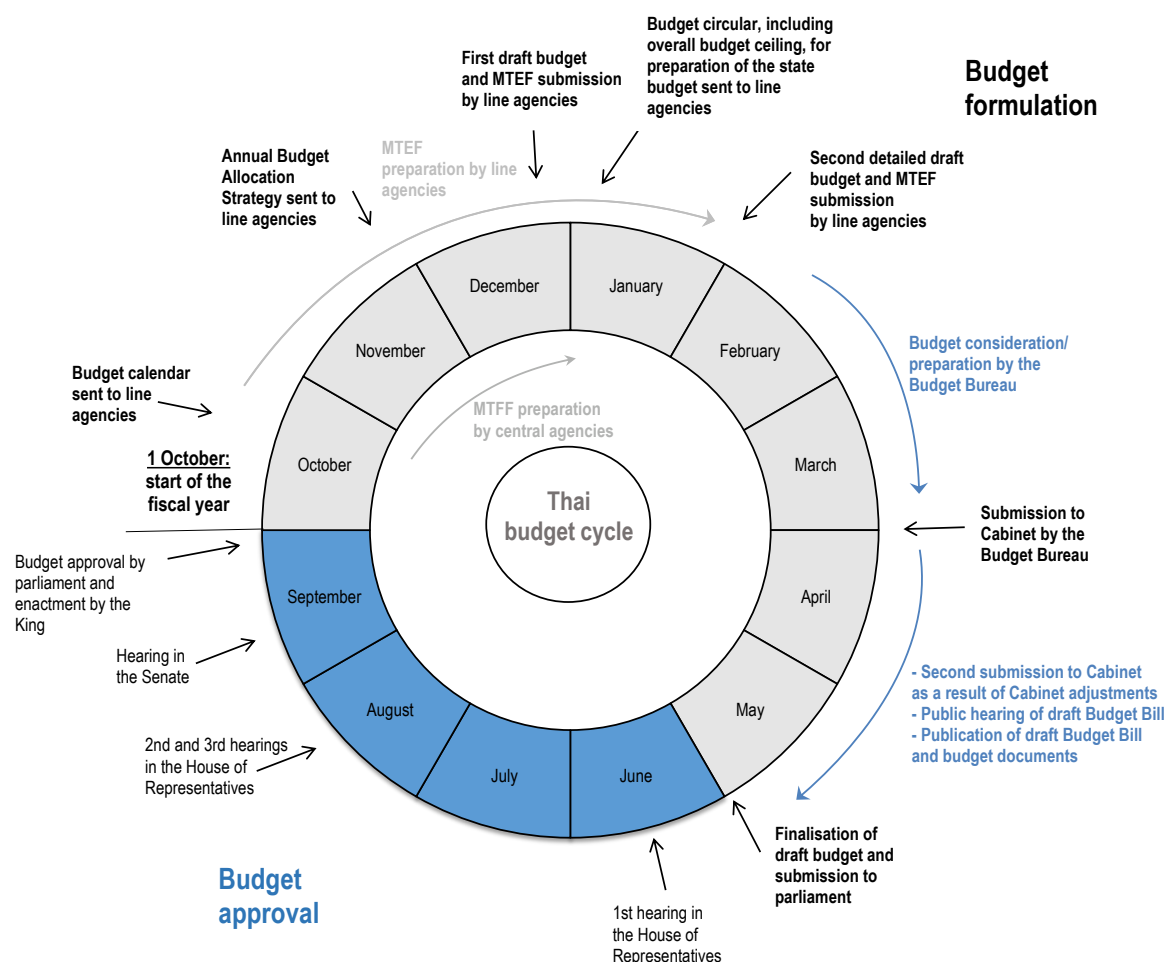
Of the 115 off-budget funds in the central government of Thailand, 40 are governed by the 2018 Budget Procedures Act and 75 are governed by enabling legislation relating to each fund. Off-budget funds are subject the state audit institution's audit activities under the 2018 Organic Law on State Audit B.E. 2561, but are not individually scrutinised by parliament through the budget approval process.

Source: Information provided by the Budget Bureau.

3.1.1. Preparation of the draft budget appropriation bill

The Budget Bureau is the secretariat of the annual budget process and determines, together with the Ministry of Finance, the National Economic and Social Development (NESD) Council, and the Bank of Thailand the annual budget policy and the budget structure. This includes the macroeconomic assumptions in the budget, the budget ceiling and deficit financing required for the next fiscal year, and estimates for the three subsequent years. The fiscal year in Thailand is from 1 October to 30 September. The budget formulation process is an annual cycle, which is integrated into the medium-term fiscal framework (MTFF) (Figure 11). The following description of the budget preparation process is based on the materials' reviewed by the OECD in 2019 and refers to the budget preparation in fiscal years 2017-19.

Figure 11. The Thai budget cycle



Note: MTEF: medium-term expenditure framework; MTFF: medium-term fiscal framework,
Source: Based on information provided by the Budget Bureau.

3.1.1.1. Mid-October to end-November: Approval of the budget calendar and preparatory phase of the medium-term fiscal framework

In mid-October, preparations for the following fiscal year commence: the Cabinet approves the budget calendar and the budget preparation guidelines for the coming fiscal year. In light of the upcoming budget, the Budget Bureau and line agencies review the results of the past year's budget, multi-year baseline and future commitments, as well as possible new expenditures. More precisely, this review includes an assessment of programmes/projects, activities, indicators and the expected benefits from budget expenditure. In addition, line agencies also review and prepare MTEF estimates, based on the Budget Bureau's guideline, and submit the estimates to the Budget Bureau.

3.1.1.2. November to December: Preparation of the national medium-term fiscal framework by central agencies

The MTFF is prepared jointly by the Ministry of Finance, the Bank of Thailand, the NESD Council and the Budget Bureau under the Fiscal Policy Committee for at least three years in advance and is used to guide the preparation of the annual budget. The underlying macroeconomic forecasts and assumptions – based

on revenue estimates and a set of fiscal policy objectives – provide a first indication to establish the annual budget ceiling. The MTFF is approved by the Cabinet.

As part of the top-down preparation of the budget, the Budget Bureau releases the Annual Budget Allocation Strategy, which is based on the policy priorities identified in the medium- and long-term national plans and strategies.¹⁵ The Annual Budget Allocation Strategy is the major instrument to translate long-term objectives into annual operational plans. Consistent with the economic and social situation, the strategy defines the annual strategies and the corresponding programmes and expenditures on general administration. The Annual Budget Allocation Strategy is jointly prepared by the NESD Council, the Office of the Public Sector Development Commission, the Office of the National Security Council and the Budget Bureau and is approved by the Cabinet.

3.1.1.3. October to January: First draft budget (pre-ceiling budget)¹⁶ and MTEF submission and the determination of an overall annual budget ceiling

Parallel to the MTFF preparations by the four central agencies, line ministries also prepare MTEF estimates, based on their calculations and methodologies, and submit the estimates to the Budget Bureau shortly after the central agencies have prepared the MTFF estimate. Line agencies prepare and submit initial annual operational plans, capital expenditure plans, out-year projections and performance indicators to the responsible line ministry for approval before submitting the material to the Budget Bureau. These initial draft budget proposals follow the Annual Budget Allocation Strategy and are submitted via e-budgeting, an IT tool for budgeting administered by the Budget Bureau.

As the overall spending ceiling is communicated at a later stage, the aggregate of the proposals are usually greater than the ceiling and cannot be funded in full in a single year. This bottom-up exercise reveals the extent of funding pressures across government and provides an indication of proposals that may continue to be developed over time.

This effect was highlighted in the 2006 OECD *Budget Review of Thailand* and is a common feature in budget systems across OECD countries. Although the Budget Bureau has attempted to impose a limit on expenditure proposals to prevent the over-requests, this has not been successful, as the information from an excess of proposals also has benefits from supporting an assessment of the trade-offs of one proposal relative to an alternative proposal. As a consequence, a first prioritisation occurs in preparation of the second round of budget submissions and assessment. The Budget Bureau, together with the Ministry of Finance, the NESD Council and the Bank of Thailand, then review the initial budget submissions and, while also taking into account the MTEF estimate, determine the overall annual budget ceiling, which is then submitted to the Cabinet for approval.

3.1.1.4. January to mid-February: Second draft budget and MTEF submission by line agencies

In early January, the Budget Bureau issues the Budget Circular outlining criteria for budget estimates, including the overall annual budget ceiling. Guided by this information and after an intense co-ordination and consultation process with the Budget Bureau, line agencies submit detailed budget requests with out-year budget and extra-budgetary expenditure projections for three years. The submissions are to take into account the results of the spending reviews undertaken by the line agencies, based on the 3R Concept “Review, redeploy, replace” and includes explanations on the readiness of projects. Following this bottom-up phase, the budget preparation starts to apply a top-down budgetary management approach, aligning policy proposals to the available resources and defining overall budget targets. The prioritisation process used by the Budget Bureau aligns well with Principle 1 of the *OECD Recommendation of the Council on Budgetary Governance*.

3.1.1.5. Mid-February to March: Draft budget appropriation bill preparation

The Budget Bureau's top-down management of the budget is reinforced by the role the Budget Bureau performs to analyse the submissions prepared by line agencies and line ministries. In order to reduce the total value of the submissions to within the overall budget ceiling, the Budget Bureau reviews the submissions to take account of:

- the top-down linkages outlined in the Annual Budget Allocation Strategy
- performance information, including targets and performance indicators
- the readiness of a proposal and any overlaps with other proposals
- past performance and previous year execution rates.

The final preparation of the detailed draft budget appropriation bill is completed by the Budget Bureau without involving the line agencies and line ministries. This serves to manage information that is sensitive to the government ahead of public announcements on the final form of the budget. A complex network of committees across line agencies provide the means for the Budget Bureau to discuss the content of the draft budget appropriation bill to establish a consensus position on its content. At the end of March, the Budget Bureau submits the detailed draft budget appropriation bill to the Cabinet for consideration and approval.

3.1.1.6. April to May: Deliberation of draft Budget Appropriation Bill and Cabinet approval

The Cabinet finalises the draft Budget Appropriation Bill, which includes two weeks of budget discussions, final negotiations at a minister level and a period of public hearings on the draft budget before submitting it to the parliament for its consideration by the end of May.

3.1.2. Structure of the draft budget

The draft budget appropriation bill is part of the annual budget documents that are tabled in parliament for scrutiny and approval. The budget structure comprises capital expenditures, current expenditures, principal repayments and replenishments to the treasury account balance. The information is broken down into revenues and borrowings. The budget is prepared on a cash basis, with a capital account, as it is the case in the majority of OECD countries.

In line with Section 14 of the 2018 Budget Procedures Act (BPA), a classification by expenditure groups is carried out. A certain flexibility on the definition and number of these groups is foreseen in the law, which may lead to small changes from year to year. In FY 2019, the Annual Budget Allocation Strategy defined six expenditure groups, including the possibility of an administrative classification in the groups for function, area and agenda (Figure 12):

1. **Central Fund:** provides flexibility during budget implementation and can help fund government priorities and the cost from emergencies (Box 11)
2. **public sector personnel:** the largest proportion (35%) of the 2019 Budget
3. **public debt management:** refers to the public debt programme
4. **function:** shows expenditures of ministries/agencies
5. **area:** shows expenditures of provinces and regions
6. **agenda:** contains expenditures for programmes that are integrated across multiple line ministries.

Box 11. The Central Fund in the Thai budget

The Central Fund is a special feature of the Thai budgeting system. Historically, the Central Fund received around 13.5% of the annual budget each year. In 2019, the appropriation increased to 15.7% (Thai Budget Bureau, 2019^[15]).

In 2019, the fund comprised 12 items, with approximately 79% of the fund being pre-determined in the budget formulation and approval phases. The main pre-determined items refer to expenditures on personnel, such as pensions and gratuities (47.5% of the Central Fund); expenditure for medical care of civil servants, employees and public personnel (14.8% of the Central Fund); and financial reserve, contribution and compensation for civil servants (11.6% of the Central Fund).

The other 21% of the Central Fund operate as a discretionary fund for the purposes of government priorities under the Prime Minister and emergency matters during the fiscal year. The application of this Contingency Fund for emergencies or immediate needs is referred to in Section 9 of the Contingency Fund Execution Regulation B.E. 2562 (2019), where three scenarios on the use of the fund are outlined:

1. If the amount to be approved from the Contingency Fund is not more than THB 10 million, the approval authority resides with the Budget Bureau, which is to inform the Prime Minister for acknowledgement.
2. If the amount to be approved from the Contingency Fund is between THB 10 million and THB 100 million, the Budget Bureau is to submit the request to the Prime Minister for approval, in some cases the Cabinet's approval is also required.
3. If the amount to be approved from the Contingency Fund is over THB 100 million, the Budget Bureau is to follow a two-step process to: 1) submit the request to the Prime Minister for approval and then upon the Prime Minister's approval; 2) submit the request to the Cabinet for approval.

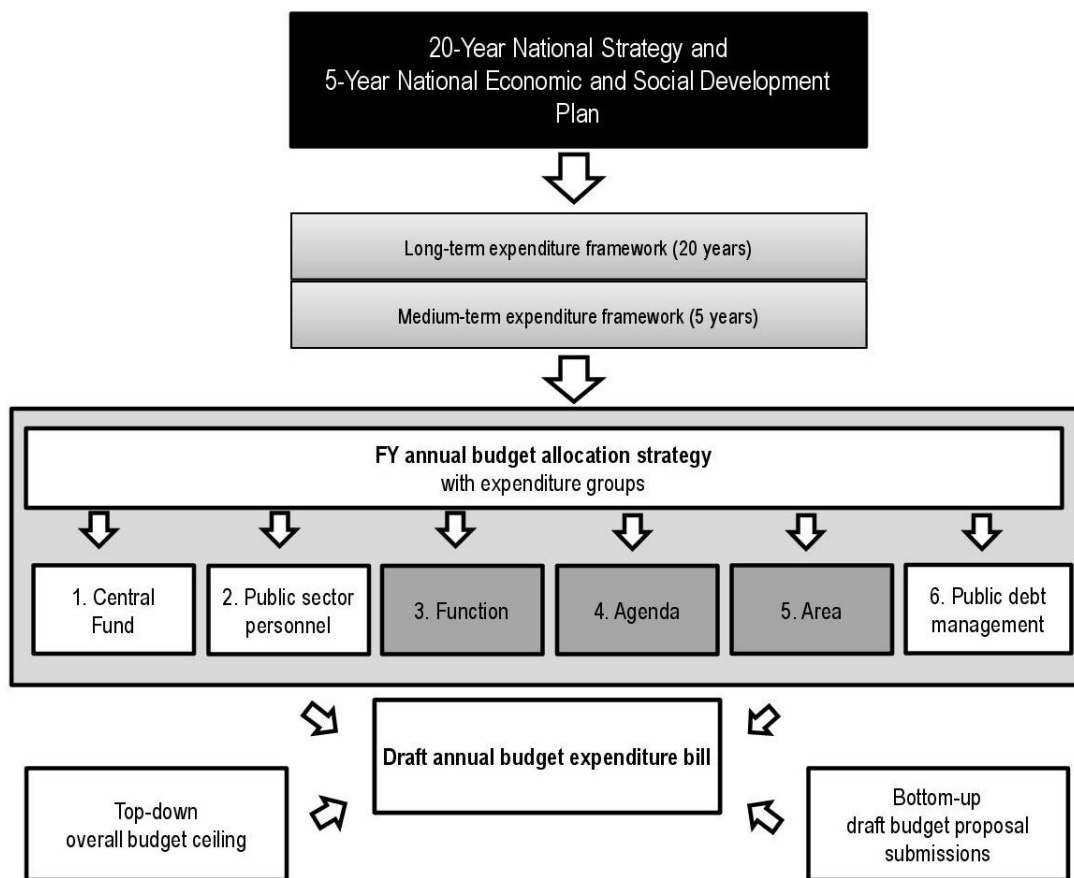
Source: Thai Budget Bureau (2019, p. 83^[15]).

It is notable that the draft Budget Appropriation Bill is presented by ministry/agency/programme for strategic and fundamental programmes as well as by personnel and integrated programmes.

The draft Budget Appropriation Bill in the budget documents does, however, show a very high number of line items, presenting a risk of limiting an informed presentation of the information.

The tendency to limit the number of line items, in particular in combination with a well-functioning performance budgeting system, can be observed in the majority of OECD countries and is an area for the Budget Bureau to investigate as a possible innovation for the presentation of future budgets. A further consideration is the provision of a summary budget document for decision makers focusing on a more aggregated level.

Figure 12. Thai budget framework



Note: The expenditure groups of the Annual Budget Allocation Strategy can change over time. The above figure refers to FY 2019.
Source: Based on information provided by the Budget Bureau.

The annual budgeting process is effectively embedded within an MTEF and fulfils Principle 2 of the *OECD Recommendation of the Council on Budgetary Governance* to be “aligned with the medium-term strategic priorities of government”. Ultimately, solid fiscal results are delivered by respecting defined fiscal limits through the top-down budgetary management, which also conforms well to Principle 1 of the Recommendation. The process relies mainly on Budget Bureau’s role to analyse budgetary submissions from line agencies and line ministries.

The two-stage submission process of draft budget proposals by line agencies and line ministries appears to be used as a communication and information mechanism to support the Budget Bureau’s decision-making capacity in addition to the comprehensive network of committees. A single-stage process is likely to be more effective to manage the workload and time pressures of the budget process. In order to reach the same results with lower costs, Thailand could:

- Review the sequencing of the budget cycle as a pre-condition for efficient budget formulation. Separating the preparation of the macroeconomic fiscal assumptions and objectives from the annual budgeting process is becoming common practice in OECD countries. The results of the first phase, clearly defined limits for fiscal policy objectives with defined budgetary ceilings and annual priorities, should be agreed on before moving to the detailed annual budget preparation phase. In this regard, the MTEF should be used for setting a basis for the annual budget preparation and not be prepared simultaneously with detailed budget information.

- Reinforce the top-down budgetary management by providing more guidance and annual budget ceilings per line ministry in a single document and in time for the initial annual budget preparation.
- Strengthen the capacity and co-ordination among the line ministry and its line agencies in order to allow for a more decentralised prioritisation capacity at the line ministry level. This also concerns the capacity to use the available performance information in a productive way for the annual budget preparation.
- Limit the line agencies' detailed draft budget submission to one round, preventing an excessive bottom-up approach during the budget preparation phase and freeing the capacities of line agencies and the Budget Bureau to focus on more strategic analysis and evaluations.
- Streamline the MTEF preparation process, with line ministries only providing their macroeconomic assumptions on own revenues and expenditure needs with broad explanations (e.g. in the case of new projects assigned in line with government priorities). Furthermore, it is important that line ministries understand the importance and potential of using the MTEF for their annual budget preparations.
- Reduce the very high number of line items preventing a risk of over disclosure of information and as a consequence increase informed decision making. A strong tendency of limiting the number of line items, in particular in combination with a well-functioning performance budgeting system, can be observed in OECD countries and it might be of interest for Thailand to explore possibilities in this direction. Another step in this direction could be the provision of a summary budget document for decision makers focusing on a more aggregated level.
- Facilitate the capacity building of the new budget-receiving local government entities to enable them to respond to their new responsibilities as part of the decentralisation reform.

3.2. Quality and oversight of the budget execution

3.2.1. Budget execution, monitoring and reporting processes

Under the responsibility of the Budget Bureau, the Budget Execution Regulations set the budget allotment procedure according to the Annual Budget Expenditure Act and the transfer procedures, and it's the Comptroller General's Department (CGD) within the Ministry of Finance that defines the disbursement authorisations for ministries and entities.

Line agencies submit annual operational plans and quarterly spending plans to the Budget Bureau, and once the annual budget bill is enacted in parliament, the Budget Bureau validates the current expenditure allotment for a six-month period and capital expenditure for the full fiscal year in e-budgeting. The validated allotments are then transferred to the CGD's integrated fiscal management system, GFMIS, which effects corresponding budget transfers to authorised budget entities.

All expenditure transactions are recorded in GFMIS under the overall supervision of the CGD and fall within the following principles:

- Line agencies have full disbursement authority within their approved operational plans and spending plans. The CGD conducts a final check and unblocks the payment.
- Flexibility in the reallocation of funds is permitted within different scenarios and authorisation levels (see Section 3.2.2).
- Expenditure transactions are recorded on a day-by-day basis, allowing for a real-time budget monitoring and execution.
- Concerning comprehensiveness, expenditure is registered as of the commitment stage, allowing for comprehensive in-year monitoring and financial reporting.

- Concerning coverage, the 2018 legislation requires a disbursement control of all budget-receiving entities by the CGD. Due to a pending IT update, local governments are not yet part of the entities directly requesting disbursements via GFMS. The expansion to local governments will allow real-time budget execution for all state agencies in one place and will facilitate the CGD's monitoring, consolidation and financial reporting functions.

For proper expenditure planning, line agencies have to provide updated operational and spending plans on a monthly basis.

In terms of cash management, Thailand has a treasury single account structure with a general revenue and a general expenditure account, which is maintained at the Bank of Thailand. The cash management process is jointly done by a Treasury Management Working Team within the Ministry of Finance.¹⁷ This working group provides regular revenue and expenditure updates in order to manage and forecast appropriate cash reserves.

The CGD is the main responsible party in terms of the preparation of financial statements and reports of government receipts and expenditures for policy-making bodies such as the Cabinet and parliament. Additional information on performance and evaluation results are prepared by the Office of Evaluation under the Budget Bureau.

In-year financial budget execution reports and statements of government receipts are prepared:

- For internal monitoring purposes, on a monthly basis. Non-compliance or inefficient use, which may also relate to underspending, will be reported to the responsible minister and, if needed, to Cabinet.
- For transparency reasons, in-year budget execution reports are also published on a quarterly basis, and within three months of the period covered.
- Disbursement figures from the GFMS system are also reported on the CGD website on a weekly basis.
- Additional financial reports can be requested by Cabinet and parliament on an ad hoc basis.

The 2018 Fiscal Responsibility Act (FRA) specifies the following requirements for the financial end-year reports, to be prepared by the CGD:

- Preparation of an annual report on government receipts and expenditures within 60 days of the end of the fiscal year for submission to Cabinet and for submission to parliament before the end of the fiscal year.
- Preparation of the year-end consolidated government accounts within 90 days from the end of the fiscal year for submission to the State Audit Office for certification (see Section 4.3).

3.2.2. Budgetary flexibility

Thailand's budget laws and regulations provide the government flexibility, within limits, to manage changes to the approved budget in light of changes to circumstances relative to when the budget was formulated and to transfer budgeted expenditure from one purpose to another. In Thailand, the law permits changes under two scenarios:

1. a change to the purpose of the budgeted expenditure item
2. a transfer of budget across government agencies.

The approval required to exercise the flexibility increases in line with the significance of the change or transfer. Where a transfer is to be applied across government agencies, the Cabinet's approval is required. Table 4 shows the transactions and the approvals required. Separate provisions apply to provincial and local governments.

Table 4. Flexibility and controls on budget expenditure in Thailand

	Head of the government agency	Budget Bureau	Cabinet
Authority to adjust a budget			
Adjust a budget item within the 12-month budget period	✓		
Extend the time period of a multi-year commitment, without changing the budget amount	✓(1)		
Adjust the detail of a multi-year commitment, without changing the budget amount		✓	
Adjust a multi-year commitment, and increase the budgeted total commitment			✓
Authority to transfer budget			
Within the same project and same types of appropriation	✓	✓ (2)	
Increase an investment item with unbudgeted funding	✓ (less than 10% of the allocated amount)	✓ (more than 10% of the allocated amount)	
Within the same integrated programme (across government agencies)			✓(3)
Within programme on public sector personnel		✓	

1. Authorisation of responsible minister and report to the Budget Bureau.

2. The following exceptions must have the prior approval of the Budget Bureau: new personnel expenses; vehicle expenses; and purchasing expense, unplanned overseas expenses and purchase/acquisition of equipment that exceeds THB 1 million per unit, and construction/acquisition of capital project that exceeds THB 10 million.

