

**Inter-regional project: How to strengthen  
social protection coverage in the context  
of the European Union Agenda on decent  
work and promoting employment in the  
informal economy**

**Thailand: A case study**

**Social Security Department  
International Labour Office, Geneva  
September 2008**

---



Copyright © International Labour Organization 2008  
First published 2008

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: [pubdroit@ilo.org](mailto:pubdroit@ilo.org). The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit [www.ifrro.org](http://www.ifrro.org) to find the reproduction rights organization in your country.

---

***Inter-regional project. How to strengthen social protection coverage in the context of the European Union Agenda on decent work and promoting employment in the informal economy. Thailand. A case study***  
International Labour Office, Social Security Department – Geneva: ILO, 2008  
68 p.

ISBN 978-92-2-121650-6 (print) & 978-92-2-121651-3 (web pdf)

International Labour Office; Social Security Dept

Social protection / scope of coverage / poverty alleviation / Thailand

02.03.1

*ILO Cataloguing in Publication Data*

---

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: [pubvente@ilo.org](mailto:pubvente@ilo.org)

Visit our website: [www.ilo.org/publns](http://www.ilo.org/publns)

---

***Printed in Switzerland***



---

## Contents

	<i>Page</i>
Acknowledgements .....	v
1. Introduction .....	1
2. Decent work.....	3
United Nations Partnership Framework.....	3
National Development Plans.....	4
Social protection and other laws .....	6
3. Demographics the labour market, and economic overview.....	9
Population, structure and projection .....	9
The labour market .....	10
The economic and fiscal situation.....	15
Poverty .....	17
4. Contributory social protection schemes .....	19
Workmen’s Compensation Fund (WCF) .....	19
Social Security Fund (SSF).....	20
Provident funds .....	21
The Government Pension Fund (GPF).....	22
Private-School Teachers’ Welfare Fund (PSTWF).....	23
5. Non-contributory social protection schemes .....	25
Pensions .....	25
Health-care .....	26
Social assistance.....	27
6. Poverty alleviation policy.....	29
Policy framework.....	29
1. Rural development .....	29
2. Community development .....	29
3. Human resource development.....	30
Poverty alleviation projects.....	30
1. Micro/Agricultural credit .....	30
2. One Tambon – One Product (OTOP).....	31
3. Community Capacity Building (SML).....	31
4. Housing credit .....	32
7. Conclusion.....	33
References .....	35
Appendices .....	37



---

## Abbreviations

BAAC	Bank of Agriculture and Agricultural Cooperatives
CSMBS	Civil Servants' Medical Benefit Scheme
DWCP	Decent Work Country Programme
GDP	Gross Domestic Product
GPF	Government Pension Fund
ILO	International Labour Office
LFS	Labour Force Survey
MDGs	Millennium Development Goals
NAV	Net Asset Value
NDP	(Thailand's) National Development Plan
NESDB	National Economic and Social Development Board
NHSO	National Health Service Office
OECD	Organisation for Economic Cooperation and Development
OTOP	One Tambon – One Product
PF	Provident Fund
PSTWF	Private School Teachers' Welfare Fund
SEC	Security and Exchange Commission
SES	Socio-Economic Survey
SML	small, medium, and large community, or Community Capacity Building project
SSF	Social Security Fund
SSO	Social Security Office
TAO	Tambon Administration Organization
TDR	Thailand Development Research Institute
TFR	total fertility rate
UC	Universal Health-care Coverage
UI	Unemployment Insurance
UNDAF	United Nations Development Assistance Framework
UNPAF	United Nations Partnership Framework
WCF	Workmen's Compensation Fund
WIEGO	Women in Informal Employment: Globalizing and Organizing

---

## Acknowledgements

This report is one of six country studies undertaken by the Social Security Department of the International Labour Office as part of the European Commission-funded project “Inter-regional project: How to strengthen social protection coverage in the context of the European Union Agenda on decent work and promoting employment in the informal economy”.

The report was prepared by Worawan Chandoevmit, under the supervision of Pauline Barrett-Reid, Deputy Director of the Social Security Department. John Woodall, Regional Coordinator for Asia provided invaluable support. Christine Smith edited the report and Irene Brown provided secretarial support.



