

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK**



THAILAND

(JANUARY 10 & 24, 2007)

Participants:

No.	Participant Name	Occupation	Stakeholder Group
1	Dr. Medhi Krongkaew	Commissioner, National Anti-Corruption Commission	Independent Watchdog
2	Dr. Pakdee Pithisiri	Commissioner, National Anti-Corruption Commission	Independent Watchdog
3	Dr. Narongchai Akrasanee	President and CEO, Thailand EXIM Bank	Private Sector
4	Dr. Duenden Nikomborirak	Research Director, TDRI –an independent think thank	Think Tank/ Academia
5	Dr. Juree Vichit-Vadakan	Director, Center for Philanthropy and Civil Society	CSO
6	K. Pannee Sathavarodom	Director-General, Fiscal Policy Office	Government
7	K. Chunhajit Sungmai	Director, Office of Public Procurement Management	Government
8	Dr. Chodechai Suwanaporn	Director, Financial System Policy Office	Government
10	K. Patchara Anuntasilpa	Director, Public Procurement Policy Division	Government
11	Prof. Tongthong Chandransu	Deputy Permanent Secretary, Ministry of Justice	Government

How did the process fit into ongoing country dialogue?

The Thai officials, academics, experts and civil society representatives have a valuable perspective to offer on the nature and scale of WB engagement with recipient countries for the following reasons: Thailand has been a highly successful recipient of financial assistance and is now an emerging donor. It is making efforts to strengthen governance, and is engaged with moving it up to a higher level. Under the ongoing Partnership with the World Bank, Thailand has been engaged in joint analytical work and dialogue on governance and public sector reform. For all these reasons, the consultations fit well within the context of the ongoing country dialogue under the Thailand World Bank Partnership.

What were the key issues/themes raised by participants?

- **Clear quantitative measurement of governance.** Participants agreed that the Bank should take the lead in identifying an objective measurement of governance. This will ensure consistency in the implementation of the GAC strategy.
- **More needs to be done in preventing and reducing opportunities for corruption.** Participants agreed that preventive actions are more important than corrective ones. The Bank's comparative advantage is in its technical expertise and should focus its work on this. More effort needs to be made in understanding the nature of corruption.
- **Support for civil service reform.** It was mentioned that at the core of the corruption problem is underpaid civil service. The Bank should support countries in thinking of ways to reform its civil service sector.
- **Empower civil society and the media.** The Bank has been asked to diversify its partnership beyond the government sector. When civil society and the media play its role in oversight, the governance agenda moves forward. The Bank and other donors should help strengthen CSOs and the media.
- **More information disclosure, more transparent.** The Bank should make more information available. When civil society organizations and the media have better access to information, they will be able to play their role.
- **Improving the Bank's own internal system.** Participants feel that the incentive structure within the Bank also needs to change if it is serious in fighting corruption. There is a strong incentive for Bank staff to push loans and make it work, despite the risk of corruption.

Respondent Type	Consultation Reply
1. Top governance challenges in country	
Independent Watchdog	Underpaid civil servants in developing countries are prone to commit corrupt practices. The Bank should do its utmost to support civil service reform in developing countries.
Independent Watchdog	There are two levels of corruption: i) corruption at the policy level, and ii) corruption that involves the transfer of money from public money to private pockets. The Bank should not just focus on the second type of corruption, because the effect of corruption at the policy level is even more devastating. This involves politicians using their lawmaking capacity to their advantage.
Government	At this juncture, improving governance and stemming corruption are amongst the biggest development challenges faced by Thailand. This is the right time to look at the policy side of governance and anti corruption issues. There is a political appetite and atmosphere for work on these issues.
2. Promising areas of governance and anticorruption reform and potential obstacles	
Government	One of the obstacles is a lack of clarity and understanding of what good governance means. There is a need for clarification of rules in complex issues such as conflict of interest and accountability. The existing laws and regulations are not able to deal with the emerging challenges of “policy corruption”.
Government	The Bank can help in improving the understanding of these complex issues, and help with sharing its acknowledged international experience and expertise in this area.
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Private Sector	More efforts need to be made in preventing and reducing opportunities for corruption. In the overall fight against corruption, the Bank should focus more on helping countries improve their systems to minimize opportunities for corruption. The Bank’s comparative advantage is in its technical expertise, not catching corrupt people.
Think Tank/ Academia	The Bank should be more vigorous in identifying opportunities and entry points for pushing governance reform. If the government is not supportive, then the Bank should work with civil society groups and the media to help push the