3. The Cabinet assigns approval authority to responsible minister.

Source: Information provided by the Budget Bureau.

In circumstances where a government ministry faces new, unbudgeted expenditure items and/or items where the approved budget is insufficient, it can only apply for additional budget if it has exhausted attempts to adjust the ministry's annual action plan to find efficiencies. Applications for additional funding can also be authorised from the Contingency Fund (see Box 11). Where the head of a government agency, the Budget Bureau or the Cabinet approve a change to the purpose of budgeted expenditure or a transfer of budget, the changes are included in the government's Budget Transfer Report and submitted to the legislature for review.

Under the 2018 Budget Procedures Act, the carry-over of unspent funds to the next fiscal year is possible for the original purpose of the budgeted expenditure and where an obligation has been committed by the end of the fiscal year. The line agency's request to carry-over into the following year is approved by the CGD for a period of up to 6 months in the next fiscal year and, in exceptional cases, the request can be extended for another 6 months, with a maximum possible total of 12 months. The transfer of unused funds has been stable within the last years, with carry-overs of 9.5% of the FY 2017 Budget and 9.2% of the FY 2018 Budget.

3.3. Comprehensive accounting and statistical data

3.3.1. Accounting standards

In Thailand, the government prepares its accounting records of expenditures in accordance with administrative, programmatic, functional and economic classifications. Since FY 2016, the government's functional and economic classification of expenditures have followed an approach consistent with the

International Monetary Fund (IMF) *Government Finance Statistics Manual 2014* (GFSM 2014). The government has continued to improve the quality and coverage of its data and the IMF has noted that the improvements may enhance the basis of Thailand's macroeconomic analysis (IMF, 2019^[1]).

In addition to preparing accounting information for government ministries and agencies consistent with GFSM 2014, the same standard of classification is used for selected state-owned enterprises, although there the production of financial reports is often delayed.

The large number of health and pension schemes in Thailand illustrates the complexity of budgeting and reporting across the public sector. The government has set up a National Pension Committee to propose a strategy to address the inconsistencies across the schemes and variations in policy settings, and the committee has received technical assistance from the IMF (IMF, 2018^[28]).

The comprehensive coverage of the budget could be increased by increasing the role the Budget Bureau performs in relation to off-budget funds and independent entities in order to ensure the Budget Bureau was in a position to provide advice to Cabinet across all areas of government expenditure.

Like the majority of OECD countries, in Thailand, the government prepares its financial statements on a modified accruals basis and government agencies use International Public Sector Accounting Standards accrual accounting to prepare financial reports. The government prepares its budget on a cash basis, showing commitments for capital expenditure. The modified accrual basis includes revenue recognition principles to show the government revenues collected throughout the fiscal year, even if the revenues have not yet been sent to the treasury account. The statement of financial position includes accrued items related to the receipt and payment of funds, and government assets and liabilities. There are exceptions brought about by off-budget funds and the treatment of state-owned enterprises and other businesses.

In OECD countries, accrual-based accounting has become the norm, with 73% of OECD countries preparing the financial statements of government on an accrual basis or modified accrual basis and a further 9% in the process of transitioning to accruals. Only 29% of OECD countries prepare national budgets on an accrual basis, the balance use a cash basis while providing additional information on commitments, debt and guarantees.

The use of accounting standards is supported by comprehensive reporting of the budget and financial statements of the government, including reports on public sector debt, non-financial state-owned enterprises and government-owned, specialised financial institutions (see Section 4.4).

3.3.2. Statistical data

Four agencies that are central to the production of statistical data in performance reports and making the information available to the Budget Bureau include:

1. the National Statistics Office is the central agency in charge of statistics, including the census and surveys on population, labour markets, economic sectors (agriculture, industry, tourism) and social sectors
2. the Bank of Thailand for economic and financial statistics
3. the NESD Council for the production of statistics on the national accounts
4. the State Enterprise Policy Office for information on the results achieved by state-owned enterprises.

A recent OECD working paper noted that Thailand's national statistical system is well-placed to respond to national and international data requirements, citing the relevant legislation Statistics Act 1965, institutional arrangements and compliance with international standards, including the IMF Special Data Dissemination Standard. While noting the comprehensive nature of statistical data, Thailand is still

improving its data coverage across provinces, the technical standards on which the system of national accounts is prepared and coverage of the informal sector (Koen et al., 2018^[2]).

The level of statistical coverage and capacity is important to budgeting, as a performance- and results-orientated budgeting system relies on credible independent data to demonstrate the progress achieved from the allocation of public resources to implement policy objectives. The statistical data are particularly important when measuring progress against the Sustainable Development Goals and the extent to which policy programmes are effective in advancing Thailand toward those goals. The challenge for budgeting is whether the statistical information is included in the budget formulation stage to inform the decision-making process.

3.4. Conclusions

The Budget Bureau runs a good shop. It has a well-performing executive and is modest sized relative to many other institutions in Thailand. It has been proactive in its use of the MTFF to ensure an integrated approach to the MTFF used to prepare the budget. The budget process is widely understood across government ministries and agencies, which supports the stability and effective management of the process. At the same time, the Budget Bureau is aware of potential efficiencies from streamlining the way ministries and agencies prepare MTFF estimates and budget proposals. The current process helps to reveal information on plans and to reach a consensus, but the transaction costs from frequent engagement, and a complex committee structure, are higher than a single-stage budget submission process. Likewise, reviewing the sequence of the budget cycle to streamline the medium-term expenditure preparations could increase the efficiency of budget formulation.

The budget framework has a well-defined approach to budget flexibility and control, although further steps could be taken for the parliament to authorise changes to budget expenditure during a fiscal year relative to the approval before the year commenced. The accounting standards underpinning the budget reflect international standards and the approach adopted by the majority of OECD countries. The Budget Bureau and related agencies should continue the existing efforts to broaden the use of the standards. Similarly, the focus to improve the coverage of statistics to provide independent and reliable information on the achievement of results from government policies supports performance budgeting. Areas to develop are rationalising the number of line items classifying the budget, as the number of line items are many times greater than the number used in OECD countries, and use statistical data in performance reporting.

4. Budget oversight and accountability

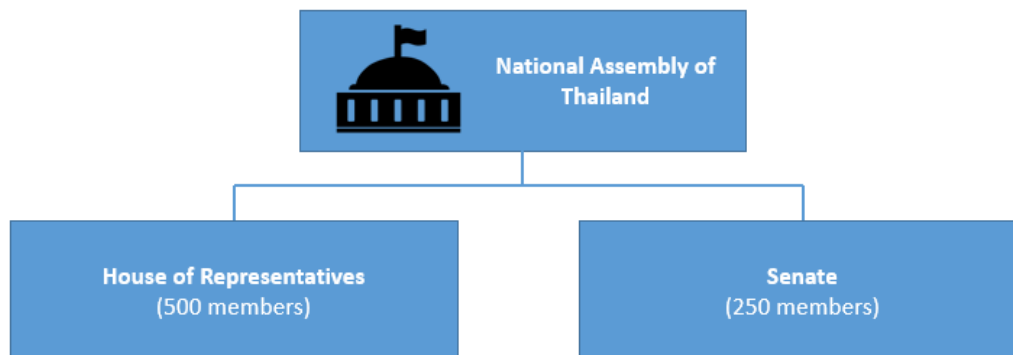
This section considers the oversight and accountability of the budget from the perspective that is external to the preparation and decision making of the government. It looks at the role of parliament, independent institutions and the transparency, openness and accessibility of the budget. The assessment refers to Principle 4 (open, transparency and accessible budget documents and data), Principle 5 (inclusive, participative and realistic debate on budgetary choices) and Principle 10 (promote the integrity and quality of the budget through rigorous quality assurance, including independent audit) of the *OECD Recommendation of the Council on Budgetary Governance*.

4.1. Role of parliament

The role of the National Assembly (or parliament) of Thailand in the budget process has changed over the years. For example, during the most recent period of military rule, the National Assembly transformed from a bicameral legislature – with a Senate and a House of Representatives – to a unicameral legislature, with the dissolution of the House of Representatives. The House of Representatives was re-established in 2017

following the enactment of the 2017 Constitution, although it was not set up in practice until after the election in 2019.

Figure 13. The National Assembly of Thailand and its houses



The House of Representatives has 500 elected members who sit for 4 years. Of these 500 members, 350 are elected from constituencies under the first-past-the-post system and 150 are elected from party lists according to proportional representation. The Senate has 250 appointed members who sit for 5 years. For the first 5 years, the majority of Senate members (194) are appointed directly by the National Council for Peace and Order, and 6 members are armed forces leaders, the supreme commander, the defence permanent secretary and the national police chief. The remaining 50 members represent 10 professional and social groupings. Following intra-group elections for a shortlist of candidates, the National Council for Peace and Order appoints the final 50 members. For subsequent five-year terms, Senate members will be selected/elected following procedures set out in the Constitution Supplementary Act on Senate Member Selection B.E. 2561.

4.1.1. Role of the parliament in budget approval

The *OECD Principles for Budgetary Governance* state that countries should provide for an inclusive, participative and realistic debate on budgetary choices through:

... offering opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both *ex ante* and *ex post* as appropriate. (OECD, 2015^[23])

Although there is a growing trend for OECD parliaments to hold a pre-budget debate on the broad direction of fiscal policy, as well as budget priorities and trade-offs, there is no such pre-budget debate process in Thailand. However, standing committees of the parliament can call in government agencies to provide information on various issues, including budget preparation and management, upon which the standing committees can provide feedback and comments. Instead, the House of Representatives first engages with the budget at the budget approval phase, and it has the prominent role in this process.

The 2017 Constitution introduced three changes to parliamentary budget oversight in Thailand. First, the parliament now considers revenues, as well as spending, and expected outcomes or outputs from the expenditure, together with the information on how the budget aligns with the National Strategy and development plans. Second, oversight now includes independent agencies which are not government offices. Finally, the parliament should ensure that the draft budget complies with the Law on Fiscal Discipline.

The parliamentary budget process starts with the government introducing the draft budget to the House of Representatives at the end of May. According to the Budget Procedures Act B.E. 2561 (2018), Section 10, nine budget documents are presented to the parliament, including:

1. the budget speech, explaining the economic and fiscal outlook, as well as highlights of the budget
2. the Receipts and Outlays Report, showing comparisons between revenues – expenses in the previous year against the current year and the year for which budget is sought
3. the Government Revenue Report
4. the detailed budget expenditure, classified by department and programme
5. the State-owned Enterprise Financial Status Report
6. the Non-budgetary Funds Report
7. the Public Debts Report
8. the Performance and Budget Execution Report
9. the Drafted Budget Bill.

Following the Prime Minister's budget speech, there is a plenary debate on the draft budget, and a vote is taken to accept the draft budget proposal. This is considered a vote of confidence in the government. Once the budget is received, the House of Representatives must complete consideration of the draft budget within 105 days, otherwise the budget is deemed to have been approved by the House and is submitted to the Senate for consideration.

If the House of Representatives votes to accept the draft budget, which is usually the case, an ad hoc Committee on the Annual Appropriations Budget Bill is established to examine the budget proposal in more detail. This committee is usually composed of around 60 members. It is a joint legislative-government committee with the government nominating ten members and 40 members coming from the House of Representatives. Most notably, the Minister of Finance serves as the chair of the committee.

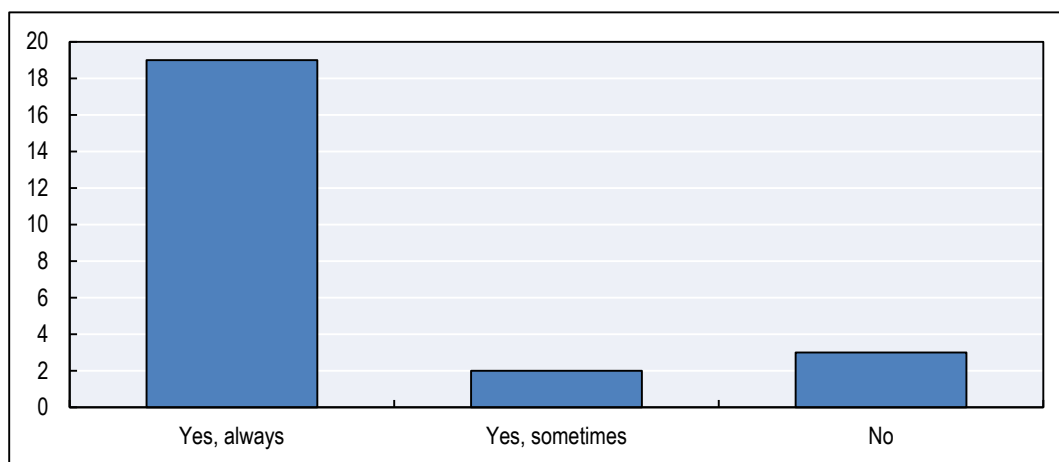
The committee is very active and meets daily over several months. It meets as a whole, and also divides into several sub-committees which it nominates to scrutinise detailed budgets in different areas. The sub-committees have hearings with the relevant minister, the permanent secretary and the heads of subsidiary departments (agencies). There are no hearings with public stakeholders, and the meetings are held *in camera*.

The committee has a secretariat, largely composed of staff from the parliament. The committee can also call on an academic bureau that sits within parliament to do research and provide documents. Furthermore, the committee and its members are able to access research and analysis through the Parliamentary Budget Office (PBO), as explained in more detail in Section 4.2.

Ordinary sectoral committees (i.e. standing committees) can also consider and study the draft budget and ask for evidence relating to areas of their responsibility. These committees can request information from, and give recommendations to, line ministries. They can also pass on recommendations to the ad hoc Committee on the Annual Appropriations Budget Bill.

The committee scrutiny process still largely focuses on budget allocations, but also now scrutinises performance targets accompanying the draft budget. The scrutiny usually results in changes to the draft budget proposal (see Section 4.1.1.1). The committee's report is circulated across government after the Budget Bill has passed, and line agencies are required to report on how they will respond to the committee's findings during the fiscal year. However, the committee report is not made available to the public. This constrains wider public debate on budgetary decisions. In a 2011 mini-survey of parliamentary budget officials across the OECD, the vast majority of respondents reported that committee reports are published (Figure 14).

Figure 14. Are committee reports published by legislatures across the OECD?



Source: OECD (2011^[34]).

Following the committee's scrutiny, the revised draft budget goes back to a plenary session at the House of Representatives where each section of the Budget Bill (including amendments in each of the sections) is voted individually. Once the draft budget has been approved by the House of Representatives, it is submitted to the Senate for consideration.

During the committee scrutiny stage at the House of Representatives, the Senate has also been undertaking committee scrutiny of the draft budget. It does this through establishing an ad hoc Committee for Scrutiny and Study of the Draft Budget with 40 members. The focus of the report is chosen after the draft budget is laid before parliament. The work is conducted by members and their assistants, and they can also request support from the academic bureau, although this rarely happens in practice. Similar to practices at the House of Representatives, there are no hearings with public stakeholders, and the meetings are held *in camera*.

Once the draft budget is approved by the House of Representatives and submitted to the Senate, the Senate has 20 days to approve or reject it. The Senate can comment on the budget, but has no power of amendment. Upon the Senate taking its decision on budget approval, it goes back to the House of Representatives for reconsideration and approval. After approval, the Prime Minister presents it to the King for signature. In the eventuality that the Senate does not complete its consideration within 20 days, the draft budget is deemed to have been approved.

Box 12. Parliamentary budget timetable in Thailand

Fiscal year: October to September

End-May – Draft budget submitted to parliament

The draft budget is received by the House of Representatives, followed by a debate and a vote on whether or not to accept the draft budget proposal.

End-May to early September – Committee scrutiny stage

Committee consideration of the draft budget at the House of Representatives and the Senate, during which any amendments are made.

End-September – Budget approval and enactment

Approval at plenary session of the House of Representatives and the Senate before the start of the fiscal year in October.

While the budget timetable is normally adhered to, for FY 2020, the draft budget was to be submitted to the House of Representatives in October, with the government seeking an extraordinary session for the passage of the bill. The bill was expected to be passed by January. When the draft budget is not enacted in time, the law on annual appropriations for the preceding fiscal year applies for the fiscal year until the act is approved and enacted by the King.

4.1.1.1. Amendment powers

During consideration of the draft budget, members of the House of Representatives can reduce expenditure items, as long as they are not principal repayments, interest payments or other obliged expenditures. Members cannot alter or add any expenditure items, nor increase the proposed budget. The House of Representatives commonly amends the budget, with amendments usually representing a reduction of the total budget by around 1%. The government then uses this fiscal space to propose new expenditure for approval by the Cabinet, and then the ad hoc committee. At the end of the process, the budget total remains the same as the original proposal. By contrast, as previously mentioned, senators can only approve or reject the draft budget with no amendment powers.

4.1.2. Role of the parliament in budget monitoring and audit

The House of Representatives has a Standing Committee for the Study and Monitoring of Budget Management that has the power to investigate, examine, follow up and evaluate the expenditure of each government institution, and report to the House of Representatives. This committee can also appoint a sub-committee to consider particular issues and call relevant government stakeholder to provide information on topics of interest.

Furthermore, during budget execution, the PBO is able to follow up on the spending performance of the government, its institutions and agencies, and report to the Secretariat of the House of Representatives.

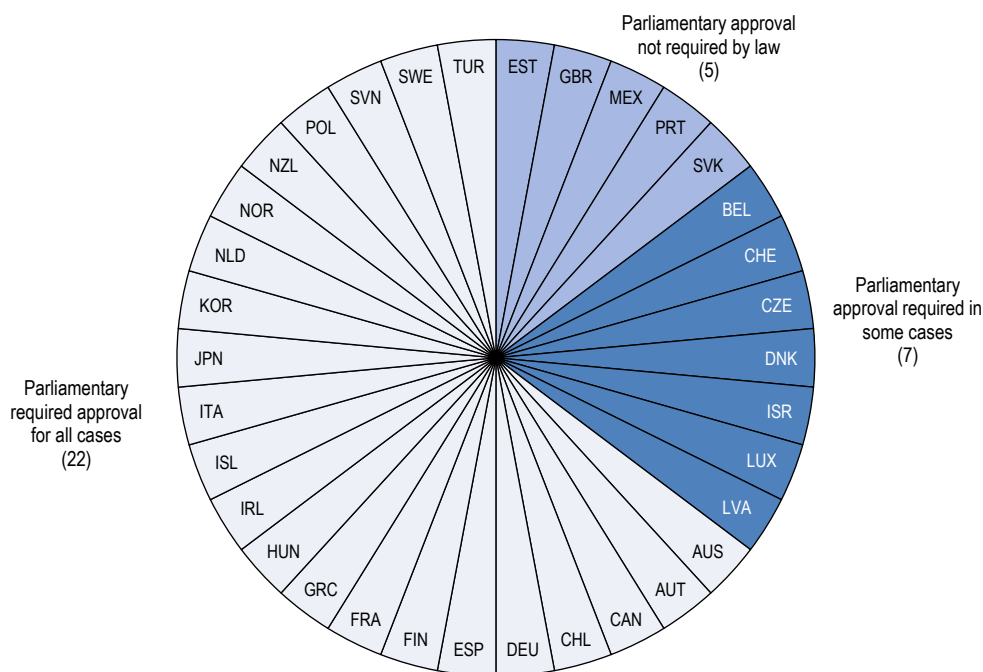
The Senate also has a Budget Management Monitoring Committee. Its role is to oversee public expenditure and ensure its legal compliance. The committee has the authority to ensure that the government complies with national development strategies and policies. It selects different budget areas to consider over the course of each year, often politically topical, and calls in relevant stakeholders to give evidence at committee hearings.

As is the case with other parliamentary committees, there are no hearings with public stakeholders, and the meetings are held *in camera*. The committee does not publish its reports on in-year budget monitoring on line.

4.1.2.1. Supplementary budgets

As the budget is implemented, the legislature must be consulted before the government shifts funds between administrative units specified in the enacted budget. This is in line with the situation in most OECD countries, where parliamentary approval is required for changes to the budget that meet specific criteria. The exceptions, as mentioned in Section 3.2.2, are the transfer of funds between administrative units within the same integrated programme, which requires Cabinet approval, and the transfer of funds within the public sector personnel programme, which requires the Budget Director's approval.

Figure 15. Parliamentary *ex ante* approval of supplementary budgets



Note: Data for the United States are not available.

Source: OECD (2019^[17]), Question 57.

Instead, in Thailand, the “supplementary budget” is also a fiscal tool to deal with surplus revenues, or an urgent need for greater funds where it is not feasible to wait for the annual appropriations in the following year, e.g. due to an economic downturn. The expenditure must be approved in the Supplementary Appropriations Act. Sources of funds include revenues (e.g. when actual receipts are greater than estimated receipts) and loans.

The preparation and scrutiny of the Supplementary Appropriations Bill follows the same process as the annual budget in that the bill has to go through three hearings at the House of Representatives and also the Senate. Also in line with the annual budget, the bill must be passed within 105 days for the House of Representatives and 20 days for the Senate. However, the scrutiny period is usually shorter due to the smaller amounts being considered.

The Transfer of Appropriation Bill is an ad hoc bill that is used to strengthen and speed up capital budget execution across the government. Its purpose is to call back delayed capital commitments from one agency to the Central Fund so that they can be used for other projects that another agency can implement more readily.

4.2. Parliamentary Budget Office

There has been a surge in the number of countries with an independent fiscal institution (IFI), such as a fiscal council or parliamentary budget office, across the OECD, and Thailand is no different. The *OECD Principles for Independent Fiscal Institutions* set out the key elements which are important for the effective functioning and sustainability of these institutions. These principles seek to reinforce the core values that IFIs both promote and operate under: independence, non-partisanship, transparency and accountability (OECD, 2014^[35]).

The Thai PBO was set up in 2013 as an agency under the Secretariat of the House of Representatives. In 2009, the ad hoc Committee on the Annual Appropriations Budget Bill suggested the establishment of an independent parliamentary budget office to support the Thai legislature in its scrutiny of the budget. The House of Representatives agreed with the suggestion. In 2013, the Parliamentary Officials Commission issued a Parliament Announcement Letter, named “The Administrative Structure of the Secretariat of the House of Representatives (No. 6) B.E. 2556” (2013) to establish the PBO. The PBO’s remit is to provide non-partisan budget and fiscal analysis for the Thai parliament.

4.2.1. Mandate and publications

The *OECD Principles for Independent Fiscal Institutions* state that the mandate of an IFI should be clearly defined in higher level legislation. The mandate of the Thai PBO is set out in the Parliament Announcement Letter. Its mandate is to:

1. Study, analyse, research and prepare economic, financial, fiscal and budgetary reports; prepare economic and fiscal forecasts, both short term and long term; and undertake other studies related to the requirements of parliamentarians. Furthermore, the PBO is responsible for providing consultation, suggestions and comments on parliamentary budget procedures or matters studied by the ad hoc Committee on the Annual Appropriations Budget Bill or the sub-committees of the House of Representatives and the Senate.
2. Study, analyse and research the revenue and expenditure impacts of financial and fiscal bills, including the Budget Appropriations Bill, and provide related recommendations.
3. Monitor and inspect the efficiency and effectiveness of budget expenditures and assess compliance with legislative objectives, and report on this to parliament.
4. Create a database with information from the Budget Appropriations Bill for use by the parliament before, during and after budget scrutiny.
5. Co-operate or support the work of other related organisations, or undertake other assigned duties.

To deliver this mandate, the PBO publishes two key types of reports. First, it publishes analysis of the Draft Annual Expenditure Budget Act according to the Fiscal Responsibility Act B.E. 2561 (2018). Second, it publishes analysis of the budget for each ministry or institution according to the Budget Procedures Act B.E. 2561 (2018).

Alongside its publications, the PBO writes a list of questions for committee members to ask at their meetings. As a result, the PBO's work is regularly used in parliament as a basis for questions to government stakeholders across different committees.