## 1. Introduction

Thailand is a middle-income country with per capita income of 134,343 baht or US\$3,887 in 2007.<sup>1</sup> It was once an agrarian economy, but with the pace of development, its economy now relies more on industry and services. As a result, employment in these sectors has been increasing.

With the move into a modern economy, labour standards have improved. The first half of the 1970s, was a period in which advances were made in social democracy. Workers demanded that their right to a decent job should be protected by law. A number of laws came into force in this period, for example, on labour relations, workmen's compensation, private-school teaching staff and labour protection.

During the period 1969-2005, Thailand ratified five of the fundamental ILO Conventions, including those concerning the abolition of forced labour (Convention No. 29 and Convention No. 105), the elimination of child labour (Convention No. 138 and Convention No. 182) and equal remuneration between men and women (Convention No. 100). During the same period, many laws protecting workers' welfare were amended and many new laws came into force. Workers are protected by the law in a variety of ways, depending on the type of work they do. Government employees receive many types of benefit and the most generous benefits from government. By contrast, agricultural workers receive the least protection. Table 1.1 shows social protection coverage by type of employment status and type of benefit. The differences in provision between contributory and non-contributory schemes are indicated in the notes to the table.

**Table 1.1 Social protection coverage by work status**

Work status	Government employee	State-enterprise employee	Private employee in non-agr	Private school teacher	Other workers (self-employed, agr workers)
Sickness and maternity					UC**
Death and survivor	General tax revenue**	State enterprise revenue**	WCF and SSF + contribution from government*	PSTWF + contribution from government*	No
Disability					No
Child allowance					
Unemployment	Not relevant	Not relevant	SSF*	No	No
Pension: Defined benefit	General tax revenue**	No	SSF*	No	No
Pension: Defined contribution	GPF + contribution from government*	Provident fund*	Provident fund*	PSTWF*	No

Notes: GPF = Government Pension Fund, WCF = Workmen's Compensation Fund, SSF = Social Security Fund, PSTWF = Private School Teacher Welfare Fund, UC = Universal Health-care Coverage, \*Contributory scheme, \*\*Non-contributory scheme.

As social protection coverage is low for workers in the informal economy, Thailand's Decent Work Country Programme (DWCP) (currently being prepared) makes access to social protection for these workers a priority. It includes employees and employers in the agriculture sector, workers on subcontracts, and migrant workers. Currently, these workers qualify only for health-care services from the UC scheme, to which migrant workers have

<sup>1</sup> Bank of Thailand (using exchange rate of US\$1 = 34.56 baht).

---

to pay an annual premium. However, illegal migrant workers have no access to any type of social service.

The DWCP for Thailand also focuses on reducing discrimination and on improving fundamental rights and principles at work. Efforts are being made to improve institutional capacity. The programme will also focus on labour law enforcement and will encourage freedom of association. This represents an important step towards the adoption of international standards.

Chapter 2 looks at Decent Work and its relationship to the United Nations Partnership Framework (UNPAF), and Thailand's National Development Plan. Chapter 3 illustrates demographic trends, the labour market, the macroeconomic outlook, and poverty and income distribution in Thailand. Chapters 4 and 5 explain contributory and non-contributory social protection schemes for Thai workers. Chapter 6 discusses current poverty reduction policies. Chapter 7 sets out conclusions.

---

## 2. Decent work

“The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.” Juan Somavia, ILO Director-General.<sup>2</sup>

Decent work is a multi-dimensional concept, which sums up the aspirations of people in their working lives. It covers job opportunities and income, voice, representation and recognition, family stability and personal development, and equity and gender equality. The ILO has identified four strategic objectives for decent work, as follows:

1. fundamental principles and rights at work and international labour standards, including freedom of association, effective law enforcement, combating discrimination, and eliminating child labour;
2. employment and income opportunities;
3. social protection and social security; and
4. social dialogue and tripartism.

Thailand has been endeavouring to improve its labour standards, the skills of its working population and the quality of workers' lives. The concepts encompassed by decent work are covered in Thailand's Constitution, national development plan and many laws such as the Labour Protection Act, the Labour Relations Act, the State-enterprise Labour Relations Act, the Social Security Act, etc. The Thai Constitution upholds gender equality, and the right to education, health-care, information, security, justice, and social dialogue.

