Chapter 10
Thai Public Capital Budget and Management Process

Arwiphawee Srithongrung
University of Illinois at Springfield, USA

Kenneth A. Kriz
https://orcid.org/0000-0001-8050-8506
University of Illinois at Springfield, USA

ABSTRACT
This chapter describes the public capital budgeting process in Thailand. Public infrastructure is very centralized; local governments do not play a large role in public infrastructure investment. The country’s long-term physical planning is fragmented and lacks an effective long-term fiscal planning. The budget process is dominated by senior civil servants in the Bureau of the Budget, the Ministry of Finance, Bank of Thailand, and the National Economic and Social Development Board. Expensive projects financed by long-term debt bypass the budget process, and as a result, a comprehensive list of annually approved projects is unavailable to the public. This leads to public investment being driven almost entirely by debt capacity. Because of these factors, Thai governments have invested too little in public infrastructure, and the infrastructure investment is uneven across sectors.

INTRODUCTION
This chapter describes the public capital management and budgeting process in Thailand along with the country’s social, legal, economic, and public administration institutions. Thailand is an emerging economy in Southeast Asia. At one time, it was a relatively poor country by international standards. But from the 1960s to the late 2000s, it grew rapidly. Along with the strong economic growth, the country’s public infrastructure system demands also grew, especially for urban transit systems. Public infrastructure quality and quantity are significant factors contributing to growth (Srithongrung & Kriz, 2012). Therefore, it is imperative to develop an understanding of Thai public capital management and budgeting processes. The goal of these processes is to acquire public infrastructure in the most efficient and effective manner (Srithongrung, 2008).

DOI: 10.4018/978-1-5225-7329-6.ch010
This chapter is comprised of five sections. The first section describes the country’s socio-economic and demographic characteristics along with the structure of its public administration. The local government’s institutional arrangement is also discussed given that Thailand has been attempting to make basic public infrastructure (e.g., local road and water services) available at the local level since the 1999 Decentralization Act was enacted (Chardchawan, 2006, 2010; Krueathep, 2010). The second section provides an overview of the country’s public infrastructure systems along with an objective evaluation drawn from the international public capital literature and analysis of secondary data. The third section describes the four main components of the Thai public capital management and budgeting process: planning, budgeting and financing, execution, and evaluation. The fourth section evaluates whether the Thai processes adhere to the normative framework set forth in the introduction to this volume and identifies the strengths and weaknesses of the process. This section also provides critical analysis of the linkages between the capital management and budgeting processes and the quality and quantity of public infrastructure delivered to the public. The last section concludes with observations regarding the processes and future propositions for the relationship among institutions, management processes, and outcomes.

BACKGROUND

Socio-Economic Characteristics

Thailand, an ASEAN nation, has a population of 68.86 million (World Bank, 2018). From 1960 to 2016, the population grew at an annual average rate of 1.7 percent. However, in more recent years, the growth rate has been slower; from 2010 to 2016 the Thai population increased only about 0.8 percent for the entire period (Thailand Bureau of Census, 2018). As with many countries, its population is aging. Its median age in 1960 was 19 years old. As of 2015, that figure was 38 years (Thailand Bureau of Census, 2018). The country is experiencing urbanization as in many other countries in the region. In 1960, only 18 percent of the population lived in urban areas. Recently, the urban population had increased to 49 percent of the country total (UN Statistics Division, 2018). The country has an average population density of 131 people per square kilometer (Statistics Times, 2018). Thailand’s density ranks 5th out of the 10 ASEAN countries with Singapore as the most density (8,226 population per square kilometer) and Lao People’s Democratic Republic as the least dense country (20 population per square kilometer) (Statistics Times, 2018). This suggests that Thailand, as a relatively less dense country, will have greater infrastructure demands compared to the size of the population. Bangkok, the capital city of Thailand, is the densest city with 5,294 people per square kilometer (Thailand Bureau of Census, 2018). Much of the density growth of Bangkok has been attributed to migration from Northeast region of the country (Thailand Bureau of Census, 2018). Despite the slow overall population growth, the urbanization has led to urban sprawl and rapidly increasing population density. This has, in turn, increased the demand for public infrastructure systems important to urban development (such as transit and expressway construction). Meanwhile, public infrastructure projects supporting rural development (such as water, sewerage, energy, and information infrastructure systems) must be increased to help create jobs and slow migration from rural to urban areas.

In 2017, Gross Domestic Product (GDP) was $455 billion or $6,729 per capita. The unemployment rate was 1.2 percent (National Economic and Social Development Board, 2018). Once very high, Thai economic growth has slowed in recent years. In 2016, real GDP increased by 3 percent, somewhat slower