In line with the *OECD Principles for Independent Fiscal Institutions*, the PBO also undertakes work at its own initiative. For example, it started developing fiscal models in 2018 to prepare a five-year expenditure forecast. It also plans to develop capacity to undertake revenue forecasting. In the longer term, it might use this capacity to assess the reliability of the government's fiscal forecasts.

4.2.2. Access to information

There is often asymmetry of information between the government and the IFI, no matter how well an IFI is resourced. This is why the *OECD Principles for Independent Fiscal Institutions* state that access to information should be guaranteed in legislation, and if necessary, reaffirmed through protocols or memoranda of understanding (MOU).

The Thai PBO has no legal right to access to information to undertake its work, nor an MOU. Budget and fiscal information is sourced from the Budget Bureau's website and the budget reports and websites of each institution. Information can also be requested by letter to the relevant institution.

A key challenge for the PBO is that it does not always have sufficient time or information to undertake in-depth analysis. There are times when it has only received budget document in the week before relevant parliament meetings. Adding to this challenge, information is often on physical paper, instead of being sent electronically. The PBO must first convert the information into a digital format to undertake its analysis. And some documentation contains little information on projects.

There would be merit in the Thai PBO developing a protocol or MOU with the government of Thailand setting out what information it should receive, the timescales for receiving it and the format it should be provided in. Examples of protocols and MOU that OECD PBOs have are provided in Box 13.

Box 13. OECD parliamentary budget office's protocols and memoranda of understanding on access to information

Australian Parliamentary Budget Office

The Australian government has protocols that establish the basis on which government bodies manage their interactions with the Australian Parliamentary Budget Office (PBO), including ensuring that the PBO is provided with appropriate and ready access to information and documents relevant to its functioning.

Memoranda of understanding between government departments and the PBO set out procedures for submitting requests for information, time frames for response, standards on the quality of information, and guidelines for the use and release of information, as well as procedures for dispute resolution.

Canadian Parliamentary Budget Office

The Canadian PBO has access to information guaranteed in legislation. In addition, it has an Information Protocol with the Canadian government which outlines a clear and principled approach to ensure government-wide consistency, efficiency and transparency in dealing with information requests made by the PBO to departments. It includes details on the scope of information requests, timing for responses as well as PBO recourse in relation to denial of information.

4.2.3. Leadership and staffing

The *OECD Principles for Independent Fiscal Institutions* outline that the leadership of an IFI should be selected on the basis of merit and technical competence, without reference to political affiliation.

The Thai PBO is led by a director who is appointed by, and reports to, the Secretariat of the House of Representatives. The director is a permanent and full-time position. Candidates can be parliamentary officers who apply for the position and meet the basic requirements through government experience at an expert level in policy and planning, budgeting and macroeconomics. Candidates must take a written test and an interview before a selection committee consisting of seven deputy secretaries from the House of Representatives, the Director of the Bureau of General Affairs Administration, a former advisor of the Budget Bureau, and a professor who specialises in macroeconomics and public finance.

The PBO has 20 staff. While the *OECD Principles for Independent Fiscal Institutions* state that the leadership of the IFI should have full freedom to hire and dismiss staff, the Thai PBO's staff are appointed by the Secretariat of the House of Representatives. The Secretariat looks for employees with experience in areas such as economics, public finances and money laundering. At present, the PBO has seven staff with an economics background, four with an accounting background and one engineer. Two staff have a PhD and the remaining analysts all have Masters qualifications. Staff are selected through one of two procedures that apply not just to the PBO, but also to the 22 other offices in the Secretariat of the House of Representatives. They can be transferred from other government offices through the Civil Servants Transfer Selection Board, or recruited by a Selections Committee. The Selections Committee includes executive level staff from the House of Representatives and the Budget Bureau together with representatives from the Civil Service Commission, members of parliament, the President of parliament and representatives from the Secretariat of the House of Representatives and the Senate. Before candidates are presented to the Selections Committee, they are interviewed by a sub-committee. The PBO director may at times be on this committee, together with directors from the Human Resources Department and other relevant departments. Employees are public servants under the parliament, subject to the Parliament Civil Service Act 2015, and their salaries align with those of comparable civil servants.

The *OECD Principles for Independent Fiscal Institutions* set out that the resources allocated to IFIs must be commensurate with their mandate in order for them to fulfil their mandate in a credible manner. At present, there is a general view that the PBO has insufficient resources to deliver its mandate. It has been estimated that an additional 15 staff would be required to enable it to gather the data it needs to undertake its analysis.

4.2.4. Budget

The offices for the PBO are provided by the Thai parliament and it receives a budget of THB 200 000-500 000 (USD 6 600-16 500) per year for human resources. The Thai PBO can also commission research leveraging the annual operating budget of the Secretariat of the House of Representatives.

The *OECD Principles for Independent Fiscal Institutions* outline that the budgets for IFIs should be published and treated in the same manner as the budgets of other independent bodies. Ideally, IFIs should have their own budget line. However, the Thai PBO's budget sits within the budget for the Secretariat of the House of Representatives. From FY 2020 onwards, this budget allocation will sit within the subsidy budget. One way through which the House of Representatives could increase the ability of the PBO to operate independently in this context is by ensuring it allocates the PBO an adequate budget, as stipulated in Section 141 of the Thai Constitution.

4.2.5. Transparency, communications and external evaluation

Given that promoting transparency in public finances is a key goal of IFIs, they have a special duty to act as transparently as possible. All of the Thai PBO's publications are publicly available and can be found on the PBO's website (<https://www.parliament.go.th/pbo>).

The PBO sometimes receives media enquiries on its work. The Thai PBO may wish to develop stronger communication channels with the media given that media coverage of its work assists in fostering informed stakeholders.

The OECD Principles state that IFIs should develop a mechanism for external evaluation of their work. To ensure the quality of its work, the Thai PBO has an oversight committee, with experts across different areas, which review its reports. The PBO is also subject to an annual performance evaluation and conducts annual user surveys to get feedback on its work. Given that the PBO has now been in operation since 2013, a more thorough review of the PBO against the *OECD Principles for Independent Fiscal Institutions* would be timely to ensure its Independence, structure, mandate and resources are appropriate to deliver the benefits of impartial oversight and in-depth analysis that it was set up to provide.

4.3. Role of the supreme audit institution

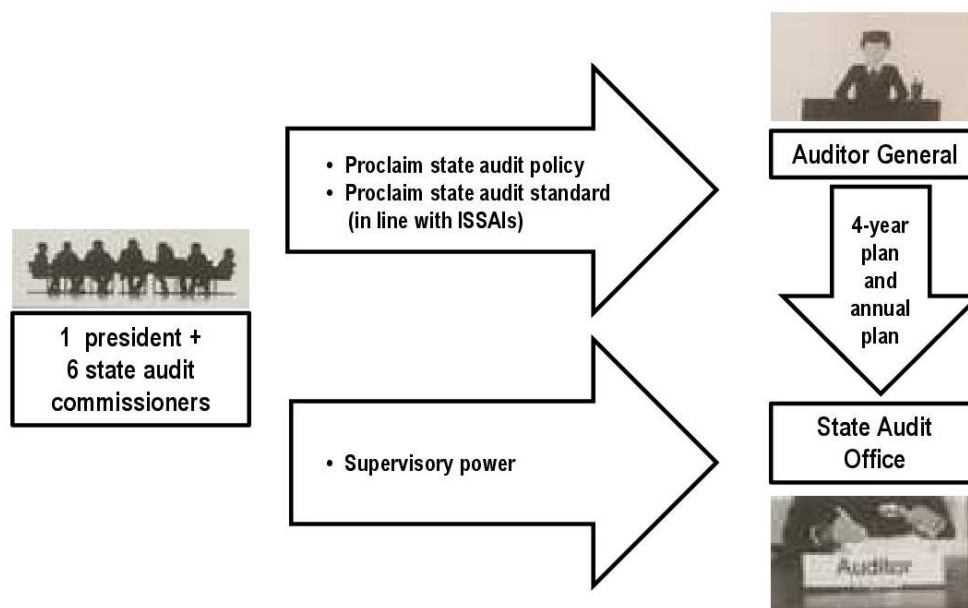
The supreme audit institution (SAI) in Thailand consists of three parts (Figure 16):

- State Audit Commission (SAC)
- Auditor General
- State Audit Office (SAO).

The Thai SAI follows two institutional frameworks, the Westminster model and the Board model, as the audit body is independent of the executive and assists parliament to perform oversight.^{18,19} The core activity of the Thai SAI is the audit of the year-end government accounts, followed by compliance and performance audits, which are summarised in an annual performance report.

The legal provisions of Thailand's auditing system are outlined in the 2017 Constitution, the 2018 Fiscal Responsibility Act (FRA) and the 2018 Organic Act on State Audit. These provisions provide continuity from the previous legislation and clarify the roles and responsibilities of the SAI.

Figure 16. Relationship between state audit institution stakeholders in Thailand



Note: ISSAI: International Standards of Supreme Audit Institutions,
Source: State Audit Office of the Kingdom of Thailand.

4.3.1. Audit coverage

In line with the 2017 Constitution, Sections 238-245, the SAC consists of seven members (a president and six state audit commissioners) who are appointed by the King upon the advice from Selections Committee. In order to strengthen its independence, the commissioners are appointed for one term of seven years and cannot be removed without legislative or judicial approval. The SAC is responsible for setting the state audit policy and standards and for assuring compliance, taking into account the International Standards of Supreme Audit Institutions. The policies and standards are, however, not reviewed by an independent agency. In line with the scope and direction of the audit programme set by the SAC, the Auditor General is responsible for auditing state funds and assessing the efficiency of and outcomes from public expenditure within an annual operational and a four-year strategic plan. The Auditor General is accountable to the SAC and leads the SAO. The SAO audits comprise all public spending, including the state budget and extra-budgetary funds for the 8 358 state agencies. SDG auditing, based on the state audit policy, is to commence from 2022.

The SAO performs all three traditional types of audit:

1. **Financial audits** are the core function of the office. In addition to the audit of the year-end consolidated government accounts, the SAO provides annual financial audit reports for all state agencies within 180 days of the end of the fiscal year (Sections 71 and 75 of the 2018 FRA).
2. **Legal compliance audits** to ensure compliance with laws, rules and regulations in the performance of critical public functions. The entities selected for audit are based on a risk assessment; examples of areas of interest include public procurement, revenue collection and public debt management.
3. **Performance audits, including value-for-money assessments**, are becoming more and more important in Thailand. In line with the strategic performance-based budgeting system, the SAO is trying to expand its coverage of performance audits. In 2018, 80 performance audits were conducted with a focus on impact assessment, efficiency and effectiveness. For this purpose, the SAO uses a single performance audit framework based on quantitative and qualitative indicators. If needed, new indicators may be developed in agreement with the entity being audited.

The SAO has a staff of around 3 600 people, taking into account 15 regional audit offices and 76 provincial offices. Government funding for audits is complemented by audit fees.

4.3.2. Accountability measures: Reporting to parliament and transparency

After the SAO submits the year-end audit report to the Ministry of Finance within 180 days of the end of the fiscal year, the ministry then submits the fiscal report for the fiscal year and the SAO audit report to the Cabinet and parliament, respectively. Both a parliamentary debate of the annual audit report and the SAO's presence in parliament during the debate are not necessarily required, but can be requested by parliament, which could also include SAO's presence. For 2017 and 2018, the year-end audit report and the audited final accounts were published and publicly available on line. The numerical data contained in the audit report are not available in machine-readable format. A citizens version is also not available, but the audit report is written in an accessible and readily comprehensible way (IBP, 2017^[36]).

Individual financial, compliance and performance audit reports of state agencies are not reported to parliament and are submitted directly to the audited entity, the ministry to which the audited entity is affiliated, the Ministry of Finance and the Budget Bureau. To facilitate transparency, the 2018 FRA requires government agencies to disclose the audit reports as well as to disseminate the same via electronic media within 30 days of the date the agency receives the report from the SAO.

In addition, the SAO can submit individual reports to the Cabinet and the parliament on a periodic basis during the fiscal year.

Government agencies are obliged to respond to findings and recommendations by the SAO. The SAO is responsible for reporting audit results to government agencies and for monitoring the activities to ensure that the government agencies have followed the recommendations. In the case of non-compliance without good cause, the State Audit Committee exercises a quasi-judicial power to order administrative penalties.²⁰ An appeal to the Supreme Administrative Court can be made within 90 days.

To facilitate transparency and openness, the SAO publishes a compiled annual performance report on its website with an overview on its audits and other activities throughout the year. The report mostly focuses on financial and compliance audits and information on individual audits is rather limited. Furthermore, information on actions taken by state agencies in response to recommendations contained in each audit is not centrally available on the SAO website. Interviews conducted for this review showed limited awareness of the non-financial audit activities among the broad range of Thai stakeholders, both within and outside government.

A relatively new approach of the Thai SAI is its engagement with stakeholders in public auditing, with the objective of increasing citizen awareness of the SAI's mandate, to strengthen accountability, and to enhance the stability of the legal framework and the state audit policies. For the SAI's Strategic Plan

2012-2022, an initial focus is on engaging media and academics. Following the participatory principle, various channels of engagement, such as co-operative research projects and the development of reader-friendly information sharing of audit findings, are to be prepared.²¹

The SAI is relatively independent and performs its role as an autonomous oversight institution. It plays a key role in promoting accountability and discipline in public financial management.

In line with OECD best practices, a modern mandate of SAIs not only covers financial audits, but also performance or value-for-money audits, as such audits are increasingly taking a broad, comprehensive view on reliability, effectiveness, efficiency and economy of policies and programmes. Performance audits are a mechanism to strengthen the quality of performance accountability and governance frameworks more generally. Thailand should hence continue to strengthen its performance audit workstream at the SAI, including the allocation of necessary resources. It should also continue its capacity-building programme to focus on performance and value for money. A publicly available process for the strategic selection of projects and programmes for performance audits is advisable.

The availability of audit results is essential for budget decision making and the quality assurance of the budgetary cycle. Timely and adequate publication and communication are hence crucial. A more comprehensive publication and communication on individual audits, especially in the area of performance audits, and reporting on actions taken to address audit recommendations would help bring Thailand in line with international standards on audit transparency. In order to increase citizens' awareness of the SAI's mandate and citizens' engagement, it might also be useful to develop a more simplified way of communicating audit findings, for example by using infographics.

4.4. Budget transparency, openness and accessibility

4.4.1. Access to information

The government of Thailand has focused on improving access to information through greater transparency in the budget process. Three transparency initiatives considered in this review were:

1. In 2015, the Thailand Government Spending website was established to provide citizens with a simple to navigate digital solution which provides revenue, expenditure and procurement information. The website draws on information from the Budget Bureau and the Comptroller General's Department and is an interactive site which allows users to access information at a provincial level.
2. The Budget Bureau has developed a website called Citizens Budget, which provides a high-level summary of what people get from each annual budget process across a number of expenditure functions. The information is concise and easy to understand.
3. The National Economic and Social Development Council releases a number of economic data series, including the national accounts in extractable format on their website.

The information that is available through both the Thailand Government Spending and Citizens Budget websites is logical and easy to navigate. Nevertheless, further steps could be taken to make the information more complete and to improve accessibility, by providing access to more budget information in extractable formats to allow greater analysis by the public.

4.4.2. Budget documentation

Budget documentation through either the Budget Bureau or the Ministry of Finance websites includes the enacted budget and budget documents, Citizens Budget, in-year reports, and mid-year review together with an audit report.

The 2018 Budget Procedures Act outlines the requirements for budget documents to be provided to parliament. These documents are provided to parliament in hard copy and are also available in pdf format on the Budget Bureau's website. As mentioned above, the key budget documents required include:

- the budget speech, explaining the economic and fiscal outlook, as well as highlights of the budget
- the Receipts and Outlays Report, showing comparisons between revenues – expenses in the previous year against the current year and the year for which budget is sought
- the Government Revenue Report
- the detailed budget expenditure, classified by department and programme
- the State-owned Enterprise Financial Status Report
- the Non-budgetary Funds Report
- the Public Debts Report
- the Performance and Budget Execution Report
- the Drafted Budget Bill.

Thailand has increased the availability of budget documents over time, reflecting the Budget Bureau's emphasis on increasing the accessibility of budget information. Table 5 shows the increase to the breadth of budget documents publicly available.

Table 5. Availability of budget documents in Thailand

	2010	2012	2015	2017
Pre-budget Statement				
Proposed Budget				
Enacted Budget				
Citizens Budget				
In-year report				
Mid-year review				
Year-end report				
Audit report				

Source: IBP (2017^[36]).

The International Budget Partnership 2017 assessment considered that four of the seven budget documents produced by Thailand were rated at least “substantial” based on the comprehensiveness and usefulness of information provided (IBP, 2017^[36]). The Citizens Budget, mid-year review and audit report were, however, rated as being “limited” based on the comprehensiveness and usefulness of the documentation. A year-end report was not published until 2018 (Performance and Budget Execution Report: The Blue Book – Volume 6).

The Thai government could build on the comprehensiveness and useful of budget documentation by:

- Expanding information available on People's Watch (Citizens Budget) to include information on macroeconomic forecasts and revenue.
- Including further analysis in respect of the mid-year report, including examining the variance between original and revised forecasts in respect of macroeconomic conditions, revenue, expenditure, debt and borrowing.

There is a wealth of economic and budget information available across a number of government agency websites. The government could build on the availability of this information by providing access to budget information through a single budget portal, drawing together all budget documentation, from formulation

through to implementation and review. The *OECD Good Practices on Performance Budgeting* include information on the public's access to budgets and contain examples of online portals to bring budget information from across government together into one accessible location (OECD, 2019^[24]). Box 14 provides examples from Australia, Korea and Mexico.

Box 14. Budget portals in Australia, Korea and Mexico

Australia

The Australian government website provides access to key budget documents on a single Internet site: <https://budget.gov.au>. The website contains interactive tools to estimate changes in the tax position of an individual, based on the policy initiatives contained in the budget. It also takes a “people-centric” approach by organising the information for individuals and families.

Korea

The Open Fiscal Data portal in Korea is available in Korean and English in multi-device formats. It contains performance indicators on budget information and analytical tools to intelligently integrate financial management data. The analytical tools were developed through international collaborative arrangements. It can be accessed at: <https://www.openfiscaldata.go.kr/portal/maineng.do>.

Mexico

Since 2011, the federal government has had a Budget Transparency Portal (Portal de Transparencia Presupuestaria) to help users without a deep knowledge of budgetary processes or information access and interpret the budget. The portal, <https://transparenciapresupuestaria.gob.mx>, uses infographics and geo-referenced information. It also provides open format datasets that can be used by analysts and researchers. Mexico was the first country to formally adopt the international open fiscal data package's specification promoted by the Global Initiative for Fiscal Transparency, Open Knowledge International and the World Bank.

Sources: <https://budget.gov.au>; <https://www.openfiscaldata.go.kr/portal/maineng.do>; <https://transparenciapresupuestaria.gob.mx>; www.fiscaltransparency.net/use/mexico-became-the-first-country-to-formally-adopt-the-open-fiscal-data-package.

4.5. Civil society engagement

It is widely acknowledged that civil society engagement in the budget process can improve policy development by providing opportunities for the public to advise government on needs and priorities. Civil society engagement is contained in Principle 5 of the *OECD Recommendation of the Council on Budgetary Governance* (2015), which encourages inclusive, participative and realistic debate on budgetary choices (OECD, 2015^[23]). Civil society engagement through the budget process can provide for more robust and considered policy development, and can lead to improved policy and budget outcomes.

Thailand has a strong and co-ordinated approach to planning (through the National Strategy and the National Economic and Social Development Plan) and the Constitution requires the government to consult with stakeholders in the preparation of new laws. These elements provide a solid foundation to incorporate civil society engagement across the various stages of the budget process.

The OECD's engagement with civil society throughout this review process revealed a well-informed and engaged civil society that actively seeks out opportunities to engage constructively with the government in respect of fiscal and budget policy matters and broader social and political issues. Civil society organisations acknowledged positive steps in providing information to the public, particularly through

websites such as Thailand Government Spending and People's Watch; however, they raised frustration at not being able to access detailed budget data.

One example of government and civil society engagement in Thailand is the National Committee for Sustainable Development, chaired by the Prime Minister. It has 37 members from public, private academia and civil society and is responsible for formulating policies and strategies on sustainable development, providing advice to Cabinet on measures to support sustainable development. Through the committee, the Sufficiency Economy Philosophy (an approach to sustainable development introduced by His Majesty the late King Bhumibol Adulyadej) and the Sustainable Development Goals (SDGs) have been integrated into the National Strategy (2018-37) and the 12th National Economic and Social Development Plan (2017-21). The purpose of the Committee for Sustainable Development's work is that the Sufficiency Economy Philosophy and SDGs are integrated into agency plans and budget.

It appears from the OECD's engagement that while civil society organisations are able to engage with the government, to varying degrees, in the formulation stage of the budget process, there are limited opportunities to engage with the government through the enactment, implementation and review stages of the budget process. This observation is reinforced through the local score for public participation in the budget as assessed by the International Budget Partnership (IBP, 2017^[36]).

4.5.1. Opportunities

There are opportunities for the government to consider greater engagement with civil society across the budget including:

- **formulation:** public advisory committees to inform policy development
- **enactment:** legislative hearings on budget formulation prior to consideration by parliament
- **implementation:** seeking feedback/views on project implementation progress
- **review:** participation in the audit process.

Should the government increase its participation with civil society organisations in the budget process, the OECD *Budgetary Transparency Toolkit* (OECD, 2017^[37]) and OECD *Best Practices on Budget Transparency* (OECD, 2002^[38]) offer practical ways to establish meaningful engagement including by:

- improving accessibility to budget information, including providing robust, timely and consistent budget data
- trialling initiatives to expand public consultation in respect of policy development and/or project implementation/monitoring, for example through advisory committees.

The key to effective engagement, given the time and resource constraints often faced by civil society organisations and government agencies alike, is that the purpose and expectations of the engagement need to be well-defined and communicated before the engagement takes place. There should also be the opportunity for the propose engagement process to be amended to reflect feedback from civil society on what would work best given its resource constraints.

Box 15. Public participation in the Philippines

In recent years, the Philippines has made positive progress in terms of increasing public participation in the budget process through the following initiatives:

- Participatory budgeting – initiated in 2012 to give civil society organisations a formal role in the budget process. Civil society organisations were given access to spending information, participated in consultations, and engaged in the oversight and evaluation of completed projects. Government agencies were required to publish and respond to the requests of the civil society organisations.
- Citizen participatory audits – are value-for-money or performance audits conducted by the Commission on Audit, the supreme audit institution of the Philippines, pursuant to its mandate, with the participation of individuals selected from civil society organisations (as members of the audit team).

Source: <https://www.coa.gov.ph>.

One of the purposes of civil society participation in the budget is to access perspectives that might not be accessible through government ministries in order to support high-quality decisions through the budget process. The engagement increases the breadth of information available to ministers during the decision-making phases of the budget. Not all forms of engagement need to be undertaken by the Budget Bureau; for example, government ministries can indicate on budget proposals the way in which they engaged civil society organisations and/or the public during the development of a budget proposal.

In countries such as New Zealand, expert groups such as the Committee of Chief Science Advisors, are used to complement engagement with civil society to provide advice to the government on the possible priorities for the annual budget.²²

4.6. Conclusions

For many years now, the budget process in Thailand has been strongly controlled by the government. While there is legislative scrutiny of the draft budget proposal, the Minister of Finance chairs the main budget committee, acting as a constraint to the independence of the parliament's role.

Nevertheless, the role of the National Assembly of Thailand in the budget process has expanded over years. Recent changes introduced in the 2017 Constitution have expanded the scope of parliamentary budget oversight in Thailand so that it now covers revenues, as well as spending, and includes a performance dimension. In addition, oversight now includes independent agencies which are not government offices and the parliament has a role in ensuring that the draft budget complies with the Law on Fiscal Discipline.

Unlike a growing number of OECD countries, the Thai legislature does not have a role in the *ex ante* stage of the budget process. However, the parliament has standing committees which can call in government agencies to provide information on various issues, including budget preparation and management, and can make recommendations in this regard. The introduction of a debate on budget priorities might be considered in future years.