### United Nations Partnership Framework

The United Nations Partnership Framework (UNPAF) is based on a mutually beneficial partnership between the United Nations and the Royal Thai Government in areas of strategic importance to Thailand as a middle-income country. It replaces the traditional United Nations Development Assistance Framework (UNDAF). The UNPAF aims to empower the most vulnerable people in society to claim their rights to live in dignity, free from fear and want, and to build the capacity of people in responsible positions to fulfil their societal obligations. The UNPAF focuses on achieving:

- access to quality social services and protection;
- decentralization and provincial/local governance;
- access to comprehensive HIV prevention, treatment, care and support;
- environment and natural resources management; and
- global partnership for development (UN, 2006).

These priorities mirror those of the UN Millennium Development Goals (MDGs) and Thailand's National Development Plans. Many of the expected outcomes are components

<sup>2</sup> [http://www.ilo.org/global/About\\_the\\_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm](http://www.ilo.org/global/About_the_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm).

---

of decent work, e.g., improved social protection for vulnerable groups, increased access to and use of quality education, especially by vulnerable groups and people in under-served areas.

## National Development Plans

Thailand's first seven National Development Plans, from 1961 to 1996 focused on infrastructure development and economic growth, which were successfully achieved. Natural resources as well as cheap labour were used intensively for production in all sectors. Import policies were promoted at the beginning, but later in the 1980s emphasis was switched to export promotion policies, in order to acquire more international reserves. The plans led Thailand to depend more on foreign capital and technological know-how, with very little improvement to its own capital and human resources. The Eight and Ninth Development Plans (1997–2006) shifted the focus to achieving a better balance in human, social, economic and environment development, as well as economic restructuring and open opportunities for people's participation.

Social protection was first promoted as a main national development strategy in the Ninth Development Plan (2002–06). This Plan's strategy, "Improve Human Quality and Social Protection", has five channels for development, as follows:

- human development;
- employment promotion;
- social protection improvement;
- drugs control and security for people and their property; and
- the promotion of active participation in development by Thai government institutions.

By the end of the Ninth Development Plan, both economic and social development had been improved, with greater capital accumulation, improved health status and quality of life, higher per capita income, reduced incidence of poverty, and a satisfactory low unemployment rate. The success of the plan in relation to the decent work context lies in the implementation of universal health-care coverage, job creation, and greater access to social services by disadvantaged groups. However, there is room for improvement in the quality of the labour force as the target of increasing the proportion of the labour force holding lower secondary education to 50 per cent has not been achieved.

The current Tenth Nation Development Plan (2007–11) integrates social capital, economic capital and natural resources and environmental capital on the basis of good governance for sustained development. The targets of the Tenth Plan are the following:

- improve Thais' quality of life, knowledge and aspirations; increase the proportion of skills and science and technology in the labour force; enhance the knowledge base of Thai society and industry; increase labour productivity, use and improve community know-how for local development;
- reduce poverty by expanding knowledge networks in the local communities; improve people's participation in local development, and promote communities to be self-reliant for their own food;
- promote quality, sustained growth; increase the level of savings; reduce the risk from current account and balance of payment deficits; restructure production sectors by maintaining the existing share of the agricultural sector, increasing the share of

---

services, improving productivity in all sectors with an emphasis on being environmentally friendly; improve infrastructure and improve administrative capacity;

- promote sustained environmental and natural resources development by reclaiming forest and mangrove areas and endangered animals, keeping water, air and noise clean at the standard quality level, building a biodiversity data system, and promoting Thailand's biodiversity in the production and service sectors;
- improve government efficiency; promote people's participation in public administration and corporate governance in the private sector; develop a democratic culture for all sectors of society.

To achieve these targets, five strategic plans are set, as follows:

1. Human and social development towards a knowledge and learning society:
  - promote knowledge and basic work skills;
  - promote a good learning system for the development of occupational skills;
  - promote life-time learning;
  - promote formal and informal forms of social protection, to cover all communities;
  - promote saving for retirement; and
  - promote justice and law enforcement.
2. Strengthening local communities and society as strong foundations of the country:
  - promote income security in local communities;
  - promote basic assistance to disadvantaged groups in the community; and
  - promote community enterprises.
3. Restructuring for a balanced and sustained economy:
  - promote household, private and government saving;
  - promote income security; and
  - provide a safety net to workers affected by free trade agreements.
4. Development to respect the need to maintain bio-diversity, sustained natural resources and environmental quality:
  - control health hazards in all industries and economic activities.
5. Achieve good governance in public- and private-sector administration focusing on sustained development:
  - improve law for social justice; and
  - improve transparency in administrative decisions.