Respondent Type	Consultation Reply
	agenda ahead.
Think Tank/ Academia	The Bank's assistance tends to focus on the superficial economic aspects of development. Although the Bank is non-political, it should also monitor laws that are coming out of national parliaments that pertain to governance and anti-corruption. This has strong links with development.
Think Tank/ Academia	The donor scene is becoming more competitive. Although it is good that the Bank is pushing ahead with the governance and anti-corruption agenda, however it should not over-exhaust recipient countries with conditionalities that will only add to the transaction cost. If this is overly done, countries will then go to other donors with less hassle factor, thus rendering the Bank irrelevant.
Independent Watchdog	In a country with weak governance, there is a lot of entry points for the World Bank within its civil society sector. The push for better governance also needs to come from the domestic constituencies. That way, once a government commits to governance reforms it will not be seen as being pushed by external parties like the World Bank.
Government	The WB must remain engaged even in difficult environments; one possibility may be to downsize the program which in itself is a signal to the Government, and can be used to put pressure on the Government to make improvements in this area. Moreover, complete withdrawal would make it difficult to restart the program if and when the conditions for engagement improve.
4. How to ensure fair and consistent treatment across countries	
Civil Society Representative	The Bank's planned approach to treat different countries differently depending on its commitment to governance and anti-corruption (GAC) is quite wise.
Independent Watchdog	At the practical level, the Bank also needs to understand the nature and causes of corruption. Corruption happens because there is: i) discretionary power, ii) transfer of resources, and iii) weak institutions. The Bank should assist countries in addressing these issues and not limit support to its project operations.
Private Sector	There should be a practical standard and clear quantitative measurement of governance. This will ensure objectivity. The Bank should take the lead in the effort to define this measurement. In the area of corporate governance, an excellent example is Institute of Directors (IOD) which was established with Bank support. The IOD has been extremely

Respondent Type	Consultation Reply
	effective.
Government	Conditions on the ground make it almost impossible to apply consistent guidelines and indicators across all countries.
5. How to strengthen the Bank's work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector	
Think Tank/ Academia	Transparency and disclosure is an important aspect of fighting corruption. When non-government actors are empowered with information, they would be able to play their oversight role effectively. The Bank should make a point of disclosing all information in its operations; while at the same time also encourage the government to legislate laws that will enable more public access to information.
Think Tank/ Academia	There needs to be more effort in strengthening civil society and the media in developing countries. The Bank's governance and anti-corruption work should not just focus on partnering with the government, but should also build a coalition of partners that spans across civil society, the private sector, and the media.
Independent Watchdog	Preventive effort against corruption is more sustainable than corrective action. Developing countries needs to shift from a culture of impunity to a consistent enforcement of the rule of law. The Bank should try as much as it can to be part of this coalition for change. Public pressure must be built from the grass roots and this is where civil society groups will play a role. The Bank should support efforts to create public awareness to not tolerate corrupt practices.
Government	The World Bank can work through other stakeholders, e.g. CSOs, in cases where it is difficult to work with Government. However, CSOs need to be adequately strengthened to enable them to fulfill this task. Also, the CSO partners must be carefully identified, with a balance between those that support the Government and those in the opposition ranks, and a partisan approach must be avoided. Academics can be used as a springboard for deeper engagement with CSOs.
6. How to mitigate fiduciary risk in Bank operations?	
Independent Watchdog	Whenever sanctions are made, the Bank should widely broadcast the decisions all over the world. Blacklisting of companies should be known; this will further assert the reputation of the Bank as being serious about corruption.
Independent Watchdog	There is an impression that the Bank's GAC work is a stand alone initiative that is not interwoven into the institution's other work. This impression needs be changed. The GAC activities and messages have to be more consistent within

Respondent Type	Consultation Reply
	different parts of the Bank itself, and more integrated in all Bank operations and activities.
Private Sector	Corrupt practices are oftentimes sophisticated; there will always be techniques to cover it up. The control should be on the supply side and the Bank should understand this and focus its work on the supply side.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
Government	Much better coordination amongst donors is required, both in applying the standards, as well as in avoiding duplication of strategies and instruments.
8. How to monitor progress in governance and anticorruption at the country level	
Civil Society Representative	Given the Bank's prestige, it has not done enough in fighting corruption. There is still a strong incentive within its staff to push loans and make it work, so there is a conflict of interest. This creates confusion between the Bank's role as a lending agency and as an institution that fights corruption and promotes good governance.
Independent Watchdog	In Thailand, Public Expenditure Tracking Surveys (PETS) are one way to provide additional scrutiny to public projects. The survey looks at the cost structure of the project and monitor who is doing what, where, when and how funds are channeled in practice to beneficiaries. This practice becomes a extra deterrent to corrupt practices. The Bank should be supporting initiatives like this, especially in major infrastructure projects.
Government	Government commitment to good governance and anti-corruption efforts is extremely difficult to measure. Indicators like those used by Transparency International measure perceptions of corruption, and are not based on universal robust criteria applied uniformly across countries.
Government	It is equally difficult to measure willingness of governments to improve governance and anti corruption standards in a country. Better and more reliable indicators are needed to classify governments' willingness for reform in this area. The World Bank needs to more analytical work and establish sound instruments for this purpose.
9. Areas for improvement in GAC strategy and country-level support	
Government	The Thai government welcomes the anti corruption initiative of the Bank. However the issue at hand is to be able to translate the GAC principles into implementable actions that are practical and effective.