There is strong and intensive committee scrutiny of the draft budget proposal, and the legislature has some limited amendment powers. To further align with international good practice, committees should publish their reports on budget scrutiny on line. This would bring the Thai legislature in line with common practice across OECD countries and would help generate wider public debate on budgetary decisions.

The Thai government must seek legislative approval for shifting funds between administrative units during the fiscal year, in line with the majority of OECD countries. Supplementary budgets are also put before the legislature when the government is seeking additional funds to meet urgent needs, such as an economic downturn.

The establishment of the Thai PBO in 2013 has been a positive first step in allowing for the independent scrutiny and analysis of the budget, and is in line with the growing trend to establish IFIs across OECD countries.

The PBO is established under the Secretariat of the House of Representatives. However, in order to align with the *OECD Principles for Independent Financial Institutions*, measures should be taken to strengthen its independence. For example, candidates for leadership of the PBO should not be limited to parliamentary officers, and the PBO leader should have freedom to hire its own staff. In addition, the PBO should have its own budget line.

The Thai PBO has a broad mandate and can also undertake work at its own initiative. A key challenge for the PBO is that it does not always have sufficient time or information to undertake in-depth analysis. The development of a protocol or an MOU between the Thai government and the PBO would help address this.

At present, there is a general view that the PBO has insufficient resources to deliver its mandate. It should be provided with additional resources so that it can fulfil its mandate in a credible manner.

The work of the PBO is made available to the public and the PBO does deal with some media enquiries. In the longer term, the PBO may wish to develop stronger communication channels with the media to help foster informed stakeholders.

The SAI is an independent institution and has a mandate comparable to SAIs in OECD countries in that the scope of responsibilities includes performance audits, as well as financial audits. The performance audits support the performance-oriented budgeting approach and reflect a co-ordinated, yet independent approach to a government-wide framework. In order for the performance orientation to reach its potential, the performance audits are a function for the SAI to continue to invest in. The SAI has undertaken stakeholder engagement activities to increase awareness of the value of the SAI. This initiative should be supported through timely public reporting of audit results in a readily accessible format.

The Budget Bureau has significantly improved the transparency of the budget through the coverage of budget reports since 2010. Further enhancements should respond to the needs of the people who use the information to place the emphasis on quality and relevance over volume. The use of online budget portals in OECD countries is an example of innovations to consider. Public participation in the budget is low and not well accommodated within the budget process to access perspectives broader than those offered through government ministries and agencies. Responsibilities in this area do not fall to the Budget Bureau alone, and can be implemented by ministries and agencies during the development of budget proposals.

References

- Anuroj, B. (2018), *Thailand 4.0: A New Value Based Economy*, Thailand Board of Investment, [10]
https://www.boi.go.th/upload/content/Thailand,%20Taking%20off%20to%20new%20heights%20@%20belgium_5ab4e8042850e.pdf.
- Austrian Federal Chancellery (2012), *Performance Management at the Federal Level of Government in Austria*, Austrian Federal Chancellery, Vienna, [25]
http://www.oeffentlicherdienst.gv.at/wirkungsorientierte_verwaltung/berichte_service/Folder_Wo_Steuerung_EN.pdf?63hw8q.
- Beazley, I., R. Downes and S. Nicol (2019), “Budgeting in Kazakhstan: A roadmap for continued budgetary governance reform”, *OECD Journal on Budgeting*, Vol. 18/3, [27]
<https://dx.doi.org/10.1787/08310b83-en>.
- Blöndal, J. and S. Kim (2006), “Budgeting in Thailand”, *OECD Journal on Budgeting*, Vol. 5/3, [22]
<https://dx.doi.org/10.1787/budget-v5-art16-en>.
- Bogiatzis, A., H. Asada and M. Rizwan Habeeb Rahuman (2018), “Sustainable finance for inclusive growth in Thailand”, *OECD Economics Department Working Papers*, No. 1471, OECD Publishing, Paris, [5]
<https://dx.doi.org/10.1787/7ad06329-en>.
- EPEC (2019), *PPPs Financed by the European Investment Bank from 1990 to 2018*, European PPP Expertise Centre, [20]
https://www.economie.gouv.fr/files/files/directions_services/fininfra/TdB/epec_ppps_financed_by_eib_since_1990_en.pdf.
- Gallup (2017), *Gallup World Poll*, <http://www.gallup.com/services/170945/world-poll.aspx>. [11]
- GIHub (2017), *Infracompass*, Global Infrastructure Hub, <https://infracompass.gihub.org>. [18]
- IBP (2017), *Open Budget Survey of Thailand 2017*, International Budget Partnership, [36]
<https://www.internationalbudget.org/wp-content/uploads/thailand-open-budget-survey-2017-summary.pdf>.
- ILO (2017), *Key Indicators of the Labour Market*, International Labour Organization, Geneva, [3]
<http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang--en/index.htm>.
- IMF (2019), *Article IV Consultation Staff Report*, International Monetary Fund, Washington, DC, [1]
<https://www.imf.org/en/Publications/CR/Issues/2019/10/07/Thailand-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48724>.
- IMF (2018), *2018 Article IV Consultation Staff Report*, International Monetary Fund, Washington, DC, [28]
<https://www.imf.org/en/Publications/CR/Issues/2018/06/04/Thailand-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-45928>.
- IMF (2018), *World Economic Outlook Database*, International Monetary Fund, Washington, DC, [7]
<https://www.imf.org/en/Publications/WEO/weo-database/2018/April>.
- IMF (2012), *Article IV Staff Report*, International Monetary Fund, Washington, DC, [29]
https://www.bot.or.th/English/MonetaryPolicy/ArticleAndResearch/EconomicMonitor/StaffReport_Jun2012.pdf.

- Koen, V. et al. (2018), "Boosting productivity and living standards in Thailand", *OECD Economics Department Working Papers*, No. 1470, OECD Publishing, Paris, <https://doi.org/10.1787/e525c875-en>. [2]
- National Strategy Secretariat Office and Office of the National Economic and Social Development Board (2018), *National Strategy 2018-2037 (Summary)*, https://www.bic.moe.go.th/images/stories/pdf/National_Strategy_Summary.pdf. [8]
- OBR (2018), *Fiscal Sustainability Report*, Office for Budget Responsibility, London, <https://obr.uk/fsr/fiscal-sustainability-report-july-2018>. [33]
- OECD (2019), *Budgeting and Public Expenditures in OECD Countries 2019*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264307957-en>. [17]
- OECD (2019), *Government at a Glance South East Asia 2019*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264305915-en>. [6]
- OECD (2019), *OECD Good Practices for Performance Budgeting*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/c90b0305-en>. [24]
- OECD (2018), *Multi-dimensional Review of Thailand (Volume 1): Initial Assessment*, OECD Development Pathways, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264293311-en>. [9]
- OECD (2018), *OECD Integrity Review of Thailand: Towards Coherent and Effective Integrity Policies*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264291928-en>. [13]
- OECD (2018), *OECD Performance Budgeting Survey*, OECD, Paris. [26]
- OECD (2018), *OECD Survey of Capital Budgeting and Infrastructure Governance*, OECD, Paris. [21]
- OECD (2017), *Budget Transparency Toolkit: Practical Steps for Supporting Openness, Integrity and Accountability in Public Financial Management*, OECD, Paris, <http://www.oecd.org/gov/budgeting/Budgeting-Transparency-Toolkit.pdf>. [37]
- OECD (2017), *Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264268920-en>. [12]
- OECD (2015), *OECD Recommendation of the Council on Budgetary Governance*, OECD Publishing, Paris, <https://www.oecd.org/gov/budgeting/Recommendation-of-the-Council-on-Budgetary-Governance.pdf>. [23]
- OECD (2014), *Recommendation of the Council on Principles for Independent Fiscal Institutions*, OECD, Paris, <https://www.oecd.org/gov/budgeting/OECD-Recommendation-on-Principles-for-Independent-Fiscal-Institutions.pdf>. [35]
- OECD (2013), *Economic Outlook for Southeast Asia, China and India 2014: Beyond the Middle-Income Trap*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/saeo-2014-en>. [16]
- OECD (2011), *Parliamentary Budget Officials Network Survey*, OECD, Paris. [34]

- OECD (2002), *Best Practices in Budget Transparency*, OECD, Paris, [38]
<https://www.oecd.org/governance/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>.
- PEMNA (2018), *Issue and Talk: Thailand, the New Budget Procedures Act*, Public Expenditure Management Network in Asia, Seoul. [14]
- Sangsubhan, K. and R. Wangcharoenrungs (2011), “Fiscal issues in Thailand: Assessment on the impact of stimulus, fiscal transparency and fiscal risk”, in *Assessment on the Impact of Stimulus, Fiscal Transparency and Fiscal Risk*, EIRA Research Project Report 2010-01, pp. 241-247, http://www.eria.org/uploads/media/Research-Project-Report/RPR_FY2010_1_Chapter_7.pdf. [30]
- SDSN and Bertelsmann Stiftung (2019), *Sustainable Development Report: Transformations to Achieve the SDGs*, Bertelsmann Stiftung, https://www.bertelsmann-stiftung.de/fileadmin/files/user_upload/Sustainable_Development_Report_2019_Complete.pdf. [32]
- SEPO (2017), *Public Private Partnership (PPP) in Thailand*, State Enterprise Policy Office, Ministry of Finance, Thailand, <https://www.unescap.org/sites/default/files/PPP%20Thailand-sent.pdf>. [19]
- Thai Budget Bureau (2019), *Thailand’s Budget in Brief, Fiscal Year 2019*, Thai Budget Bureau. [15]
- Thai Ministry of Foreign Affairs (2017), *Thailand’s Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development*, Ministry of Foreign Affairs, Thailand, <https://sustainabledevelopment.un.org/content/documents/16147Thailand.pdf>. [31]
- World Bank (2017), *World Development Indicators*, World Bank Group, Washington, DC, <https://data.worldbank.org/data-catalog/world-development-indicators>. [4]

Notes

¹ <https://www.transparency.org/cpi2018>.

² www.constitutionalcourt.or.th/occ_en/download/article_20170410173022.pdf.

³ Section 140 of the 2017 Constitution stipulates that the payment of state funds shall be made only by the authority of the relevant laws (e.g. Law on Appropriations, Law on Budgetary Procedures).

⁴ Section 142 of the 2017 Constitution states the information that must be included in the Annual Appropriation Act in addition to the details of the budget, such as sources and estimations of revenues, expected outcomes and the output from payments, and conformity with the National Strategy and development plans, in accordance with rules prescribed in the Law on Financial and Fiscal Discipline of the State.

⁵ Section 143 of the Constitution foresees a period of 125 days for parliamentary scrutiny of the budget and Section 144 restricts the power of members of the House of Representatives and/or senators in altering or adding any item or amount to the Budget Bill.

⁶ The Decentralisation Act of 1999 states that the revenue transfer from central government to local authorities must be at least 20% of total central government revenue and should aim to reach 35% by the 2006 fiscal year. The Decentralisation Act of 2006 states that the revenue transfer from the central government to local authorities must be at least 25% of total central government revenue and should aim to reach 35%.

⁷ Bangkok Metropolitan Administration and Pattaya City are already direct budget recipients.

⁸ The Fiscal Policy Committee consists of the Prime Minister as Chairperson, the Minister of Finance as Vice Chairperson, the Permanent Secretary for Finance, Secretary-General of the NESD Council, the Director of the Budget Bureau, and the Governor of Bank of Thailand, as members. The Director-General of the Fiscal Policy Office is the secretary and the Fiscal Policy Office serves as the Secretariat of the Committee.

⁹ www.fiscaltransparency.net/blog_open_public.php?IdToOpen=7130.

¹⁰ Examples of guidance on selection of good performance indicators are provided by the government of the Commonwealth of Australia (<http://www.finance.gov.au/government/managing-commonwealth-resources/developing-good-performance-information-rmg-131>), the Treasury Board Secretariat of Canada (<https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/centre-excellence-evaluation/guide-developing-performance-measurement-strategies.html>) and the Performance Improvement Council, which supports the United States administration in implementing the Government Performance and Results Modernization Act (<https://pic.gov/>).

¹¹ Further details on the examples can be found in *OECD Good Practices for Performance Budgeting* (OECD, 2019^[24]).

¹² Budget document Volume 6 of the draft budget bill.

¹³ Infrastructure projects with more than 1bn Baht have to go through NESD Council before going to Cabinet. This impact assessment covers social (impact on local community), financial and environmental

aspects. The report prepared by NESD Council is following a formal methodology and is submitted to Cabinet for approval (see Section 2.2).

¹⁴ www.treasury.govt.nz/publications/strategies-and-plans/long-term-fiscal-position/he-tirohanga-mokopuna.

¹⁵ The medium- and long-term national plans and strategies refer to the 20-year National Strategy, the Master Plans under the National Strategy, the NESD Plan, the National Security Policy and Plan, and other government policies.

¹⁶ The two-stage submission process (i.e. submission of a pre-ceiling budget and a more detailed draft budget by line ministries) was applied during the FY 2017-19 budget preparations. In the following fiscal years, Thailand started introducing changes. For FY 2020, a single-stage budget submission process was introduced to free capacity in the Budget Bureau and line ministries. In the preparation for the FY 2021 budget, the submission of an initial budget request by line ministries was reintroduced but limited to baseline expenses such as personnel, commitments and obligations.

¹⁷ Members of the Ministry of Finance's Treasury Management Working Team are: 1) the Fiscal Policy Office and the State Enterprise Policy Office who are responsible for revenue forecasts; 2) the Comptroller General's Department which is responsible for the government agencies' expenditures; and 3) the Public Debt Management Office which is responsible for loan planning to compensate for budget deficits.

¹⁸ <https://www.audit.go.th/sites/default/files/files/article/Suntharanurak.pdf>.

¹⁹ Most countries use one of three auditing systems: Napoleonic, Westminster or Board (www1.worldbank.org/prem/PREMNotes/premnote59.pdf).

²⁰ The 2018 Constitution, Section 240, provides the SAC with the duties and powers "to order an administrative penalty in the case of a violation of the law on financial and fiscal discipline of the State. The proceedings shall be in accordance with the Organic Act on State Audit".

²¹ <https://www.audit.go.th/sites/default/files/files/article/Suntharanurak.pdf>.

²² <https://www.pmcasa.ac.nz>.

Annex A. Action Plan

Table A, 1. Action plan for budget strategy and planning

Timeline	Recommended actions	Lead responsibility	Priority	Section reference
Short term	1. Increase the emphasis on assessing and selecting investment projects during the budget process to support decision making on public investment proposals.	Budget Bureau	High	2
	2. Clarify the linkages between output indicators and outcome indicators, including the roles and responsibilities of central agencies.	Budget Bureau	High	2
	3. Increase the use of performance information and the findings from spending reviews in budget decisions.	Budget Bureau	High	2
	4. Introduce gender tagging of budget programmes and mainstreaming gender impact assessments.	Budget Bureau	Medium	Gender Action Plan
	5. Introduce systematic evaluation programmes of the resources committed through the budget process.	Line ministries	Medium	2
Medium term	6. Consider implementing a long-term fiscal sustainability report.	Ministry of Finance	High	2
	7. Investigate the feasibility of multiannual budgeting of capital investment across the period of the medium-term fiscal framework.	Budget Bureau	Medium	2

Table A 2. Action plan for budget management and control

Timeline	Recommended actions	Lead responsibility	Priority	Section reference
Short term	8. Review the sequence of the budget cycle, including the roles and responsibilities of central and line agencies to reflect the Budget Procedures Act and Fiscal Responsibility Act.	Budget Bureau	High	3
	9. Streamline the annual budgeting and medium-term expenditure preparations to remove any redundant processes.*	Budget Bureau	High	3
	10. Increase the use of national statistics in the budget formulation stage to inform the decision-making process.	Budget Bureau	Medium	3
Medium term	11. Assess the merits of reporting on the off-balance sheet funds.	Budget Bureau	High	3
	12. Investigate the steps the parliament can take to authorise budgetary changes during a fiscal year.	Parliamentary Budget Office	Medium	3

* The Budget Bureau has started to implement this action. The two-stage submission process (i.e. the submission of a pre-ceiling budget and then a more detailed draft budget by line ministries) was applied during 2017-19. For FY 2020, a single-stage budget submission process is proposed to free capacity of the Budget Bureau and line ministries.

Table A.3. Action plan for budget oversight and accountability

Timeline	Recommended actions	Lead responsibility	Priority	Section reference
Short term	13. Build on progress with transparency through parliamentary committees publishing budget scrutiny reports on line.	Parliament	High	4
Medium term	14. Strengthen the independence of the Parliamentary Budget Office.	Parliament	Medium	4
	15. Broaden the opportunities for participation in the budget.	Budget Bureau	Medium	4

Annex B. List of stakeholders

The OECD review team would like to thank all those who contributed to the evidence and insights to this review, in particular the individuals from the following institutions and groups who the review team met during the mission to Bangkok in June 2018:

- Bank of Thailand
- Budget Bureau
- Civil Service Commission
- Department of the Comptroller General
- Department of Highways
- Department of Water Resources
- Fiscal Policy Office
- Institute of King Prajadhipok
- National Economic and Social Development Council
- National Institute of Development Administration
- Office of the Permanent Secretary of the Ministry of Education
- Office of the Education Council
- Office of the Higher Education Commission
- Office of National Health Security
- Office of Natural Resources Policy and Planning
- Office of the Public Sector Development Commission
- Office of the Vocational Education Commission
- Parliamentary Budget Office
- Public Debt Management Office
- Secretariat of the House of Representatives
- Secretariat of the Senate
- State Enterprise Policy Office
- Supreme Audit Institution
- Thammasat University
- United Nations Children's Fund
- World Bank

Thailand: Gender Budgeting Action Plan

Thailand set out a commitment to introduce gender budgeting in its 2017 Constitution. This Gender Budgeting Action Plan, prepared at the request of the Thai government, assesses the extent to which the necessary foundations are in place to develop and implement an effective approach to gender budgeting. It also proposes a path forward for Thailand to roll out an incremental approach to gender budgeting, grounded upon international standards set by the OECD. This work is carried out in the context of the OECD's Thailand Country Programme.

This Action Plan was prepared by Scherie Nicol and Pinar Guven from the OECD Public Governance Directorate and Aline Pennisi of the Italian Ministry of Economy and Finance.

JEL codes: H50, H61

Keywords: gender budgeting, gender-responsive budgeting, gender, budgeting, budget reforms, public financial management

Acknowledgements

This Action Plan was prepared by Scherie Nicol and Pinar Guven from the OECD Public Governance Directorate and Aline Pennisi of the Italian Ministry of Economy and Finance. The Action Plan has also benefited from wider peer review across the OECD, including Chris Clark (Employment, Labour and Social Affairs Directorate), Fianna Jurdant (Directorate for Financial and Enterprise Affairs) and Hyeshin Park (OECD Development Centre). Justin Cradit in the Gender, Justice and Inclusiveness Unit provided valuable research support. The Action Plan includes feedback from a consultation process co-ordinated by the Thai Budget Bureau. The OECD is grateful to all the parties who prepared feedback on the Action Plan.

The OECD would like to thank the government of the Kingdom of Thailand for its engagement and commitment during the preparation of the Gender Budgeting Action Plan for Thailand, in particular to the Budget Bureau and the Department for Women's Affairs and Family Development for their support and input during the process. The OECD conducted interviews with officials from the centre of government and line ministries, the State Audit Office, the Parliamentary Budget Office, the parliament, as well as consultations with independent experts and representatives of civil society. The OECD would like to express its appreciation to all of these stakeholders for their availability and insights.

Acronyms and abbreviations

ASEAN	Association of Southeast Asian Nations
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CGEO	Chief gender equality officer
CSO	Civil society organisation
DWF	Department for Women's Affairs and Family Development
GAD	Gender and development
GBA+	Gender-Based Analysis Plus
GRPB	Gender-responsive participative budgeting
KorSorSor	Committee on the Promotion of the Improvement of the Status of Women
KorYorSor	National Committee on the Policy and Strategy for the Advancement of Women
KPI	King Prajadhipok's Institute
LGBT	Lesbian, gay, bisexual, trans
OECD	Organisation for Economic Cooperation and Development
PBO	Parliamentary Budget Office
SorTorPor	Committee on Gender Equality Promotion
WorLorPor	Committee on Consideration of Unfair Gender Discrimination

The Gender budgeting Action Plan

Gender equality in Thailand has improved over recent decades. There has been notable progress in education enrolment and completion rates among women and a reduction in the proportion of women living in poverty. Compared to other South East Asian countries, Thailand ranks relatively high in terms of gender equality in several domains, particularly education and corporate leadership. However, persistent gender gaps remain in relation to women's representation in political life, formal participation in the labour force and wages. In addition, gender inequalities tend to be exacerbated for women of rural; indigenous; migrant; and/or ethnic, religious and sexual minority backgrounds, as well as women with disabilities. A key challenge to overcoming these inequalities are societal perceptions about the role of men and women in public and family life.

The Thai government has expressed its commitment to overcoming gender inequalities through legal provisions. In 2007, the government passed the Protection of Victims of Domestic Violence Act and amended its criminal code to criminalise marital rape to combat gender-based violence. The Gender Equality Act, adopted in 2015, was the first legal instrument in Thailand to both define and prohibit gender discrimination. Since then, provisions in the 2017 Constitution also prohibit discrimination on the grounds of sex and affirm the principle of equality between men and women. The 2017 Constitution also set out a commitment to introduce gender budgeting. In response to the constitutional requirement relating to gender budgeting, the Budget Bureau has asked spending ministries to indicate on their budget request forms whether individual budget requests have a gender impact.

This Action Plan, which was prepared by the OECD at the request of the Thai government, recommends that Thailand leverage existing foundations across government to develop gender budgeting. One of these is the national gender equality strategy, in the form of the Women's Development Strategy (2017-2021). This strategy sets out goals, objectives and targets in the area of gender equality. Another foundation is the four gender equality committees, particularly the National Committee on the Policy and Strategy for the Advancement of Women (KorYorSor), chaired by the Prime Minister, and the Committee for Promoting the Improvement of the Status of Women (KorSorSor), which supports KorYorSor in implementation. The Department for Women's Affairs and Family Development (DWF) will also be a key stakeholder, and can help support implementation with its *Gender Responsive Budgeting Handbook*, which it plans to revise in 2020. Chief gender equality officers (CGEOs) and gender focal points, which exist across ministries to help promote gender equality, should also play an important role.

While these foundations are helpful, the Thai government also faces a number of hurdles in further implementing gender budgeting. The Women's Development Strategy was developed under the framework of the 20-year National Strategy and linked master plans, which are further articulated in a 5-year National Economic and Social Development Plan and guide government planning efforts. However, targets in the Women's Development Strategy and the National Economic and Social Development Plan could be more closely aligned so that the planning system better supports the implementation of the Women's Development Strategy. The tools for implementing gender budgeting are little developed, and there is limited understanding across government officials of what gender budgeting is and how it can be implemented. Stakeholder interviews found that most government officials are of the view that gender budgeting means implementing programmes for women. There is a lack of awareness that other government programmes can have a direct or indirect impact on gender equality. In addition, there are key gaps in the availability of gender-disaggregated data, important for understanding gender needs and informing policy development.

1. Gender equality in Thailand

The status of gender equality has improved in Thailand over the past 20 years. Major achievements have been made to enhance equity legislation and improve the livelihoods of women. Compared to other South East Asian countries, Thailand ranks relatively high in terms of gender equality in several domains, particularly education and corporate leadership. Nevertheless, challenges remain, especially in terms of women's representation in political and public life, the gender pay gap, and violence against women. Of particular concern, too, are the continued disadvantages faced by women of rural; indigenous; migrant; and/or ethnic, religious and sexual minority backgrounds, as well as women with disabilities.