---

In the Tenth Plan, social protection is given less importance than in previous plans, because the country has achieved social protection coverage to some degree. The focus of the plan in relation to decent work is the quality of workers' skills and knowledge, the promotion of a self-sufficient economy for sustained development, and the promotion of social dialogue in local communities. Since the current plan has been implemented for only one year, progress on policy monitoring and evaluation is also at an early stage.

## Social protection and other laws

Thai laws relevant to decent work are the following:

- Labour Protection Act, 1998;
- Labour Relations Act, 1975;
- State Enterprise Labour Relations Act, 2000;
- Social Security Act, 1990;
- Workmen's Compensation Act, 1994;
- Private School Teachers Act, 2008;
- Pension for Civil Servants Act, 1951;
- Government Pension Fund Act, 1987;
- Provident Fund Act, 1987;
- Skill Development Promotion Act, 2002; and
- Employment and Job Seeker Protection Act, 1985.

The Labour Protection Act is the most important and comprehensive law governing employees. It covers workers' basic rights, the employment of women and young workers, wages and overtime pay, wage committees, welfare, occupational and health safety, supervision, suspension from work, severance pay, the lodging and examination of complaints, the Employees' Welfare Fund, labour inspectors, the delivery of notices, and penal provisions. The law guarantees equal rights between male and female workers – however, these are not enforced with regard to workers in agriculture, fishing and freight transport, as well as home-based workers, and other types of work announced in Ministerial Regulations. This exception to the law appears to contravene the decent work concept.

Enforcement of the Labour Protection Act leaves some room for improvement, particularly regarding workers' rights on "up-front deposit" (see below), child labour, the minimum wage, and severance pay. The study conducted under ILO-STEP and WIEGO (*Doane et al*, 2003) showed that workers in some sub-contracted factories in the garment industry paid an up-front deposit to their employers, to guarantee that they could work for the same employer for at least six months or a year. Such an "up-front" guarantee is definitely prohibited under the Labour Protection Act.

Law enforcement on child labour and minimum wage issues is considered weak, but has been significantly improved. Thailand has ratified International Labour Convention No. 182 on the worst forms of child labour. The laws apply to children under 18 years of age and the worst forms of child labour are slavery or trafficking of children, children in

---

prostitution or in pornography, use of children in illegal activities or drugs trafficking, or in situations that could harm their moral or physical health. Enforcement of the minimum wage is not as strong as it was – this issue will be discussed in Chapter 3.

Enforcement of provisions regarding severance pay has been low. Employers avoid paying severance pay by signing short-term contracts with new employees, some of whom do not know they have a right to severance pay, and some do know, but do not wish to get involved in a legal process because of the many costs incurred. Data from a Socio-Economic Household Monitoring Survey show that in 2005 out of 1.6 million cases of unemployment, 20,455 were lay-offs; however, only 2,000 (10 per cent) of the workers affected received severance pay.<sup>3</sup>

On social dialogue, labour relations and state enterprise relations laws recognize workers' right to organize trade unions and to engage in collective bargaining. In 2006, there were 1,313 labour unions (state and private enterprises) with 300,000 million members for 13.7 million state-enterprise and private-sector employees. The unionization rate is low. This could be because the Act does not protect employees from dismissal for forming a labour union. Once a union is successfully established and its executive board members are elected, the union members are safe from dismissal. Besides, social dialogue is new to Thai culture. Small enterprises used to proliferate in Thailand and the relationship between employer and employees in these small enterprises was one of patron-client. Such employees would sacrifice some of their rights as employees in exchange for other forms of support from their employers. This relationship has gradually changed and now employees bargain for higher wages and benefits.

<sup>3</sup> This survey was conducted by the National Statistical Office. It was a new survey based on a repeated sampling design.