Thailand has made significant progress in enshrining gender equality into its legal framework (Box 1). Adopted in 2017, the Constitution prohibits discrimination on the grounds of sex and affirms the principle of equality between men and women (Section 27) (Government of Thailand, 2017^[1]). Also significant was the adoption of the Gender Equality Act in 2015, the first legal instrument in Thailand to both define and prohibit gender discrimination. The act prohibits “unfair gender discrimination”, which is defined as any discrimination, direct or indirect, that results from “the fact that the person is male or female or of a different appearance from his/her own sex by birth” (Section 3). The inclusiveness of this definition is important to note, as it covers discrimination against those whose gender identity is different from their sex assigned at birth.

Box 16. Legal framework for gender equality in Thailand

According to the Constitution of the Kingdom of Thailand 2017, Section 4 states that human dignity, rights, liberties and equality of the people shall be protected. Thai people shall enjoy equal protection under this Constitution.

Section 27 states that all persons are equal before the law, and shall have rights and liberties and be protected equally under the law. Men and women shall enjoy equal rights. Unjust discrimination against a person on the grounds of differences in origin, race, language, sex, age, disability, physical or health condition, personal status, economic and social standing, religious belief, education, or political view that is not contrary to the provisions of the Constitution, or on any other grounds shall not be permitted.

Section 71, Paragraph 3 states that the state should provide assistance to children, youth, women, the elderly, persons with disabilities, indigent persons and underprivileged persons so that they may have quality living, and shall protect such persons from violence or unfair treatment, as well as provide treatment, rehabilitation and remedies to such injured.

Section 17 Paragraph 1 of the Gender Equality Act, B.E. 2558 (2015) states that prescribing policies, ordinances, rules, notifications, measures, projects or procedures for state agencies, private organisations or any person which appear to discriminate unfairly by gender shall be prohibited.

Cabinet Resolution on 20 March 2555 B.E. (2012) allows male civil servants and government employees to have paternity leave and the right to receive salary during this leave, not exceeding 15 business days.

Section 15 of the Labour Protection Act, B.E. 2541 (1998) stipulates “An employer shall treat male and female employees equally in their employment, except where the employer is prevented by the nature or conditions of the work from doing so.”

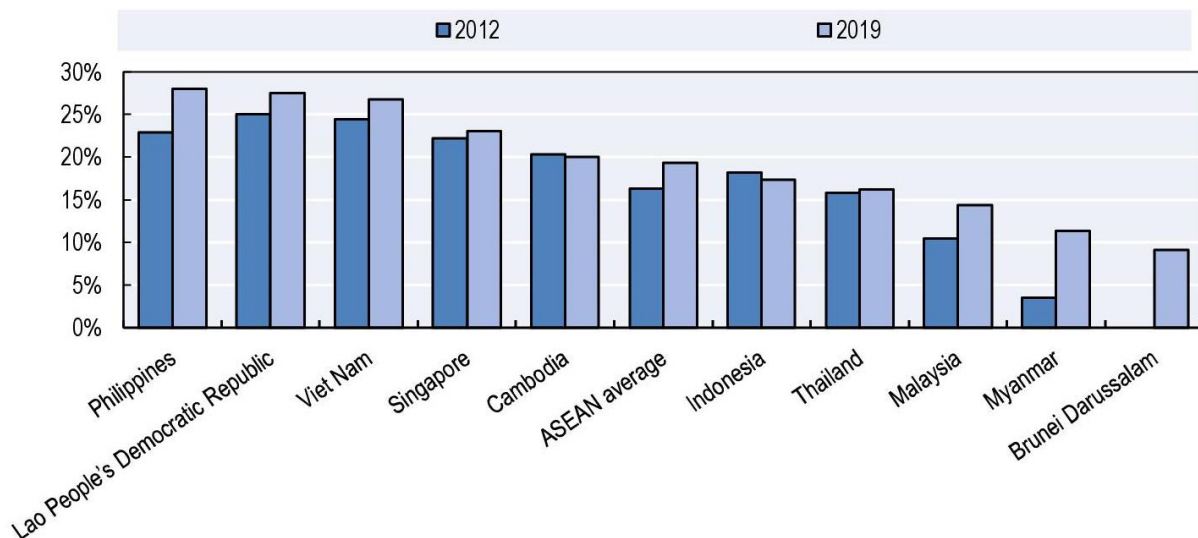
Source: Information provided by the government of Thailand in response to the OECD Survey of Gender Budgeting in Thailand, 2019.

Over recent years, Thailand has improved the livelihoods of women in two important ways. First, it has taken steps to increase educational enrolment and completion rates among women. Nowadays, girls enrol and complete primary and secondary education at more or less the same rates as boys (World Bank, n.d.^[2]). Young women are also more likely to attend and finish university (World Bank, n.d.^[2]). Second, Thailand has made notable progress in reducing the number of women living in poverty. In 2015, 7% of all Thai women lived in poverty, down from 16% in 2010 and 41% in 2000 (NSO, n.d.^[3]). However, women of rural, indigenous, migrant, and/or ethnic and religious minority backgrounds remain disproportionately disadvantaged in Thai society. Women living in rural areas, for example, are more likely to be impoverished: 9% of them live in poverty compared to 5% of urban women (NSO, n.d.^[3]). In addition, women of such backgrounds often have less access to education, health care and justice (CEDAW, 2017^[4]).

Progress has been limited in terms of women's representation in political and public life over the last two decades; Thailand has not achieved 30% of women in leadership positions, the minimum target recommended by international standards.¹ Women's share of seats in the House of Representatives has doubled since 2001. However, women still hold only 16.2% of seats, which they achieved following the 2019 general election cycle (IPU, 2019^[5]). The 2019 outcome represented a very slight increase from the 2011 elections – whose results were the last to be upheld before 2019 – in which women won 15.8% of seats. In comparison, women's representation, on average, increased by three percentage points across the Association of Southeast Asian Nations (ASEAN) between 2012 and 2019. As of now, Thailand ranks seventh in terms of women's representation in parliament among the ten ASEAN member states (Figure 1). The Constitution does permit the use of temporary affirmative action measures to help level the electoral playing field between men and women (Section 27) and, in fact, directs political parties to consider "equality between men and women" in the preparation of candidate lists for legislative elections (Section 90). Nevertheless, the legal framework for elections does not mandate gender parity in candidate lists, nor does it provide any financial incentives to political parties in order to increase gender equality among candidates (International IDEA, 2019^[6]).

Figure 17. Percentage of women in parliament, 2012 vs. 2019

Lower or single house parliaments



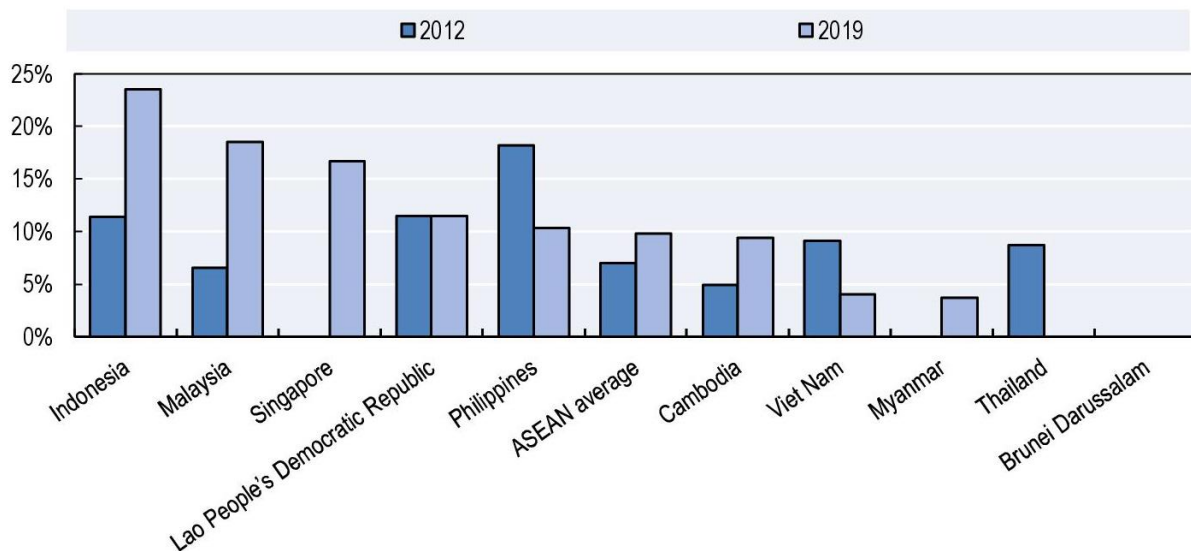
Note: Brunei Darussalam had no women in parliament in 2012.

Source: IPU (2019^[5]).

The representation of women within the Thai Cabinet is also low. The current Cabinet, formed in July 2017, comprises 36 members and only 3 (8.3%) are women. Furthermore, women hold no ministerial positions – a setback from 2017 when 11.1% of ministers were women (IPU, 2019^[7]). In comparison, the ASEAN average for women ministers is 10% (Figure 2).

An area where gender equality in public life has advanced more is the civil service. As of January 2017, women composed 66% of Thailand's civil service. The civil service, though, still has work to do before it achieves parity within decision-making positions, as women hold just 32% of such positions (50x50 Movement, n.d.^[8]). However, this is on par with OECD countries where, on average, women make up 53% of the civil service but hold only 32% of the senior management positions (OECD, 2017^[9]). The over-representation of women in positions that are part time and/or of lower job categories (e.g. secretarial and administrative) often contributes to this gap.

Figure 18. Share of women ministers, 2012 vs. 2019



Note: Countries that do not have data for a given year had no women ministers (e.g. Brunei Darussalam had no women ministers in 2012 and 2019 and Thailand had no women ministers in 2019).

Source: IPU (2019^[7]).

In the corporate sphere, Thailand has made progress towards achieving gender balance in leadership. For example, in 2016, women were among the principal owners of 64% of Thai firms,² which is nearly double the world average (World Bank, n.d.^[2]). At the same time, women served in top managerial roles in 65% of companies. Despite the high level of female participation in leadership and ownership roles in Thai firms, women hold only 30% of all senior and middle management positions in Thailand (World Bank, n.d.^[2]).

While Thailand has made progress in women's leadership in the private sector, women's overall participation in the formal labour market remains an issue. Women's labour force participation rates are still much lower than men's. In fact, the gender participation gap has actually grown slightly in recent years: between 2005 and 2018, the percentage of women active in the formal labour force decreased from 65.7% to 60.3% (United Nations Statistics Division, n.d.^[10]). One major factor underlying Thailand's persistent gender participation gap is the unequal share of unpaid work. Women conduct 76% of all unpaid work in Thailand, performing an average of three hours of unpaid work per day (United Nations Statistics Division, n.d.^[11]). Another issue of note regarding women's labour force participation is the high rate of informal employment. In 2018, women in informal employment made up 55% of all working women (NSO, 2018^[12]). As highlighted by the Convention on the Elimination of All Forms of Discrimination against Women

(CEDAW), informal workers are often “excluded from labour and social security protections, such as minimum wage protection, overtime compensation and maternity leave” (CEDAW, 2017^[4]).

Despite the adoption of the Gender Equality Act (2015) and the establishment of a committee to monitor gender discrimination in employment (named the “WorLorPor Committee”), gender-based discrimination in the workplace remains prevalent in Thailand, including in recruitment and promotions (CEDAW, 2017^[4]). There is also a gender wage gap. Access to paid maternity leave, though, does exist in Thailand. Thailand’s labour law entitles women employees to up to 98 days of maternity leave,³ 45 of which the employer must pay at a rate equal to their normal daily wages (Government of Thailand, 2019^[13]). The social security system also covers at least 45 days of maternity leave at a rate of 50% of earnings (Addati, Cassirer and Gilchrist, 2014^[14]). With respect to paternity leave, Cabinet Resolution 2555 B.E. (2012) allows male civil servants and government employees to have paternity leave and the right to receive salary during leave not exceeding 15 business days. However, there are no legal entitlements for paternity leave, paid or unpaid, for men employed in the private sector, which may contribute to discriminatory practices in recruitment and promotions as well as the gender pay gap.

Thailand has made efforts to combat gender-based violence over the past decade. In 2007, the government passed the Domestic Violence Act, Victim Protection Act, B.E. 2550 (2007), and amended its criminal code to criminalise marital rape. Nevertheless, according to Chuemchit et al. (2018^[15]), gender-based violence remains a problem across the country, particularly domestic violence, which many still view as a private or familial issue. Recent studies suggest that around one in six Thai women who are married or cohabitating have experienced domestic violence in their lifetime, which includes psychological, physical and/or sexual violence. Furthermore, incidents of domestic violence often go unreported because victims feel embarrassed and ashamed and/or are unaware that sources of support exist (Chuemchit et al., 2018^[15]).

Despite the fact that women and men have the same rights to sue and be sued and that their testimonies hold equal evidentiary weight in all courts, access to justice and remedial action, in general, remains a concern for women in Thailand. According CEDAW, a key barrier to equitable access is the “lack of gender sensitivity in the justice system, including negative attitudes of law enforcement officials towards women denouncing violations of their rights” which leads “to frequent failures to register and investigate complaints” (CEDAW, 2017^[4]). CEDAW also notes that social and cultural stigma play an important role in deterring women from registering complaints. This especially makes women with disabilities; lesbian, bisexual and transgender women; migrant women; rural women; indigenous women; and women from ethnic and religious minority groups more vulnerable to violence and social marginalisation.

A cross-cutting obstacle to the achievement of gender equality in Thailand is the persistence of discriminatory laws, social norms and practices (OECD, 2019^[16]). According to the Social Institutions and Gender Index (SIGI), Thailand has medium levels of discrimination against women and girls in these areas. The SIGI results highlight that the most acute challenges remain in public life and the family sphere. As regards political and public life, more than half of the population (55%) believes that men make better political leaders than women (World Values Survey, 2014^[17]). Such attitudes are also perpetuated by the representation of women in the media. A study conducted in 2007, for example, found that most Thai comedy programmes depicted women as inferior to men, especially in terms of decision-making skills (CEDAW, 2017^[4]).

As Thailand moves forward, there remains much to be optimistic about in terms of gender equality. The provisions on gender equality in the 2017 Constitution and the Gender Equality Act (2015) provide important foundations for Thailand to make further progress.

2. Gender budgeting in Thailand: Progress so far

Section 1 highlighted that gender inequality is an important and persistent issue for Thailand, and the costs of inequalities are often borne at both social and economic levels. Governments increasingly realise that the budget process is a powerful tool for delivering on national policy goals. Given the “power of the purse”, dealing with horizontal policy objectives such as gender equality as part of the budget process offers considerable opportunity to influence government-wide policy making and deliver on outcomes in a way that might not otherwise be feasible.

In this context, gender budgeting is increasingly introduced as an initiative to ensure that gender equality considerations are taken systematically into account in tax and spending decisions. Gender budgeting is not a separate budget for policies for women. Instead, gender budgeting aims to incorporate gender equality concerns in the decision-making process by:

- raising awareness that many budget proposals have implications for gender equality (whether or not their primary objective is gender-related)
- encouraging the tabling of gender-sensitive budget proposals
- using the budget process to ensure that there is adequate resource allocation for pursuing national gender equality goals.

The OECD publication *Designing and Implementing Gender Budgeting* sets out a framework for an effective and enduring gender budgeting practice. This includes the following elements:

1. **strategic framework:** the political commitment and governance arrangements for gender budgeting, including an equalities strategy, the legal framework, and institutional roles and responsibilities
2. **implementation tools:** the tools that are used to apply a “gender lens” at different stages of the budget process – *ex ante*, concurrent and *ex post*
3. **enabling environment:** the supportive elements which help ensure a more effective gender budgeting practice, including gender-disaggregated data, capacity building and parliamentary oversight (OECD, 2019^[18]).

This section presents information on the current state of play concerning gender budgeting in Thailand, considering each of these elements.

2.1. Strategic framework

The strategic framework for gender budgeting determines why it exists, what it aims to achieve and how it is implemented. In assessing the strategic framework for gender budgeting in Thailand, this section looks at political commitments in relation to gender equality, and the extent to which gender budgeting is underpinned by political commitment and legal foundations, strong institutional arrangements, and a clear national strategy.

Political commitment and legal foundations

International agreements on gender equality and women’s empowerment have been important drivers of the domestic gender equality policy. Thailand is party to the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), and has integrated the Beijing Declaration and Platform for Action and Sustainable Development Goals into its national women’s development strategies.

A further element of a strong governance framework are legal provisions for gender budgeting. As a response to the recommendations of CEDAW, the Gender Equality Act was enacted in 2015 in Thailand. The implementation of this act is entrusted to the Ministry of Social Development and Human Security. The objectives of the act are to prevent and eliminate unfair gender discrimination and provide protection for victims subjected to unfair gender discriminatory practices. It does not provide references to policy implementation tools such as gender budgeting. Instead, gender budgeting is rooted in the 2017 Constitution (Box 2).

Box 17. Gender budgeting in Thailand's 2017 Constitution

The Constitution of Thailand is the supreme law of the state. It has been amended some 21 times since it was first enacted in 1932. The current Constitution came into force in April 2017 and includes a provision in relation to gender budgeting:

“Section 71

The state should strengthen the family unit, which is an important basic element of society, provide an appropriate accommodation, promote and develop the enhancement of health in order to enable people to have good health and strong mind, as well as promote and develop excellence in sports and to maximise the benefit for the people.

The state should promote and develop human resources to be good citizens with higher quality and abilities.

The state should provide assistance to children, youth, women, the elderly, persons with disabilities, indigent persons and underprivileged persons to be able to have a quality living, and shall protect such persons from violence or unfair treatment, as well as provide treatment, rehabilitation and remedies to such injured persons.

In allocating the budget, the state shall take into account the different necessities and needs with respect to genders, ages and conditions of persons to ensure fairness.”

Source: Government of Thailand (2017^[1]).

Institutional arrangements

A strong institutional infrastructure with clear roles and responsibilities for key actors underpins the operationalisation of gender budgeting. At the national level, a number of Thai institutions provide a useful foundation for any approach to gender budgeting.

The Budget Bureau will lead on gender budgeting efforts in Thailand. Until recently, it has not played a prominent role in the gender equality agenda. Since the constitutional requirement on gender budgeting was introduced, the Budget Bureau is now preparing for its increasing role to implement gender budgeting and has started liaising with the Department for Women's Affairs and Family Development (DWF) on the matter.

The DWF is the main institution responsible for gender equality promotion and the women's development agenda. In 2002, it was moved from the Office of the Prime Minister, and now sits under the Ministry for Social Development and Human Security. Although the move resulted in less prominence for gender equality on the political agenda, it has brought about increased resources for the department. The focus has also expanded from women to include other vulnerable groups.

The DWF's mandate is to formulate policies for women's development and implement international commitments such as CEDAW, the Beijing Declaration, and the Platform for Action and the Sustainable Development Goals. The department also promotes gender equality across the government, ensures co-ordination and supports capacity building. It has been active in developing a gender budgeting handbook and has conducted pilot case studies at the local level.

As highlighted in the OECD's *Review of Budgetary Governance in Thailand* (2020), a unique feature of Thailand's governance structure is that high-level decision making is the responsibility of inter-governmental committees. These committees exist across the government and are entrusted with advancing policies in a variety of sectors. This is also the case for gender equality policy. Four main committees are in charge of the gender equality agenda:

- The National Committee on the Policy and Strategy for the Advancement of Women (KorYorSor): Established by the 2008 Regulation of the Office of the Prime Minister for the Promotion and Coordination of Women's Affairs at the National Level, KorYorSor serves as the main national mechanism to advance gender equality policy. It is chaired by the prime minister or the designated deputy prime minister. It is made up of representatives of line ministries and civil society organisations (CSOs), with the director-general of the DWA serving as the secretary of the committee. Among other functions, its mandate includes: proposing policies, strategies and a national action plan on the advancement of women to the Cabinet; submitting recommendations on the impact of legislation, policies, national plans and programmes on women's empowerment and gender equality to the Cabinet or the prime minister.
- The Committee for Promoting the Improvement of the Status of Women (KorSorSor): This is a sub-committee designated to support KorYorSor. Among other functions, its mandate includes: implementing policies, strategies and national plans assigned by the KorYorSor; promoting the systematic collection of gender-disaggregated statistics; and organising provincial and national women's assembly meetings.
- The Gender Equality Promotion Committee (SorTorPor): This is established by the Gender Equality Act and chaired by the prime minister. It is made up of representatives of line ministries and CSOs. It is mandated, among other things, to establish policies, measures and action plans for the promotion of gender equality in all public and private entities in the central, regional and local areas and to provide the Cabinet with policy recommendations and proposals for the improvement of laws, rules and regulations so as to be in accordance with the objectives of the Gender Equality Act (Government of Thailand, 2015^[19]). The DWF acts as the secretariat to this committee.
- The Committee on Consideration of Unfair Gender Discrimination (WorLorPor) receives, and decides on what action to take in respect of, the complaints on unfair gender discrimination as prescribed by the law – a function that overlaps with the role of the Ombudsman. It can also submit complaints to the Ombudsman. The DWF acts as the secretariat to this committee.

National gender equality strategy

A gender equality strategy provides an effective governance framework through helping steer gender budgeting towards gender equality objectives. Effective gender budgeting is responsive to the national gender equality objectives set out in a strategy and helps direct tax policy and resources to achieve these objectives (OECD, 2019^[20]).

As highlighted in the OECD's *Review of Budgetary Governance in Thailand* (2020), Thailand has a well-developed culture of long-term strategic planning. The 20-year National Strategy (2018-2037) and the 5-year National Economic and Social Development Plan (2017-2021) are the most important policies to gauge performance and steer budget allocations. In response to the National Strategy, Thailand has developed a set of 20-year master plans on a broad range of issues. To support this long- and medium-term vision, every ministry and agency has developed their own four-year plans. Accordingly, the

DWF has spearheaded the development of the Women's Development Strategy (2017-2021), the main planning instrument for Thailand's gender equality policy. It identifies goals, objectives and targets in the areas of equality, the elimination of discrimination, quality of life, security and safety, and the creation of a modern nation (Box 3). Gender equality issues are also covered in the 20-year master plans in relation to social power, and equality and social security. However, targets in the Women's Development Strategy and the National Economic and Social Development Plan could be more closely aligned so that the planning system better supports the implementation of the Women's Development Strategy (see Section 3).

Box 18. Women's Development Strategy (2017-2021)

Vision

"To create an equal society without discrimination. Women have a good quality of life, security and safety, and fully participate in creating a modern nation".

Goals

1. Equal society: Thai society is an equal society in economic, social and political terms. Thai people have good attitudes towards gender equality. Women have equal opportunities to men to participate in society to their full potential, and with dignity.
2. No discrimination: Thai people understand and respect human dignity, rights, liberties and equality. Thai people have a fair attitude. Men and women enjoy equal rights and are treated equally.
3. Good quality of life: Women are physically and mentally healthy and have good well-being in all areas. Women attain sufficient education for secure and stable careers. Women can access basic quality public services.
4. Security and safety: Thai society is a peaceful society. Women live in families, communities and societies that are warm, secure, safe and free from violence.
5. Participation in creating a modern nation: Women are knowledgeable and able to keep up with the world. Women can use technology to access information. Women play an important role in developing the country.

Source: Government of Thailand (2017^[21]).

2.2. Implementation tools

Gender budgeting tools can be used to systematically embed gender considerations within the overall context of the planning and budget process. This section looks at the gender budgeting tools currently used by the government of Thailand in order to bring a "gender lens" to the budget process. At present, there are two main tools of gender budgeting at the national level: 1) a gender budgeting handbook developed by the DWF in 2015; and, more recently, 2) the introduction of gender budget requirements relating to budget requests.

Gender budgeting handbook

The DWF developed a *Gender Responsive Budgeting Handbook for Government Agencies* in 2015. The handbook includes four main sections:

1. basic information about gender-responsive budgeting

2. steps for implementing gender-responsive budgeting in government agencies
3. fun facts
4. notes for implementation of gender-responsive budgeting.

The handbook was developed with a view to pilot the implementation of gender budgeting in two agencies, namely the DWF and the Office of the Education Council, and to examine methods and approaches for implementing gender budgeting across the government. The pilot projects were expected to be undertaken for the fiscal year 2016, and, in addition to dissemination of the handbook, were supported through gender budgeting workshops, consultations, discussions with agency staff (including high-ranking executives), and interviews with departmental heads and managers.

As part of the pilot, the DWF implemented two gender budgeting projects: Women's Participation in the National Development Project and the Women's and LGBT Rights Protection Project. The Office of Education implemented three gender budgeting projects: the National Education Plan project, the Study of Public-Private Cooperation Models for Reducing Educational Inequality project, and the Policy Development for Human Capital in the 21st Century project. In line with the guidelines in the handbook, these projects incorporated gender-aware budget statements, benefited from the advice of gender-sensitive experts and used gender-disaggregated data to assess gender issues.

Despite these pilot initiatives, the DWF has faced difficulties in extending the practice across other public agencies. As such, there is little awareness of the handbook's existence across government. The handbook is expected to be updated by the DWF in 2020 and this provides an opportunity to revitalise its contents so that it aligns with, and supports, the "next generation" of gender budgeting in Thailand.

Gender budget requirements relating to budget requests

In response to the constitutional requirement in relation to gender budgeting, starting from fiscal year 2020, the Budget Bureau is asking spending ministries to consider and supply information on the gender impact of their budget requests (for both new proposals and revisions to baseline budget items).

Specifically, the budget request instructions require the budget receiving units to take gender equality into account by considering the different needs and benefits of women, men, the elderly and various groups of stakeholders and the distribution of resources to achieve equality in society. Budget receiving units must present project documents containing information such as project rationale, beneficiaries, stakeholders, outputs, outcomes and impacts (including gender impacts).

However, line ministries do not have a well-established methodology to assess the gender impact of their budget proposals and they tend to adhere to the idea that their requests are generally "gender neutral".

Gender budgeting pilots at the local government level in Thailand

While gender budgeting is still relatively new at the national level, there have been a number of pilot initiatives at the local government level in Thailand. These provide useful foundations and experience for the national level to draw on (Box 4). For example, training modules that have been developed for gender budgeting at the local level may be repurposed for stakeholders at the national level.

Box 19. Gender budgeting in Thailand at the local level

The King Prajadhipok's Institute (KPI), in co-operation with United Nations Development Programme, has been active in developing training modules for local administrations in gender-responsive participatory budgeting (GRPB). Through workshops and pilot projects in several local governments, this process has allowed stakeholders to understand budgeting, as well as GRPB; to become aware of the benefits of GRPB in developing the community in a more equal way; to participate in the budgeting planning, through the formulation of proposals; and to have local administrations prepared to engage.

After undertaking two pilot projects in the Rim Sub-district Local Administrative Organisation (in Nan Province) and the Krabi Provincial Local Administrative Organisation, a workshop syllabus was produced and the training has since been extended to several other local administrative organisations. Overall, about 500 people are trained per year in GRPB.

The training modules are usually 2 days long and are addressed to about 30-40 participants, including executives, council members, local administrative officers, civil society actors and village heads. The format generally consists of:

- lectures given to enable trainees to understand more of the topics of local administrative budgeting, participation, gender mainstreaming, as well as gender-responsive budgeting
- hands-on experience in which participants analyse their local government's budget and prepare project proposals they think the community would be better off with and which could help improve gender equality.

The trainers consult with the local administrations beforehand in order to prepare tailor-made databases and relevant pieces of information for the participants. These initiatives have not been limited to capacity building and developing a knowledge base. There are examples of GRPB influencing local government budget allocations.

2.3. Enabling environment

Countries implementing gender budgeting can strengthen the practice through ensuring that it has the necessary supports. This section looks at the extent to which the Thai government has put in place supports, such as: ensuring the availability of gender-disaggregated data, embedding gender champions across government, providing training and capacity building, encouraging civil society engagement, and ensuring there is strong parliamentary oversight.

Availability of gender-disaggregated data

Gender is one of the 21 areas where data are required according to the Statistical Act in Thailand. The Thai government collects basic gender-disaggregated information using the census (which has a participation rate of around 80%) and supplementary surveys, such as the Labour Force Survey, the Income Expenditure Survey, the Multiple Indicators Cluster Survey and the Elderly Survey.

These data are used to inform key national publications such as *Gender Development Similarities and Differences 2008*, *2011 Gender Perspectives Trend to Equality Development*, and *Gender Perspective with Local Area Focus 2014*. These publications are updated every three years.

There is also a national database, called "Big Data", which has been developed by the Bureau of Registration Administration under the Department of Provincial Administration, and includes gender-disaggregated data. It allows users to better understand how gender equality intersects with other

characteristics, such as disability. The Rights and Liberties Protection Department has also collected statistics on staff by gender at each level of government since the 1960s.

Each sector has a statistical plan, led by an assigned agency, and gender is no different. The Gender Statistics Action Plan sets out the list of statistical requirements relating to gender over a five-year period. The implementation of the Gender Statistics Action Plan is overseen by a committee chaired by the permanent secretary of the Ministry of Social Security, and an implementation report sets out annual progress.

Gender champions across government

Gender focal points across the government can help champion gender mainstreaming in planning and budgets, and can be a useful source of advice for colleagues. A strong aspect of the institutional infrastructure in Thailand are CGEOs. In 2001, the Thai government put in place a requirement for all ministries to appoint a CGEO to act as a gender focal point and help promote gender equality within their respective departments and agencies. These officers look at gender issues in their ministry, track measures such as the proportion of male/female employees, and ensure services provided to the public take into account gender equality. Since the adoption of the Gender Equality Act (2015), all permanent secretaries serve as CGEOs.

Gender focal points are also in place. This role is usually given to staff located under the human resources department. Given the location of these posts, until now the focus of efforts has largely been on analysis of the staff split by gender. However, the gender focal points also technically have responsibility for implementing the *Gender Responsive Budgeting Handbook* in each ministry. They are also entrusted to formulate the department/agency Five-Year Master Plan on Gender Equality Promotion as part of the Women's Development Plan.

Training and capacity development

Training and capacity development can be crucial factors in order to increase openness towards gender-responsive policies throughout the public sector. In Thailand, the DWF trains line ministries on how to integrate a gender dimension into project design. As part of this, the department encourages agencies to specify to whom each policy is being targeted. The DWF also trains line ministries in how to set gender objectives for their policies. So far, training has focused on the gender focal points. Recent training has also been given on strategies for women's development, gender budgeting, domestic violence and sexual harassment. This has aimed to drive gender-sensitive policy development at the agency level.

During the past ten years, as mentioned in Box 4, the KPI has also invested in developing a gender budgeting training programme for local governments, aiming to create greater awareness on both gender issues and participatory democracy mechanisms. Local governments volunteer to join the programme and use gender budgeting.

Engagement with civil society

Citizens and CSOs involved in gender advocacy often have the most direct experience and insights into the potential impacts of budget decisions on individuals and vulnerable groups. There is potential for the quality of policy making to be improved by including these voices within the policy-development and budget cycles.

There are a number of CSOs in Thailand which campaign on issues of gender equality. For example, the Women and Constitution Network is a league of 35 women's organisations advocating for legal reforms to address legal inequities in the treatment of women. There are some examples of representatives from CSOs, and other stakeholders external to government, serving on government committees relating to gender equality. At the national level, a number of gender equality experts sit on national committees such

as KorYorSor and SorTorPor. There are also times when ministries and departments liaise with CSOs. For example, the Ministry of Labour works in close collaboration with representatives for women from labour unions. There is also engagement between government and CSOs at the subnational level through women's development committees.

Thailand also has a National Women's Assembly that includes representatives from government agencies and civil society. Stakeholders meet annually to discuss key issues relevant to gender equality. Provincial offices for social development and women's security select representatives to participate in the assembly, and seek to ensure a balance of representation from across different sectors. In addition, there is a National Human Rights Commission, an independent body that proposes policies and recommendations to the government for the purpose of promoting and protecting human rights, and investigates complaints on such issues. The Constitution states that women must account for one-third of the commission's members. The commission has a CSO network from which it can receive complaints. It collaborates with this network to exchange information, and communicates with the public. The commission also appointed a Sub-Committee on the Promotion of Opportunity and Gender Equality.

Another key institution that the government engages with in the area of gender equality is the KPI. Alongside the participatory budgeting aspect, the KPI's focus is to make local and national budgets more transparent and to be able to quantify the amount of expenditure dedicated to gender equality policies. In addition to the training at the local government level mentioned in Box 4, the KPI sometimes assists with training across the public sector, including for parliament.

Independent oversight

Accountability institutions, such as the parliament and the supreme audit institution, are responsible for holding the government to account publicly for its policies and their implementation. Ideally, these institutions would seek to hold the government to account for its actions on gender budgeting too.

The parliament's interest in gender budgeting was one of the things that led the Thai government to introduce the gender budgeting provision in the 2017 Constitution. The Senate asked the KPI to undertake research into women in politics and gender budgeting. This research then fed into the process of drafting gender budgeting into the Constitution.

3. Gender budgeting in Thailand: Key challenges and opportunities

This section presents information on key challenges and opportunities for gender budgeting in Thailand. It considers the challenges and opportunities across each of the three key dimensions to an effective approach to gender budgeting: the strategic framework, implementation tools and an enabling environment.

3.1. Strategic framework

Thailand's strategic framework provides a solid infrastructure to roll out gender budgeting. The recent constitutional commitment for gender budgeting, coupled with Thailand's adherence to international conventions (e.g. CEDAW) have been, and will continue to be, important drivers of domestic reforms. The role of the DWF and the establishment of co-ordination committees for the gender policies marked important steps to strengthen the governance of Thailand's gender equality agenda. This section looks at the challenges relating to the existing strategic framework, as well as opportunities to strengthen it in order to mobilise gender budgeting.

National gender equality strategy

The Women's Development Strategy (2017-2021) provides an important framework for strategic planning in relation to national gender equality policy. It identifies a set of outcome-oriented goals, objectives and targets, and indicators. Examples of targets include:

"Thai people have a good attitude and respect equality between women and men. Positive attitudes and behaviours towards gender equality are established within families, organisations, community, and society. Thai people understand and respect human dignity, rights, liberties and equality. Men and women enjoy equal rights and are treated equally." (Government of Thailand, 2017^[21])

However, a key challenge in relation to the targets set out in the Women's Development Strategy is that they are not supported by indicator baselines to gauge progress over time. The absence of such baselines means that it is difficult to track the successful implementation of the Women's Development Strategy.

In addition, there is scope for greater alignment between the targets set out in the Women's Development Strategy and those articulated in the five-year National Economic and Social Development Plan. The National Economic and Social Development Plan guides government planning and budgeting efforts and closer alignment would allow the planning and budgeting system to better support the implementation of the Women's Development Strategy.

Furthermore, references to gender budgeting in the Women's Development Strategy at the moment refer to the initiative as an indicator. This marginalises gender budgeting and its potential to act as a central tool to help deliver the strategy.

During the stakeholder meetings with the OECD, the DWF noted its intention to revise the Women's Development Strategy. The five-year National Economic and Social Development Plan will also be revised in the coming years. This provides an opportunity to strengthen alignment between the targets in these plans and also to outline the vision for gender budgeting as a tool to help deliver on these targets.

Institutional arrangements

Experience from OECD countries shows that close co-ordination between gender equality experts (in Thailand's context, the DWF) and budget officials (the Thai Budget Bureau) underpins an effective approach to gender budgeting. This collaboration was not observed in relation to the implementation of the DWF's *Gender Budgeting Handbook* from 2015. However, the Budget Bureau has a commitment to taking forward gender budgeting since it has been included in the 2017 Constitution and this should underpin a more collaborative working relationship with the DWF going forward.

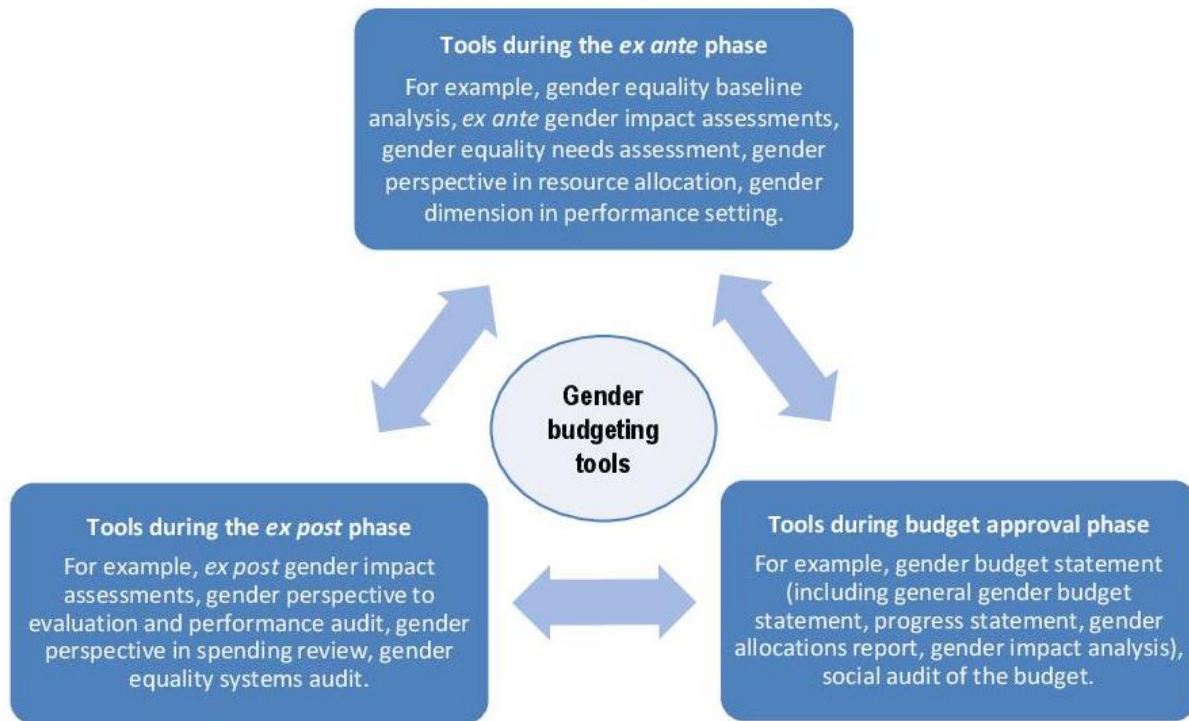
Inter-governmental committees can provide a useful platform to co-ordinate the implementation of initiatives such as gender budgeting. As noted in Section 2, four committees are in charge of co-ordinating and steering the Thai government's gender equality agenda (KorYorSor, KorSorSor, SorTorPor and WorLorPor). It would be useful to look at how the committee structures or mandates could evolve so that there is a clearer separation of their roles. In addition, committee structures should facilitate co-ordination of the introduction of gender budgeting in Thailand.

3.2. Tools of implementation

Although some gender budgeting requirements were introduced for the 2020 Budget, these are still in the early phases of implementation and are limited in their nature. More advanced approaches to gender budgeting benefit from the incorporation of a gender perspective at all of the different stages of the budget cycle (see Figure 3 for examples of tools that can be applied at different stages of the budget cycle). In considering what additional tools Thailand could use to implement gender budgeting, it is worth noting that gender budgeting initiatives are being pursued in various forms across OECD countries and there is no

“standard approach”. Countries should select an approach that builds on existing elements of their budgeting model and helps ensure the application of gender budgeting across the different stages of the budget cycle.

Figure 19. Potential gender budgeting tools at different stages of the budget cycle



Source: OECD (2019^[18]).

This subsection identifies additional gender budgeting tools that are particularly relevant for Thailand given the nature of the Thai budget process and ongoing reforms.

Gender perspective in performance setting

One of the key areas where there are ongoing reforms in Thailand is performance budgeting. At present, there is scarce adoption of gender performance indicators in the performance framework, and most goals and indicators are focused on direct outputs of the budget programmes. In this type of framework, it is rare for programme officers to consider the overall impacts that their policies might have on the economy and society. However, as noted in the *OECD Review of Budgetary Governance in Thailand* (2020), there are ongoing reforms towards a more outcome-oriented performance measurement culture in Thailand. This will help create a cultural shift to support the identification of gender objectives for different budget programmes and provides a useful entry point for a fresh approach to gender budgeting.

The application of a gender lens to performance budgeting is one of the key tools of gender budgeting implemented across OECD countries (Box 5).

Box 20. Implementation of a gender perspective in performance setting across the OECD

Integrating a gender perspective in performance setting can be a useful tool for gender-responsive policy making. On the one hand, it encourages policy makers to think about what they are trying to achieve in relation to gender and what programmes and funding they need in order to achieve it. On the other hand, it ensures that information is collected on the extent to which policies and programmes are achieving outcomes in relation to gender equality. More than half of OECD countries that engage in gender budgeting apply a gender perspective in performance setting.

An example is provided by Austria. Austria's distinctive system of gender budgeting is well integrated within the performance budgeting framework. According to the Federal Budget Law 2013, the outcome objectives specified for each budget chapter must include at least one objective related to gender equality; and in turn, each of the "global budgets" and "detailed budgets" must include at least one gender-related output target. In this way, each line ministry is obliged to consider how its activities relate to gender equality, and to design objectives and indicators to promote gender equality in the context of the budget.

Source: OECD (2019^[18]).

Gender impact assessment of policies

Impact assessment is institutionalised for infrastructure projects in the Thai decision-making process. This provides a good starting point for impact assessment of policies to be rolled out more systematically, which is required for all primary laws in accordance with the 2017 Constitution of Thailand and the implementing Act on the Rules for the Drafting of Legislation and the Evaluation of the Law (2019). However, as noted in the *OECD Regulatory Reform Review of Thailand* (2020), impact assessments should be extended to subordinate regulations and include a greater focus on distributional impacts. Ideally, these distributional impacts should consider – among other factors – the gender impact of new policy proposals. This will allow gender considerations to be "mainstreamed" in the policy development process.

The lack of a gender mainstreaming culture throughout ministerial departments at present means that it is often difficult for policy managers to identify how their policies might impact men and women differently, especially in fields which are perceived far from the social sphere, such as energy, infrastructure and the environment.

Gender impact assessments are also one of the key tools of gender budgeting implemented across OECD countries (Box 6).

While these tools are the most obvious for Thailand to proceed with, based on its existing budgeting system, they will likely need to be complemented by others to ensure a more holistic approach across the different phases of the budget cycle.

Box 21. Implementation of gender impact assessments across the OECD

Ex ante gender impact assessments are a key tool of gender budgeting, and can be undertaken for new tax and spend proposals included in the budget. Two-thirds of OECD countries that implement gender budgeting conduct assessments on all major and selected policies.

Undertaking this type of assessment during the policy-making phase can help inform policy design and changes can be made to ensure the final proposal is more gender-equal. At times, assessments are at risk of being part of the bureaucratic process – becoming a “tick the box” exercise. To address this, some governments have worked to make sure the correct incentives are in place to ensure that assessments are well thought-through and of high quality.

Canada’s *ex ante* gender impact assessment tool, Gender-Based Analysis Plus (GBA+), serves as an example to illustrate this. The government of Canada has been analysing the gender-specific policy impacts on women and men before taking decisions on policies, legislation and programmes since 1995. GBA+ is the analytical tool that is used by departments and agencies to assess the gender-specific impacts of policies, legislation and programmes on women and men. When integrated into the policy development process, gender-based analysis allows decision makers to consider gender differences. The “plus” in GBA+ acknowledges that GBA goes beyond biological (sex) and socio-cultural (gender) differences. Implementing gender-based analysis can help integrate social, life, economic and gender differences into policy development and help the federal government achieve its obligations and commitments to gender equality. Since 2017, the Minister of Finance has set out in the annual budget circular that GBA+ assessments must be presented alongside new budget proposals. This has helped ensure that assessments are carefully reviewed and of sufficient quality – disincentivising public managers to treat this as a bureaucratic “box ticking” exercise. In addition, the Department of Finance has taken further measures in recent years to improve the quality of the GBA+ assessments being put forward with budget proposals. This includes highlighting examples of GBA+ undertaken for Budget 2018 where there is “room for improvement” and publicly committing to publishing GBA+ of all budget items starting from Budget 2019.

Source: OECD (2019^[18]).

3.3. Enabling environment

Availability of gender-disaggregated data

Thailand has a well-established National Statistical Program and strategy. In addition, sufficient data are available to assess typical gender gaps across different sectors, and broken down by province. There is also a National Gender Data Plan.

However, some gender-relevant statistics are outdated, are kept in government offices for internal use only or are not collected. For example, there is a lack of information on important metrics such as pay equality. These data gaps impede wider public interest and awareness of gender inequality issues. In addition, stakeholders raised some concerns that there are sometimes data quality issues, with different sources of information providing different statistics and limited analysis of the statistics available. A further challenge stakeholders mentioned is the limited data on how gender intersects with other equality characteristics, for example, female sex workers. These women can suffer from particularly acute inequalities, and a greater understanding of them can inform policy development to help to address them.

Training and capacity development

A key challenge in implementing gender budgeting is providing departments with relevant guidelines, training and support so that executives and officers become aware of the gender dimension of their programmes, even when these programmes are not targeted towards women.

At present, most government officers are of the view that gender budgeting means implementing programmes for women and that the budget allocations that should be tagged for gender are limited to the DWF's programmes. There is a lack of awareness that other government programmes can have a direct or indirect effect on gender equality and little notice of gender mainstreaming practices within the central administration. For example, there is a lack of awareness that other government programmes, such as skills development, can have a direct or indirect effect on gender equality. Significant capacity development across the Thai administration is needed in this regard.

In implementing gender budgeting, the Budget Bureau and ministerial departments will need clear guidance on how to assess the impact of government programmes on gender equality as part of the budget process. Several department officers have indicated that they would like to see guidelines for completing the gender-relevant sections of the budget preparation forms more fully explained in the next update of the *Gender Responsive Budgeting Handbook* being produced by the DWF.

Gender champions across government

In practice, CGEOs within line agencies have mostly concentrated their efforts on overseeing human resources issues and gender equality questions within the workplace. Although this work is important, most government staff and agencies still have limited understanding about gender disparities in the economy and society and the potential impacts of policies on different groups of women and men. Given the senior management roles held by the CGEOs, they can provide a valuable source of advocacy and accountability to champion gender-sensitive policy decisions within their sphere of influence going forward. They can also play an important role in ensuring the implementation of gender budgeting requirements across their ministries.

Civil society engagement

Although there is a strong body of gender equality CSOs in Thailand, civil society engagement at the national level is sporadic. There is also concern among CSOs that interacting with government is a fruitless task.

There are lessons to be learnt from civil society engagement, where there are mechanisms for strengthening public participation being implemented at the local level. For example, as highlighted in Box 4, civil society stakeholders and village heads are helping to analyse their local government's budget and prepare project proposals they think the community would be better off with and which could help improve gender equality.

Independent oversight

There is no formal engagement yet from parliamentarians on gender budgeting. However, given the parliament's strong interest in gender budgeting, this will hopefully change going forward as the Thai government publishes information that will enable the parliament to hold it to account for its actions in this area.

4. Moving forward: A Gender Budgeting Action Plan for Thailand

The previous section has highlighted where the strengths and challenges lie in terms of building an approach to gender budgeting that is effective and sustainable. Given these insights, this section presents a path forward for gender budgeting in Thailand in the form of a Gender Budgeting Action Plan. This Action Plan will help inform a more comprehensive approach to gender budgeting being implemented by the Thai government. The plan aims to provide a vision so that the budget process can be used as a lever to help achieve progress towards greater gender equality. Specifically, it sets out to identify the:

- **strategic framework:** how to create strong governance arrangements for gender budgeting in Thailand
- **implementation tools:** the tools of gender budgeting that are suitable in the context of the existing Thai budget process
- **enabling environment:** what supports are needed in order to ensure that gender budgeting functions in an effective and impactful way in Thailand.

4.1. Strategic framework

The constitutional commitment to gender budgeting provides a solid foundation from which Thailand can build strong governance arrangements for gender budgeting. This section sets out next steps in terms of: institutional arrangements, development of the national gender equality strategy, and political commitments and legal foundations.