---

### 3. Demographics the labour market, and economic overview

This chapter shows that the demographic structure of Thailand has changed and the country is moving to an aging population. The economic structure has also changed in that the importance of the agricultural sector has declined both in terms of employment and output. The transport sector exhibited high growth recently and is expected to grow quickly as the Government invests in mega-infrastructure projects. Poverty has been reduced, except during the economic crisis. The Tables and Figures that are referred to throughout this Chapter are to be found in Appendix I.

#### Population, structure and projection

Thailand has high population growth, as in many developing countries. The rate of population growth was 2.65 per cent in the 1970s and declined to 1.75 per cent in the 1980s. A rapid reduction of population growth may be attributable both to the government's promotion of family planning and to changes in life-style and attitudes towards large families. The population growth rate diminished considerably in the 1990s, falling to only 1.0 per cent towards the end of the millennium. In 2000, the population stood at 62 million. Without any policy change, the population growth rate continued declining until it reached 0.72 per cent in 2008. This fact corresponds to a rapid drop in the total fertility rate (TFR). The TFR declined by almost half, from 4.8 in the 1970s to 2.8 in the 1980s. The rate is continuing to fall and is expected to fall below population replacement rate (2.1 per cent) (Table 3.1).

As in many countries, Thais now live longer but reproduce at a lower rate. Life expectancy at birth has gradually increased for both men and women. It increased from 58.5 years in the 1970s to 69.6 years between 2005–10 for men and from 62.4 to 76.2 years for women over the same period. The crude birth and death rates also diminished from 35.1 and 9.3 per thousand persons in 1971–75 to 16.7 and 6.7 respectively in 1996–2000. During the same periods, the infant mortality rate declined from 65.1 per thousand live births to 29. The main contributory factor in the improvement in life expectancy, crude death rate, and infant mortality may be the expansion of health-care centres across the country.

Population projections show that the gap between the number of men and women will grow (Table 3.2). The number of girls born is always smaller than that of boys. However, with a longer life expectancy, women are a larger proportion of the older population. In 2005, there were 32.4 million women and 31.9 million men. In 2020, these numbers are expected to rise to 35.5 million and 34.4 million for women and men, respectively. The gap between the numbers of men and women in the population will double from around 0.5 million in 2005 to 1 million in 2020.

In addition, the population in the 0–19 and 20–39 age groups is projected to become smaller, whereas the population in age groups 40–59, 60–69, and 70+ will continue to grow. The fastest growing group in 2005 and 2010 is age group 70+ and the fastest growing age group in 2015 and 2020 will be 60–69. The indications are therefore that Thailand is moving towards becoming an aging society.

Population projections for 2000 and 2020 show that a bell-shaped structure no longer illustrates the structure of the Thai population (Figure 3.1). The numbers in the age group 0–9 is smaller than the numbers in age group 10–39. The reproductive age group does not reproduce enough to replace itself. This could be because of the higher costs of having children. The pace of development has changed Thailand a great deal. More Thais move

---

from rural to urban areas, rely less on agriculture and have a higher level of education. These factors may change attitudes towards getting married young or having more children. The declining population pattern is expected to continue over the next 20 years. The youngest age group will be smaller than the reproductive age group, and the majority of the population will be in age group 40–54. With a lower crude death rate and a higher life expectancy at birth, there will be a drastic increase in the numbers of elderly people in the population.

As mentioned earlier, demographic indicators point to the aging of Thai society. In Table 3.3, the number of elderly (aged 60+) <sup>4</sup> was 2.5 million in 1980 and reached 5.7 million in 2000. The number is expected to increase to 11.3 million in 2020. The old-age dependency ratio, the proportion of the elderly population to the working age population (15–59 years), was 9.9 in 1980 and increased to 15.8 in 2005. The rate is expected to reach 25.2 in 2020. The child dependency ratio, however, will move in the opposite direction. Its rate was as high as 73.3 in 1980, and dropped to 35.5 by 2005. On average, 100 persons in the working population in 2020 will have to provide economic and social support for 31 children and 25 elderly persons. This will be a tremendous burden for working people.

The tendency towards an aging society is also supported by the projections of population shares shown in Figure 3.2. The proportion of the population aged 15–60 (those of working age), moves slightly upward, peaking in 2014, and declining thereafter. The proportion of the population aged 60+ continues increasing throughout the projection period, while the proportion aged 0–14 moves in the opposite direction. By 2027, the proportion of the population age 60+ will be greater than that aged 0–14.