It is suggested that Thailand adopt a staged approach to gender budgeting that has the following three layers:

- **short term:** set up strong institutional arrangements for gender budgeting
- **medium term:** align gender equality targets and indicators across national strategies and plans
- **long term:** codify the specifics of gender budgeting in the organic budget law.

More detail on each of these is provided below.

Short term: Set up strong institutional arrangements

In order to support Thailand's constitutional commitment to gender budgeting, an important step is to set up strong institutional arrangements that are capable of implementation. The Budget Bureau, the DWF and line ministries should each have clear roles and responsibilities, and a strong working relationship. Specifically:

- The **Budget Bureau** should lead gender budgeting efforts in the Thai government. As part of this, it should communicate a vision, and provide instructions and templates for line ministries and agencies in order to implement gender budgeting. These should be provided in the annual budget circular, which instructs departments on how to complete their budget submissions for the forthcoming fiscal year. The Budget Bureau should work in close liaison with the DWF in producing guidance for line ministries and agencies.
- The **DWF** should support the roll out of gender mainstreaming, including gender budgeting, across the government by providing tools, expertise and capacity building. The DWF will work closely with the Budget Bureau to understand what tools, expertise and capacity building are needed to support the implementation of gender budgeting.
- **Line ministries and agencies** should implement requirements for gender budgeting in line with guidelines from the Budget Bureau and the DWF. For example, line ministries should supply information about the gender impacts of budget proposals for the fiscal year 2021.

- The **National Statistical Office** also has an important role supporting gender mainstreaming, and gender budgeting, through improving the provision of gender-disaggregated data, as discussed later in the “Enabling environment” section.

Canada offers an example of a well-established institutional infrastructure for gender mainstreaming and gender budgeting. For example, the Department of Finance has lead responsibility for gender budgeting, but the gender equality experts (the Department for Women and Gender Equality) provide advice on gender needs as well as training across departments on how to undertake gender impact assessments of policy. These departments are supported in the implementation of gender budgeting by a range of other stakeholders across government (Box 7).

Box 22. Canada’s institutional arrangements for gender budgeting

Institutional machinery

The Department of Finance has led on the development and implementation of gender budgeting since it was introduced in 2016. As a central plank to Canada’s approach to gender budgeting, the department sets out in the annual budget circular that all new budget proposals must be accompanied by a gender impact assessment (GBA+; see Box 6).

The Department for Women and Gender Equality is the institution responsible for leading key policy initiatives on issues affecting women and girls. It supports the implementation of gender budgeting through providing expert advice across the federal government on gender equality issues and plays a leadership role in the government-wide implementation of GBA+, a central tool in Canada’s approach to gender budgeting.

Federal departments and agencies develop and implement government policy. In line with the request from the Department of Finance, departments now provide GBA+ alongside all new budget proposals.

The Privy Council Office supports the implementation of GBA+ throughout the federal government. It challenges departments on the use of GBA+ through the normal policy development process.

The Treasury Board Secretariat ensures that GBA+ is incorporated into the Treasury Board’s submissions, and the government’s performance framework, including departmental results frameworks, departmental plans and performance reporting.

Statistics Canada provides gender-disaggregated data through its surveys; and facilitates instituting a GBA+ research framework. It also publishes numerous analytical reports using gender-disaggregated data and intersecting identities, including the *Women in Canada* series.

Sources: Government of Canada (2019^[22]), (2019^[23]); OECD (2018^[24]).

Gender inequality is a hard-to-address public policy which requires inter-agency co-ordination and monitoring. As noted in Section 3, Thailand would benefit from looking at its committee structures and mandates to facilitate co-ordination on the introduction of gender budgeting Thailand. The existing gender equality committees (KorYorSor and KorSorSor) could provide a useful platform to start co-ordinating and facilitating the implementation of the gender budgeting agenda. A number of OECD countries have developed similar structures, such as the Inter-ministerial Working Group on Gender Mainstreaming and Gender Budgeting in Austria.

Medium term: Align gender equality targets and indicators in the national gender equality strategy and the National Economic and Social Development Plan

Gender budgeting facilitates a gender perspective in the formulation of government budgets and the allocation of resources. In the medium term, Thailand's approach to gender budgeting should be linked to the national vision and goals for gender equality and women's development. The next iteration of the Women's Development Strategy (2017-2021) should aim to have measurable targets and indicator baselines to support its goals and track progress. In order to ensure an appropriate allocation of resources, it would also be helpful if the gender equality indicators and targets set out in this strategy were more closely aligned with the indicators and targets in the National Economic and Social Development Plan that is currently used as a basis for performance budgeting in the Thai government. In addition, the four-year strategies developed by line ministries and agencies should also ideally reflect on how they propose to help meet the national gender equality goals set out in the Women's Development Strategy.

Linking gender goals to the national planning framework used as a basis for performance budgeting in Thailand can help ensure that budget requests show how they will help meet overarching gender goals. For example, in the case of Canada, the Department of Finance has identified six priority areas for gender equality and uses this as a basis for directing its resources during budget decision making (Box 8).

Box 23. Gender goals to focus gender budgeting efforts: Canada

In 2018, Canada introduced a government-wide Gender Results Framework. This provides a whole-of-government tool to measure progress in Canada in relation to gender equality, and to help identify where the greatest gaps remain. Under this framework, the federal government has identified six key areas where change is required to advance gender equality.

The six priority areas for gender equality in Canada are:

- education and skills development
- economic participation and prosperity
- leadership and democratic participation
- gender-based violence and access to justice
- poverty reduction, health and well-being
- gender equality around the world.

Each goal has a number of objectives and indicators under it. During the preparation of the budget, the Gender Results Framework provides a useful framework for policy discussion and helps guide ministerial decision making in relation to resource allocation.

Source: Government of Canada (2019^[23]).

Long term: Codify gender budgeting in the organic budget law

While the constitutional commitment to gender budgeting is impressive, in the long term the Budget Bureau may wish to consider also incorporating the specifics of its approach to gender budgeting within Thailand's organic budget law. This legal instrument could be amended to incorporate the objectives of gender budgeting, the parties involved in the process, their responsibilities and various implementation tools across the budget cycle. To be effective, this could be supported by an active communication strategy to explain to stakeholders key gender gaps in Thai society and which priorities should be addressed. Austria provides a useful example in this area. In Austria, gender budgeting is a constitutional requirement for the

federal public administration. The Federal Budget Law 2013 also comprises detailed regulations on the implementation of gender budgeting throughout the management cycle of administrative action (Box 9). Having the gender budgeting requirements in both of these instruments has been a strong feature of Austria's approach to gender budgeting. While the constitutional reference elevates the importance of gender budgeting as a means to advance gender equality, the Federal Budget Law provides the much-needed directives to implement this tool in an effective manner across the federal administration.

Box 24. Legal foundations for gender budgeting in Austria

The key foundation for gender-responsive budget management in all public authorities lies in the Austrian Federal Constitution, which states that the "Federation, Länder and municipalities have to aim for the equal status of women and men in budget management" (Article 13, paragraph 3.). Since 2013, federal ministries are obliged to consider gender equality as one of the principles of outcome orientation in managing the budget of the federal public administration.

The Federal Budget Law 2013 comprises detailed regulations on outcome-oriented administration, including the consideration of gender equality. Equality aspects are explicitly a factor throughout the management cycle of administrative action, from planning to implementation to evaluation.

Furthermore, the regulation on the presentation of information on outcome orientation in the Annual Federal Budget Statement and the explanatory budget documents provide details of how gender budgeting is to be implemented regarding outcomes, outputs and indicators.

Source: Federal Ministry for Education and Women's Affairs (2014^[25]).

4.2. Implementation tools

Gender budgeting aims to bring a gender lens to different phases of the budget cycle (including the process of conceiving, planning, approving, executing, monitoring, evaluating and auditing budgets) to address relevant disparities between women and men. It attempts to provide a systematic assessment on the impact of the policies and programmes funded by the government, on women and men, girls and boys. As mentioned in Section 3, gender budgeting can take different forms, and the implementation tools vary widely. This section sets out suggested tools for implementation to fit with the Thai budget system and policy development process.

It is suggested that Thailand adopts a staged approach to gender budgeting with the following three layers:

- **short term:** gender tagging of budget programmes and a gender budget statement
- **medium term:** application of a gender perspective in performance setting
- **long term:** mainstream gender impact assessment in policy development.

More detail on each of these layers is provided in the following subsections.

Short term: Gender tagging of budget programmes and a gender budget statement

Gender tagging of budget programmes

Gender tagging of budget programmes could be developed so that line ministries report both those programmes aimed at promoting gender equality as well as those for which the gender dimension has been considered in policy design (gender mainstreaming).

Building on this, the Budget Bureau could use information from this exercise to identify and report on the amount of money that is being allocated towards programmes with a gender impact as well as those programmes which have undergone a gender mainstreaming process. Belgium provides an example of a country that undertakes a similar exercise (Box 10). Following international practice, the Thai budget proposal submission forms could allow three gender-related options to be selected, such as:

- **Budget proposal with gender equality as a primary objective:** when gender equality is one of the main goals of the budget proposal. For example, a programme focused on reducing domestic violence or a women's leadership development programme.
- **Budget proposal which indirectly impacts gender equality:** when the budget proposal could indirectly have an impact on gender equality. For example, a programme to build a new bridge or a programme to train youth in digital skills.
- **Gender-neutral budget proposal:** when the budget proposal has a neutral impact on gender equality. For example, a programme to support entrepreneurs which includes a target for 50% of businesses supported to be owned by women.

Box 25. Gender tagging of the budget in Belgium

Belgium adopted gender budgeting in 2001, and it applies to all levels of government. The Law on Gender Mainstreaming has legally required the integration of a gender perspective into the budget process since 2007.

At the federal level, the annual budget circular contains a section on gender issues. The guidelines encourage budget managers to systematically consider the potential gender impacts of their activities and expenditures. To this end, they are required to classify all budget proposals according to one of the following three categories:

- Category 1: budget proposals relating to actions that concern internal functioning or which cannot have a different impact on the respective situation of men and women
- Category 2: budget proposals relating to actions aimed at achieving equality between men and women
- Category 3: budget proposals relating to actions that may have an impact on the respective situation of women and men in society (also when this impact is potential and not proved).

Budget proposals in Category 1 are not subject to a gender analysis. For budget proposals in Category 2, a gender note must be provided, where the purpose and impact of the proposal is explained. In some cases, these budget proposals are entirely dedicated to improving gender equality and in others they may be broader, with only one part aiming specifically at achieving equal opportunities for women and men. For budget proposals in Category 3, a gender comment should explain the way that the proposal will take into account the gender dimension. Budget managers should perform an *ex ante* gender impact assessment for budget proposals in Categories 2 and 3. In addition, the government's draft expenditure budget contains a table where the gender-category must be highlighted for each budget proposal.

Source: Institute for the Equality of Women and Men (2019^[26]).

This approach allows calculation of the percentage of expenditures that fall into each category of budget proposal across different government departments, sometimes referred to as gender-disaggregated public expenditure incidence analysis. "Hard to reach" ministries that do not perceive themselves as having a role in relation to gender equality, such as environment or infrastructure, will need particular support in

undertaking this exercise. While the share of public expenditure dedicated to direct gender equality budget proposals may be limited, the share of expenditures that relate to indirect gender equality budget proposals is likely to be much larger. Where there is broad understanding of the gender impact of programmes across different sectors, most budget proposals are likely to fall into this category. Over time, as adjustments are made to budget proposals to take gender equality considerations into account, more proposals will become “gender-neutral”.

To keep track of the gender-tagged expenditure during budget execution, it may be necessary to modify the budget classification (or chart of accounts) and ensure that relevant reports can be automatically produced through the country's financial management information system. In tracking gender budget expenditure, some countries also set goals for the level of the budget that should be dedicated to programmes that benefit women (Box 11 gives the example of the Philippines).

Box 26. Philippines 5% reserve for gender and development initiatives

The Philippines' Constitution (1987) recognises the fundamental equality of women and men and women's role in nation-building. Further to recognition that implementation of substantial progress in this field was held back by lack of resources, the 1992 Women in Development and Nation Building Act mandated that a substantial portion of funds received through official development assistance packages be set aside by government agencies for gender and development purposes.

Later in 1995, the Gender and Development (GAD) budget policy was introduced, whereby the General Appropriations Acts required government agencies to dedicate a minimum of 5% of the budget to gender and development initiatives to ensure that goals and objectives of the Philippines Plan for Gender-Responsive Development were translated into agency plans and targets. This requirement was gradually extended to decentralised levels, such as local government units, state colleges and universities, and government-owned and controlled corporations. Since then, the Philippines has established a significant gender planning and budgeting framework where all programmes, activities and projects included in the agency's budget proposal must consider the gender and development dimension. Each agency uses at least 5% of its approved budget for GAD mainstreaming.

A specific reporting mechanism is in place to enable the National Commission on the Role of Filipino Women to monitor compliance and inform Congress on progress in relation to the GAD target. A specific online platform was developed to allow progress to be monitored. The Gender Mainstreaming Monitoring System automates both the GAD budget planning phase and submissions of government agencies, generating related reports. In addition, monitoring and evaluation are carried out through annual audit by the Commission on Audit, which has helped drive improvement in tracking progress related to GAD programmes and projects.

Sources: Philippine Commission on Women (2004^[27]); Philippine Government (2019^[28])

Although gender tagging of the budget can be appealing as it allows the government to present information to the public on expenditures going to projects benefiting women, there are also reasons to exert caution in interpreting information provided by gender-tagging exercises. For example, gender tagging of the budget may forget that achieving a better gender balance does not necessarily mean spending for women. Some policies targeting men, such as compulsory paternity leave, can have a positive impact on changing cultural norms that hold back female employment and career prospects.

Another challenge is that policies that are non-fiscal in nature and have no budgetary impact are not captured, but can have important impacts in meeting gender-related objectives. Typical examples include equal opportunities legislation, legal arrangements on violence against women and LGBT, and gender

quotas. Moreover, there are policies which are neither fiscal nor specifically focused on gender-related objectives, but which may have an indirect – and mostly unintended – impact on gender disparities. For example, legislation on access and remuneration in labour markets. Social security programmes, although containing no discrimination among individuals according to their sex, may create incentives that favour social norms and behaviours that are largely gender-biased.

Furthermore, tax policies often have an unintended impact on gender. An extensive body of literature examines the implicit bias that occurs when tax and benefit systems interact with gender. One typical impact is the incentive or disincentive that the income tax system creates for the second earner to participate in the workforce, as compared to primary earners or single individuals. This is relevant as second earners in a couple are typically women. Tax exemptions, deductions or credits can be introduced to actively promote equal sharing of paid and unpaid work in the family and ensure income and pension rights between women and men, but are not necessarily captured in gender tagging of the budget.

Gender budget statement

The information gathered through gender tagging of the budget can be used to improve the information presented alongside the budget proposal that shows how the proposal is contributing to reducing gender inequalities. This is most often presented through a gender budget statement. The Thai Budget Bureau should publish a gender budget statement that reports on the amount of money that is being allocated towards programmes in each category of the tagging exercise.

Gender budget statements make gender budgeting visible to the parliament and other stakeholders and are important accountability tools. Stakeholders can assess this information to ensure there are sufficient allocations for women's development and the promotion of gender equality in the budget proposal. Typically, a gender budget statement is tabled as part of the annual budget documents, showing what programmes and resources are directed to gender equality. Several countries use this approach, including India (Box 12). Thailand may wish to present its statement as a dedicated annex to the Budget Bill.

Box 27. India's Gender Budget Statement

Among Asian countries, India has long-standing experience in formulating gender budget statements. Introduced in 2005-06, the Indian government's gender budget statement provides an aggregate and detailed account of budgetary allocations for promoting gender equality and women's empowerment, in two parts:

- Part A presents information on women-specific schemes, i.e. those budget allocations that have a 100% allocation for women
- Part B presents information on pro-women schemes, i.e. those budget allocations where at least 30% of the allocation is for women.

India's gender budgeting efforts stand out because they have not only influenced expenditure, but also revenue policies (like differential property tax rates for men and women and reconsideration of income tax structure) and have extended to territorial government levels.

In order to institutionalise the process, gender budgeting cells have been set up in all ministries/departments with a mandate to conduct gender-based impact analysis, beneficiary needs assessment and beneficiary incidence analysis to identify scope for re-prioritisation of public expenditure and improve implementation, etc. Thanks to the gender budgeting cells, gender budgeting is not confined to an accounting exercise, but has actually helped the ministries to design new programmes to promote gender equality, even in ministries where programmes are traditionally seen as "gender-neutral".

Sources: Chakraborty (2013^[29]); Government of India (2016^[30]).

Medium term: Application of a gender perspective in performance setting

While budget tagging focuses on tracking expenditure, in the medium term it can be useful to shift the focus to tracking outcomes. As highlighted in Section 3, the application of a gender perspective in performance setting can be an important tool for encouraging departments to think about how their policies and programmes contribute to overall gender equality goals. Performance frameworks are often associated with programme-based budgeting (and appropriations), as in Thailand's case. Rather than just focusing on the cost of inputs such as salaries and the purchase of goods and services, performance-based budgeting frameworks focus on the objectives, outputs and outcomes achieved in the delivery of the public services financed through the budget. These approaches lend themselves better than traditional input-based budgeting to incorporating policy-related objectives (including on those on gender) into the budget process.

The application of a gender perspective in performance setting is most effective and meaningful when it is linked to clearly articulated national gender equality goals. These goals can be endorsed in different ways. In some cases, the government will approve a multi-year gender equality plan, in others it will include a gender breakdown for some or all sector development goals, or still in other cases, it might rely on targets already adopted by adhering to international conventions (including, for example, the Sustainable Development Goals). In Thailand's case, it has already been identified that national gender equality goals are set out in the Women's Development Strategy (2017-2021). Ideally, the four-year strategies developed by line ministries and agencies should also reflect on how they propose to help meet the national gender equality goals set out in the Women's Development Strategy.

Gender objectives should be set with regard to budget proposals that are tagged as being in Category A (budget proposal with gender equality as a primary objective) or Category B (budget proposal which indirectly impacts gender equality) in the gender-tagging exercise. Departments and line ministries should be encouraged to identify at least one gender impact outcome and/or output for these proposals as part of the performance budgeting exercise. Ideally, these would link to gender equality goals set out in four-year strategies developed by line ministries and agencies, which in turn link to gender equality goals in Thailand's Women's Development Strategy.

To ensure that departments and agencies are clear on requirements, the Budget Bureau should set out instructions for departments in the annual budget circular, which guides departments on how to complete their budget submissions for the forthcoming fiscal year. Guidelines may also be issued separately and disseminated through informal circulars, in parallel to the annual budget process. Strong co-ordination between the Budget Bureau, the DWF and departments will be key to success. An example of how a gender perspective is applied to performance setting in Austria is provided in Box 13.

Gender objectives are often easier to define for programmes and policies that have a significant impact on gender equality, for example in areas such as education, health and social welfare programmes. Specific efforts should be devoted to helping departments and agencies identify gender goals and measurable indicators in the other sectors. Good availability of data disaggregated by gender is also important to allow the monitoring of progress towards these goals.

Box 28. The application of a gender perspective in performance setting in Austria

In Austria, the Federal Budget Act implements gender budgeting by adopting a gender perspective in the Austrian performance budgeting framework. The Central Budget Authority developed guidelines for applying gender budgeting, complemented by an annual budget circular with details and instructions.

Federal ministries show how they will target gender equality in their budget documents by stating gender objectives, measures and indicators in their strategy reports, in the federal budget and in supplementary documents. In practice, every line ministry must set at least one gender-related objective out of a maximum of five performance objectives.

The indicators adopted may be oriented towards external outcomes (i.e. objectives and activities in the ministry's portfolio contributing to gender equality in the economy and society) or to internal outcomes (objectives and activities regarding ministries' human resource policy contributing to gender equality among employees). These objectives should be derived from analysis to identify relevant gender challenges. Each line ministry has to define concrete measures and outputs to support the gender outcome. Specifically, line ministries must explain: Why this objective? What is done to achieve this objective? What would success look like? What are the measurable milestones to track progress on this objective?

The Federal Performance Management Office in the Federal Chancellery was established in 2010 to co-ordinate the implementation and operation of performance and gender-oriented budgeting. The Federal Performance Management Office reviews the draft indicators of ministries and provides comments as part of its quality assurance mandate. Parliament approves appropriations as well as performance and gender-related objectives, outputs, and indicators.

An Annual Federal Gender Performance Report, as part of the performance report of the government, presents progress on the implementation of gender objectives and outputs. In addition, the Court of Audit assesses the final accounts (end-of-year budget), including assessment of whether outcomes and outputs are met.

The estimated budget for 2018 and 2019 took account of 36 gender equality objectives, whereby 28 (78%) have an external outcome. They mainly concern work-life balance, the gender pay gap, raising awareness for gender equality and improving the reintegration of women into the labour market, as well as their share in research, innovation and technology-related areas of work. Eight objectives are limited to internal human resources policies, such as teleworking, women in leading functions and men in parental leave.

A dedicated website provides information on outcomes and results, with a subsection on gender equality; a map of gender-related budget information; a gender and diversity atlas that identifies regional distribution of gender-related indicators; and a gender budgeting blog providing information on recent developments, and national and international best practices.

Sources: OECD (2016^[31]); Austrian Parliamentary Budget Office (2018^[32]).

Long term: Mainstream gender impact assessment in policy development

As highlighted in Section 3, gender impact assessment is a relatively common tool of gender budgeting. The central question in an *ex ante* gender impact assessment (undertaken before the policy is introduced) is to try to understand whether the new proposal will reduce, maintain or increase the gender inequalities between women and men. This information is used to allow corrective or accompanying measures to be

adopted to mitigate any negative impacts identified in the design of the policy or programme or in its implementation. It can also be used to identify how new policies or programmes contribute to the government's gender-related targets. In this sense, it can help focus gender policies and avoid the adoption of new programmes that might be contrary to those targets. In a number of OECD countries, the Ministry of Finance requires departments to submit the results of *ex ante* gender impact assessment alongside new budget proposals. Box 14 provides the example of Sweden.

Box 29. *Ex ante* gender impact assessments in Sweden

In Sweden, well-known for its progressive gender equality policy and practice, gender budgeting is underpinned by high-level political commitment. Since 2016, the annual budget circular has included instructions on the application of gender budgeting throughout the budget process. One of the requirements set out is that *ex ante* gender impact analysis be carried out at the early stages of developing a new budget proposal. This means that the gender equality effects of budget policy are evaluated and highlighted in the background material on which budget decisions are based so that the government can present a budget that promotes gender equality.

Source: OECD (2016^[31]).

After policies and programmes have been executed, *ex post* gender impact assessments, or a gender perspective to evaluations or audits, can help identify whether or not they have achieved their intended outcomes relating to gender equality. Lessons from these assessments feed into future budget decisions to improve the way the budget is used to achieve gender equality outcomes or to modify the design of ongoing policies and make them more effective.

In the longer term, *ex ante* and *ex post* gender impact assessment of policies should be incorporated into gender budgeting efforts. This would sit well alongside current efforts to improve monitoring and evaluation within the Thai administrations. A staged rollout could take place across government departments in order to build the necessary capacity over time.

The Budget Bureau should ask for *ex ante* gender impact assessments to accompany new budget proposals that have a direct or indirect gender impact (Categories A and B identified in the tagging exercise). However, there is a risk that these impact assessments become tick the box exercises unless the Budget Bureau uses the information to help inform budget decisions. The Department of Finance in Canada provides a good example of how the central budget authority can exercise considerable influence in ensuring that these impact assessments are undertaken thoroughly, and used to inform budget decisions (Box 15).

Gender impact assessments should not be limited to policies and programmes with financial allocations in the budget. OECD countries have also found it useful to undertake gender impact assessments of draft legislation, as well as tax policy. This ensures gender-aware policy development across government. In Thailand, key challenges in conducting gender impact assessments are likely to include the availability of gender-disaggregated data and qualified staff. Collaboration with external institutions, such as academia and the KPI, could prove to be useful, at least in the initial phase.