The current demographic structure, declining birth rate and escalating proportion of older people, may have a negative impact on economic growth and tax revenues. A smaller proportion of the population will be in the productive age groups and the Government will have to spend more on health-care or, probably, social assistance if poverty is high among the elderly. However, Thailand currently enjoys a “demographic dividend”. The Government has had no policy on the demographic changes and has given no serious consideration to the impact of these changes.

## The labour market

The Thai labour market is segmented into formal and informal sectors. Workers in the formal market work in the non-agricultural sector, earn higher wages and are protected by the Labour Protection Act. They are also covered by various social security schemes.

Currently, Thailand has a labour force of about 37 million, of whom about 20 million are male. The labour force participation of male workers is always higher than that of female workers.<sup>5</sup> In 1995, the labour force participation rate for males was 91 per cent, but for females it was between 70 and 75 per cent depending upon the season of the year

<sup>4</sup> Retirement age for the government employees and state-enterprise employees is 60 years. Since Thailand has no universal pension scheme, it has never specified retirement age for other categories of workers.

<sup>5</sup> The labour force participation ratio is the percentage of people aged 15+ who are employed or are registered as unemployed to people aged 15+ who do not attend school.

---

(Figure 3.3).<sup>6</sup> Many women who were out of the labour force in the first quarter moved into it in the third quarter (the rainy season), when rural families need more help on the farm. This seasonal pattern is still prevalent even today. Labour force participation rates decreased slightly to 89 and 72 for males and females in 2007. The gaps between male and female labour force participation rates were between 16 and 18 percentage points in the third quarter of a year. The gaps were wider (19–21 percentage points) in the first quarter, when the female labour force participation was lower.

Table 3.4 shows that the Thai labour market has largely been dominated by male workers. In 1996, 55 per cent of the total labour force (17.6 million out of 32.3 million workers) were male. This proportion remained largely unchanged, though by 2007 there were 20 million male workers in a total labour force of 37 million.

In 1996, half of those employed (16 million out of 32 million) worked in agriculture. As agriculture is still by far the dominant sector, the following discussion will focus on labour force activities in the third quarter, when it is the harvest season. In the same year, the commercial sector's share of total employment was 15 per cent (5 million), and the manufacturing and service sectors 12 per cent (4 million). A high growth rate in commerce and service employment meant their shares increased to 18 and 17 per cent, respectively, in 2007, while employment in manufacturing increased to 15 per cent. In the same year, the share of employment in the agricultural sector decreased to 42 per cent (15.5 million out of 37 million). During the twelve-year period 1995–2007, average employment growth in the first and third quarters was 58 and 33 per cent in services and manufacturing sectors, respectively. During the same period, employment in the construction sector declined by 1 per cent and in the agricultural sector it increased by less than 1 per cent. These are the result of a structural shift in the Thai economy as manufacturing became an important sector. The decline in the construction sector can be explained by the fact that the level of activity in construction (and therefore its share in employment) was not sustained.

In 1996, the share of the youngest age group (15–19 years) in total employment was approximately 8 per cent (2.3 million). With the decline in the birth rate and the rise in school attendance, both the number and labour force share of this age group have reduced. By 2007, this youngest age group represented only 4 per cent of total employment (1.4 million) out of 37 million. By contrast, employment of those aged 40 and over showed an upward trend. Between 1996 and 2007, the employment share of the 40–49 age group increased from 19 to 25 per cent, and that of the 50–59 age group increased from 12 to 16 per cent.

On average the educational level of Thai workers is low, but their skill level has improved. Table 3.4 shows that most employed workers have a low education level and live in the north-eastern and central parts of the country. In 1996, 77 and 10 per cent of the employed had achieved primary education and lower-secondary education, respectively. The situation had improved a little by 2007: the number and proportion of workers having achieved a higher educational level had increased, while the number of workers educated just to primary level had fallen from 2.5 million to 2.2 million, though these workers still represented by far the majority of the Thai labour force (59 per cent). This labour force structure may make it more difficult for Thailand to develop into an advanced economy in the near future. The shares of employment in Bangkok and surrounding provinces have been declining, which implies that more economic activities have expanded to the regions,

<sup>6</sup> The data on the Thai labour market are drawn mainly from the Labour Force Survey (LFS). The Survey has been conducted by the National Statistical Office since 1963, and used to be conducted twice a year in February (round one) and August (round three). Currently, it is conducted every month, but the survey data are released quarterly.