Box 30. Gender impact assessment and the role of the Department of Finance in Canada

Canada introduced gender budgeting in 2016. A central tool of Canada's approach to gender budgeting are *ex ante* gender impact assessments of policies (GBA+; see Box 6). The Minister of Finance stipulates in the budget circular that all new budget proposals must be accompanied by a GBA+.

Significantly, this has changed the culture around what information is used in the policy development process, and how it is presented alongside new budget proposals. The Department of Finance has incentivised departments to provide better analyses over time. For example, in Budget 2018, the Department of Finance highlighted that there was inconsistency in the quality and application of GBA+ analysis. Furthermore, it highlighted examples of GBA+ analysis where there was room for improvement and made a commitment to publish GBA+ of all budget items starting in Budget 2019. This has helped evolve GBA+ from being considered a “tick the box” exercise to one that brings more meaningful considerations to the policy-making process.

Source: OECD (2018^[24]).

This Action Plan focuses on a limited number of tools in the short, medium and long term, recognising that their implementation is already ambitious in the Thai context. However, once these tools are institutionalised, further refinements will help ensure that there is a range of tools implemented across the budget cycle.

4.3. Enabling environment

Gender budgeting will be most effective where there is a supportive enabling environment in place. This includes: training and capacity development for government staff, systematic collection of gender-disaggregated data, structured engagement with civil society and oversight by accountability institutions such as parliament and the supreme audit institution. This section sets out how Thailand can create an enabling environment that is sufficient to support the gender budgeting practices set out in this Action Plan.

It is suggested that Thailand adopts a staged approach to gender budgeting that has the following three layers:

- **short term:** set out guidance and develop a training plan for gender budgeting and update the National Gender Data Plan.
- **medium and long term:** deliver training and capacity development across government and improve the availability of gender-disaggregated data in line with plans. Engage wider stakeholders in gender budgeting, including parliament, the State Audit Office and civil society.

More detail on each of these is provided below.

Short term: Set out guidance and develop a training plan for gender budgeting and update the National Gender Data Plan

Set out guidance and develop a training plan for gender budgeting

The success of gender budgeting efforts will depend on knowledge building and capacity development across government in order to be able to institutionalise the initiative. Currently, there is limited understanding and capacity across government to pursue gender mainstreaming as a strategy, and gender budgeting as a tool more specifically. A focused training plan should be developed for all key institutions, including the Budget Bureau and the DWF as well as departments and agencies across ministries.

Given the DWF's plans to update its *Gender Responsive Budgeting Handbook* in 2020, this provides a timely opportunity to revitalise its contents so that it aligns with, and supports, the "next generation" of gender budgeting in Thailand. The example of the guidelines published by the Philippine Commission on Women in relation to the Gender and Development Code shows the important role that guidelines can play in developing capacity for the implementation of new initiatives (Box 16).

Box 31. Guidelines on the Gender and Development Code in the Philippines

In August 2009, the Philippines passed RA 9710, or the Magna Carta of Women, a comprehensive women's human rights law. It called on various stakeholders, particularly local government units, to develop a Gender and Development (GAD) Code. A GAD Code is local legislation that consolidates local ordinances related to women and gender equality and which guides local government units in identifying local policies, plans and programmes to address gender issues. The GAD Code integrates or is aligned to gender-related national laws and international conventions.

To assist with this, the Philippine Commission on Women compiled "Guidelines on the Formulation, Implementation, Monitoring and Evaluation of a Gender and Development (GAD) Code". It consists of six parts:

1. essential elements of a GAD Code
2. recommended process of GAD Code formulation
3. organising the GAD Code
4. GAD-related mandates and frameworks
5. use of gender-fair language
6. glossary of GAD terms, GAD principles, GAD concepts and GAD mechanisms.

In addition, it includes other references useful in the formulation of the code. To facilitate understanding and application of the guidelines, sample formulations for each part of the code are included in the boxed items.

These guidelines have helped in the development of GAD Codes and, more importantly, in their implementation, monitoring and evaluation.

Source: Philippine Commission on Women (2013^[33]).

The DWF also has an important role in ensuring that departments and agencies have the capacity to analyse their policies and programmes with a gender lens. This will require the DWF to develop both guidelines and a training plan. As identified in Section 3, most government officers are of the view that gender budgeting means implementing programmes for women. Training and capacity development should focus on showing how broader government programmes can have a direct or indirect effect on gender equality. The longer term goal should be for gender considerations to be mainstreamed throughout the policy development process.

Update the National Gender Data Plan to ensure it is sufficient for gender budgeting

The government of Thailand will need to update its National Gender Data Plan in the short term to ensure it is sufficient for the purposes of gender budgeting. The National Statistical Office should take the lead in understanding what information gaps exist across different sectors, and set out steps to address this. Government departments will also have to potentially increase or change the way that they collect administrative data in order to be able to measure the gender impact of policies and programmes, and

progress towards gender objectives. Canada provides a good practice example of how a government can improve the availability of gender-disaggregated data to help support gender budgeting efforts (Box 17).

Box 32. Improving the availability of gender-disaggregated data in Canada

In parallel with the introduction of gender budgeting in Canada, the government recognised the need to take steps to improve the collection, use and tracking of gender and diversity data in order to enrich the understanding of social, economic, political, financial and environmental issues. As part of this, the government introduced a new Centre for Gender, Diversity and Inclusion Statistics, and an Indigenous Statistical Capacity Development Initiative, and developed a broader set of tracking indicators and statistics. These actions were taken with a view to addressing gaps in the availability of data on gender, race and other intersecting identities to:

- support evidence-based decision making
- create more accessible and inclusive information for use by the public
- advance the level of statistical skills and engagement among indigenous peoples
- collect, analyse and disseminate data on members of visible minorities to understand the barriers different groups face and how best to support them with evidence-based policy
- use the data to measure and track Canada's progress on achieving shared growth and gender equality objectives.

Source: OECD (2018^[24]).

Medium and long term: Deliver training and capacity development

Moving to the medium term, the DWF should focus on rolling out its training plan across government. It could be useful to begin with pilot exercises with a few departments to implement gender mainstreaming. Ideally, the selected pilot departments would be very different and include at least one department involved in social policies and one in a “harder to reach” area such as energy, environment or transport policies. The exercise would consist of reviewing the whole of their budget proposals and understanding how they may contribute directly or indirectly to gender equality priorities set out in the Women's Development Plan. Partnerships with other relevant stakeholders, such as academia, UN Women and the KPI, could be developed in order to ensure full understanding of potential gender impacts of policies and programmes and deliver training.

Lessons from training and capacity development with pilot departments can help inform future training and capacity development rolled out more broadly across government in the long term.

Ensure that there are gender champions across government

In parallel, it is important to leverage the role of CGEOs and gender focal points beyond the human resources aspects of gender equality, to champion gender-responsive and inclusive policy decision making within their respective ministries. A good practice example is provided by the CGEO at the Department of Corrections in Thailand (Box 18).

Box 33. Gender mainstreaming at the Department of Corrections in Thailand

At the Department of Corrections in Thailand, the chief gender equality officer (CGEO) has an Action Plan to improve how officials within the Department of Corrections understand gender equality needs, use gender data and take action to prevent gender harassment. As part of this Action Plan, the department has to report to the Department for Women's Affairs on progress at the end of each year.

The Action Plan consists of different strategies; activities, target groups, indicators, monitoring mechanisms and key performance indicators. For example, there is the target that 70% of personnel working with female inmates have skills and knowledge to operate in the prison based on Bangkok rules (which set out prison standards for women), and 70% should have positive attitudes and accept gender equality. Because of the high priority of this work, at present, the Secretary General spends 50% of his time on the CGEO role.

CGEOs and gender focal points across ministries and agencies should also have a role in ensuring the implementation of gender budgeting. For example, after adequate training, these gender champions could be assigned a role in supporting the preparation of relevant material accompanying budget proposals, and reviewing it before submission to the Budget Bureau. The establishment of inter-departmental working groups for CGEOs and gender focal points would provide a forum that could be used for sharing understanding of practices.

In the longer term, there is the potential for the Civil Service Commission to support this development through integrating the CGEO roles into the performance appraisals of senior managers who are entrusted with this role.

Ensure independent oversight

When the Budget Bureau starts to publish the Gender Budget Statement alongside the Budget Bill, relevant parliamentary committees should scrutinise the information therein. The Parliamentary Budget Office (PBO) could also have a role in assessing the information, drawing ideas from how the Austrian PBO undertakes this role (Box 19).

In the longer term, a systematic approach to gender budgeting will also ensure that a gender lens is applied during the *ex post* phase of the budget cycle. As the State Audit Office increases its capacity in relation to performance audits, it would be helpful if it were to integrate assessments of whether programmes meet their gender goals. Once gender budgeting has been implemented for a number of years, the State Audit Office may also wish to undertake a systems audit of gender mainstreaming and/or gender budgeting to assess how effectively it is functioning and whether it is delivering the intended results. For example, this may include an assessment of the gender budget statements and whether or not the information set out by the government in these statements as part of the budget process was fair and true.

Box 34. Scrutiny of gender budgeting by the Austrian Parliamentary Budget Office

The Austrian Parliamentary Budget Office (PBO) was established in 2012 during a period of substantial reform to the budget law. Its main tasks include:

- supporting the Budget Committee by providing analysis of the budget
- responding to information requests from members of the Budget Committee
- supporting other parliamentary committees in relation to the impact assessment of new legislation
- supporting parliament in its analysis of performance and gender budgeting.

Specifically, the PBO provides analyses to parliament on government documents related to gender budgeting and gender equality. This helps stimulate the parliamentary debate on gender issues.

In undertaking this role, the PBO provides clear guidance for members of parliament on all the gender-related performance objectives, measures and indicators shown in the different budget chapters. Its budget analyses always include a comprehensive section on gender budgeting. These analyses discuss key issues such as the quality of the information provided, the level of ambition of the objectives, the suitability and the development of relevant indicators (also international comparison), the availability of gender-disaggregated data, and levels of co-ordination between ministries. The PBO also submits proposals for how reports presented by the government might be improved through greater presentation of sex-disaggregated data (e.g. the grant report).

This legal budget framework and the PBO's support to parliament has resulted in higher awareness of gender budgeting and gender equality, and has brought about intensive discussions of gender objectives in the budget committee and in the plenary sessions. Gender issues are thus becoming an essential part of the budget debate, which is at the heart of parliament's work.

Source: Austrian Parliamentary Budget Office (2018^[32]).

Encourage civil society engagement

Structured engagement with civil society at the national level will be useful in ensuring that gender budgeting develops in a way that is responsive to citizen's needs. One way in which the Thai government can build stronger connections with civil society is through initiating participative mechanisms, such as consultations in relation to policy development.

Civil society groups can also provide important inputs through examining if the government lives up to its commitments on gender equality. For example, in the United Kingdom, each year the Women's Budget Group analyses the budget for its gender impact. The Swedish Women's Lobby annually analyses the state budget bill from a gender equality perspective. The aim is to see how resources are divided between women and men, and to examine if the government lives up to its commitments on gender equality. In their audits, they monitor statistical indicators and do in-depth studies, focusing on different spending areas from year to year.

5. Implementation

The series of actions set out in this Gender Budgeting Action Plan are intended to be mutually supporting. Implementation will undoubtedly need to take place over a number of years (see Box 20 on the staged development of gender budgeting in India).

Box 35. The staged development of gender budgeting in India

Gender budgeting was introduced in India in 2000. Since then, gender budgeting efforts have encompassed four sequential phases: 1) knowledge building and networking; 2) institutionalising the process; 3) capacity building; and 4) enhancing accountability.

Table 6. Phases of the introduction of gender budgeting in India

Years	Phase	Description
2000-03	Knowledge building and networking	Mapping of government programmes and schemes that existed for women.
2004-05	Institutionalisation within government	Analytical matrices to do gender budgeting were designed by the Ministry of Finance and the National Institute of Public Finance and Policy, gender budget statements were included in expenditure budgets, gender budgeting cells were instituted in ministries.
2005-present	Capacity building	Gender budgeting cell officials, ministries' and state officers' training; charter on gender budgeting specifying the responsibilities of gender-responsive budgeting cells.
2012-present	Enhancing accountability	The Comptroller and Auditor General of India have been publishing an annual Report on Gender Budgeting in the State Finance Accounts since 2010.

Despite gender budgeting having now been implemented for over two decades in India, there is still a desire to make more progress in several areas, including data integrity, better fiscal marksmanship, reporting on a consistent basis, emphasis on outcomes rather than expenditure, and more analysis of gender budgeting both *ex ante* and *ex post*.

Source: Qrius (2019^[34]).

The suggested timetables for implementation of the Gender Budgeting Action Plan are set out in Annex A. Putting such a package of measures into effect will require clear leadership, and the Budget Bureau and the DWF will be important actors in this regard. However, it can be seen that line ministries, the National Statistical Office, the parliament and civil society are also crucial implementation partners. Over time, from a position of shared commitment to action, Thailand has the potential to implement a gender budgeting practice that responds to the needs of society, helping support the identification and implementation of policy measures aimed at closing equality gaps.

For the purposes of this Action Plan, it is envisaged that the short term refers to one fiscal year, the medium term to two to three fiscal years and the long term up to five fiscal years.

References

- 50x50 Movement (n.d.), *Women in Public Service Project*, [8]
<https://www.50x50movement.org/about-women-public-service-project>.
- Addati, L., N. Cassirer and K. Gilchrist (2014), *Maternity and Paternity at Work: Law and Practice across the World*, International Labour Organization, Geneva, [14]
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_242615.pdf (accessed on 18 October 2019).
- Austrian Parliamentary Budget Office (2018), *Austria: Budget Analysis 2018 and 2019*, Gender Budgeting, [32]
<http://blog.imag-gendermainstreaming.at/index.php/en/2018/05/16/austria-budget-analysis-2018-and-2019>.
- CEDAW (2017), *Concluding Observations on the Combined Sixth and Seventh Periodic Reports of Thailand*, United Nations Office of the High Commissioner, Geneva, [4]
https://tbinternet.ohchr.org/_layouts.
- Chakraborty, L. (2013), *A Case Study of Gender Responsive Budgeting in India*, Commonwealth Secretariat, London, [29]
https://consultations.worldbank.org/sites/default/files/consultation-template/update-world-bank-group-gender-strategy-consultations/submissions/grb_papers_india_updf_final.pdf.
- Chuemchit, M. et al. (2018), “Thai women’s experiences of and responses to domestic violence”, [15]
International Journal of Women’s Health, Vol. 10, pp. 557-565,
<http://dx.doi.org/10.2147/IJWH.S172870>.
- Federal Ministry for Education and Women’s Affairs (2014), *Gender Budgeting: Making Effective Equality Between Women and Men a Reality... Step by Step to a Gender-equal Budget*, [25]
 Federal Ministry for Education and Women’s Affairs, Vienna, [https://www.frauen-familien-jugend.bka.gv.at/dam/jcr:46d150e0-990f-4838-8eb5-6811dcdcf283a/folder_gender_budgeting_\(englisch\).pdf](https://www.frauen-familien-jugend.bka.gv.at/dam/jcr:46d150e0-990f-4838-8eb5-6811dcdcf283a/folder_gender_budgeting_(englisch).pdf).
- Government of Canada (2019), *Gender Equality Statement*, Government of Canada, Ottawa, [22]
 Ontario, <http://www.budget.gc.ca/2019/docs/plan/chap-05-en.html>.
- Government of Canada (2019), *Gender Report: Budget 2019*, Government of Canada, Ottawa, [23]
 Ontario, <http://www.budget.gc.ca/2019/docs/gba-acsgbs-acsgbs-en.pdf>.
- Government of India (2016), *Gender Budget Statement 2017-18*, Government of India, [30]
<https://www.indiabudget.gov.in/budget2017-2018/ub2017-18/eb/stat13.pdf>.
- Government of Thailand (2019), *Labour Protection Act (No 7), B.E. 2562 (2019)*, Government of Thailand, [13]
 Thailand.
- Government of Thailand (2017), *Constitution of Thailand*, Government of Thailand, Bangkok. [1]
- Government of Thailand (2017), *Women’s Development Strategy 2017-2020*. [21]
- Government of Thailand (2015), *Gender Equality Act*, Government of Thailand, [19]
<https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/100442/120478/F764760666/THA100442%20Eng.pdf>.

- Institute for the Equality of Women and Men (2019), *Manual for the Application of Gender Budgeting Within the Belgian Federal Administration*, Institute for the Equality of Women and Men, Brussels, https://igvm-iefh.belgium.be/en/publications/manual_for_the_application_of_gender_budgeting_within_the_belgian_federal. [26]
- International IDEA (2019), *Gender Quotas Database*, International Institute for Democracy and Electoral Assistance, Stockholm, <https://www.idea.int/data-tools/data/gender-quotas/country-view/280/35>. [6]
- IPU (2019), *Parline Database*, Inter-Parliamentary Union, Geneva, https://data.ipu.org/content/thailand?chamber_id=13541. [5]
- IPU (2019), *Women in Politics: 2019*, Inter-Parliamentary Union, Geneva, <https://www.ipu.org/resources/publications/infographics/2019-03/women-in-politics-2019>. [7]
- NSO (2018), *Number of the Formal and Informal Employment by Age Group, Sex, Region, and Province: 2013-2018*, National Statistical Office, Thailand, <http://statbbi.nso.go.th/staticreport/page/sector/en/02.aspx>. [12]
- NSO (n.d.), *Poverty Head Count Index by Sex*, National Statistical Office, Bangkok, <http://statbbi.nso.go.th/staticreport/page/sector/en/07.aspx>. [3]
- OECD (2019), *Designing and Implementing Gender Budgeting*, OECD, Paris, <https://www.oecd.org/gov/budgeting/designing-and-implementing-gender-budgeting-a-path-to-action.pdf>. [18]
- OECD (2019), *Fast Forward to Gender Equality: Mainstreaming, Implementation and Leadership*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/g2g9faa5-en>. [20]
- OECD (2019), *Social Institutions and Gender Index*, OECD, Paris, <https://www.genderindex.org/wp-content/uploads/files/datasheets/2019/TH.pdf>. [16]
- OECD (2018), *Gender Equality in Canada: Mainstreaming, Governance and Budgeting*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264301108-en>. [24]
- OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, https://dx.doi.org/10.1787/gov_glance-2017-en. [9]
- OECD (2016), *Gender Budgeting in OECD Countries*, OECD Publishing, Paris, <http://www.oecd.org/gender/Gender-Budgeting-in-OECD-countries.pdf>. [31]
- Philippine Commission on Women (2013), *GAD Code Guidelines*, Philippine Commission on Women, Manila, <https://library.pcw.gov.ph/node/5>. [33]
- Philippine Commission on Women (2004), *Gender and Development Budgeting in the Philippines: Issues, Challenges and Imperatives*, National Commission on the Role of Filipino Women, Manila, <https://library.pcw.gov.ph/node/316>. [27]
- Philippine Government (2019), *Gender Budgeting*, <https://www.doe.gov.ph/faqs-gad-planning-and-budgeting-gpb>. [28]
- Qrius (2019), *India's Looking at its Budget Through the Gender Lens*, Qrius, <https://qrius.com/indias-looking-at-its-budget-through-the-gender-lens>. [34]

- United Nations Statistics Division (n.d.), *Time-Use Statistics*, United Nations, [11]
<http://unstats.un.org/unsd/gender/timeuse/index.html>.
- United Nations Statistics Division (n.d.), *UN Data*, United Nations, [10]
<http://data.un.org/en/iso/th.html>.
- World Bank (n.d.), *The Little Data Book on Gender: Online Tables*, World Bank, Washington, [2]
 DC, https://databank.worldbank.org/widgets/reportwidget.html?Report_Name=The-Little-Data-Book-on-Gender-Online-Tables&Id=f3945d0c#.
- World Values Survey (2014), *Wave 6: 2010-2014. Thailand*, World Values Survey Association, [17]
<http://www.worldvaluessurvey.org/WVSONline.jsp>.

Notes

¹ In 1990, the United Nations Economic and Social Council (E/1990/15) recommended that states should have a minimum of 30% of women in leadership positions. The Beijing Declaration and Platform for Action reaffirmed this minimum target in 1995.

² The statistical information regarding firms comes from the World Bank's Enterprise Surveys, for which it targets formal (registered) companies with five or more employees.

³ Adopted in April 2019, the Labour Protection Act (No. 7) amended the original labour law, known as the Labour Protection Act B.E. 2541. This included amending Section 41 to increase the maximum amount of maternity leave from 90 days to 98 days.

Annex A. Action Plan timeline

1. Actions relating to the strategic framework

Timeline	Action	Partners
Short term	<ul style="list-style-type: none"> – Develop and communicate a clear vision for gender budgeting – Establish clear roles and responsibilities across government for gender budgeting – Activate KorYorSor and KorSorSor as cross-governmental committees to co-ordinate the implementation of gender budgeting 	<ul style="list-style-type: none"> – Budget Bureau – Budget Bureau, Department for Women's Affairs and Family Development (DWF), line ministries – KorYorSor, KorSorSor, Budget Bureau, DWF, line ministries
Medium term	<ul style="list-style-type: none"> – Strengthen the links between the objectives and targets set out in the next iterations of the Women's Development Strategy and the National Economic and Social Development Plan – Include measurable targets, indicators and indicator baselines in the revised Women's Development Strategy 	<ul style="list-style-type: none"> – DWF, Office of the National Economic and Social Development Council – DWF
Long term	<ul style="list-style-type: none"> – Codify gender budgeting requirements in Thailand's organic budget law 	<ul style="list-style-type: none"> – Budget Bureau, parliament

2. Actions relating to implementation tools

Timeline	Action	Partners
Short term	<ul style="list-style-type: none"> – Further develop gender tagging of budget programmes to three categories – Introduce a gender budget statement 	<ul style="list-style-type: none"> – Budget Bureau, DWF, line ministries – Budget Bureau
Medium term	<ul style="list-style-type: none"> – Apply a gender perspective in performance setting 	<ul style="list-style-type: none"> – DWF, line ministries, Budget Bureau

Long term	– Mainstream gender impact assessment in policy development	– DWF, line ministries, Budget Bureau
-----------	---	---------------------------------------

3. Actions relating to an enabling environment

Timeline	Action	Partners
Short term	<ul style="list-style-type: none"> – Update the <i>Gender Responsive Budgeting Handbook</i> – Develop a focused gender budgeting training plan for all key institutions – Update the National Gender Data Plan 	<ul style="list-style-type: none"> – DWF, Budget Bureau – DWF, Budget Bureau, line ministries – National Statistical Office, DWF, line ministries, Budget Bureau
Medium term	<ul style="list-style-type: none"> – Assign chief gender equality officers (CGEOs) and gender focal points a role in implementing gender budgeting – Deliver training and capacity development across all key institutions – Parliamentary committees scrutinise the Gender Budget Statement – Parliamentary Budget Office develops a role in helping parliament scrutinise gender budgeting – State Audit Office integrates a gender perspective into performance audits – Civil society consulted more regularly on policy development 	<ul style="list-style-type: none"> – Line ministries, DWF – DWF, Budget Bureau, line ministries – Parliamentary committees – Parliamentary Budget Office – State Audit Office – Line ministries, civil society
Long term	– CGEO roles integrated into the performance appraisals of senior managers with this role	– Civil Service Commission, line ministries

OECD Journal on Budgeting

The OECD Journal on Budgeting is published three times per year. It draws on the best of the recent work of the OECD Working Party of Senior Budget Officials (SBO), as well as special contributions from finance ministries, academics and experts in the field and makes it available to a wider community in an accessible format. The journal provides insight on leading-edge institutional arrangements, systems and instruments for the allocation and management of resources in the public sector.

This issue consists of 2 articles: 1) Budgeting in Thailand; 2) Thailand: Gender Action Budgeting Plan

Volume 2020/3



ISSN 1608-7143
VOLUME 2020
(3 ISSUES)



9 771608 714002