---

particularly the provinces in the centre. The share of employment in the central region increased from 23 per cent in 1996 to 26 per cent in 2007.

This report defines formal-sector workers as those who work as government employees, state-enterprise employees, and private-sector employees and employers in the non-agricultural sectors; these workers enjoy a range of statutory protection and other laws and participate in a variety of social insurance schemes. Those who wish to work in the formal sector face various kinds of barriers to entry, e.g., they must have a high level of education, they must also have skills and be competitive, and have access to employment information because in many cases state and private enterprises do not advertise vacancies. In some cases, job seekers need to have a good network in order to obtain a decent job.<sup>7</sup> Most workers in the formal sector are non-agricultural employees (Figure 3.4).

The number of workers employed in private enterprises fluctuates between the first and third quarters in each year. This is because the unskilled workers move to the agriculture sector during the rainy season. As they were unskilled and earning the minimum wage, the cost of moving between seasons was low. However, as Figure 3.4 shows, the fluctuation between quarters has reduced significantly over the past ten years. This may be because workers who withdrew from the agriculture sector did so permanently once the families had settled in the city.

Workers in the informal sector are those who work as employers and employees in agriculture, the self-employed, and unpaid family workers. Self-employment is the main work status of workers in the informal sector (Figure 3.5). The numbers of self-employed range between 10 to 11 million; most of them work in commerce and agriculture. Unpaid family workers are the second largest group in the informal sector. This type of work is strongly determined by the agricultural season: the number of unpaid family workers each year reaches its peak in the third quarter (harvest time).

On average, workers in the formal sector accounted for 36 per cent of the labour force in 1995, increasing to 41 per cent in 2007 (Figure 3.6). The share of workers in the informal sector moved in the opposite direction. In 1995, the share was almost 64 per cent and decreased to under 60 per cent in 2007. The seasonal pattern of the number of formal-sector workers is caused mainly by the seasonal mobility of workers in medium and small firms. Since the unskilled and agriculture labour markets are free-entry competitive markets, movement between two sectors is normal. However, as a result of the development of the Thai labour market, more and more labour has moved into the formal sector, where there are barriers to entry, and the cost of moving between these two sectors has increased. As a result, the difference in the numbers of workers between the first and third quarters has become smaller.

The majority of workers in the formal sector have primary education, same as the majority of the national labour force. Workers with a lower-secondary education used to be the second largest group until they were outnumbered by those with university degrees, after 1998. Improved access to the educational system and the expansion in the number of university places have meant that the number of workers with a university degree has more than doubled, from 1.3 million in 1995 to 3.2 million in 2007 (Figure 3.7).

<sup>7</sup> Some might say that private employees in small firms should be classified as being in the informal labour market, since they are in a perfectly competitive labour market, namely receiving only minimum wages. Since this report focuses on social protection for different work cohorts, private employees in small firms, just as those in medium and large firms, are covered by the social security schemes. In this respect, these workers can be considered as being in the formal labour market.

---

The picture of the educational attainment in the informal sector looks very different from that achieved by workers in the formal sector (Figure 3.8). Primary-school education is by far the highest level of education attained by workers in the informal sector, applying to 88 per cent of those workers in 1995. The proportion fell to 73 per cent in 2007, but was still considered very high. With a low educational level, it is harder for these workers to get a decent job in the formal labour market. Moreover, workers in the informal sector are on average older.

Thailand experienced quite low unemployment rates over the past 15 years, except during the economic crisis. In normal periods, the Thai unemployment rate is quite low, compared with OECD countries. This could be because the large informal sector absorbs a large pool of the unskilled. The third quarter three of the year always shows a lower unemployment rate than the first (Figure 3.9). The average unemployment rate in 1995–97 was 1.6 per cent, and it went up to 3.8 per cent during the economic crisis in 1998–2001. After the crisis the average unemployment rate in the period 2002–07 was 2 per cent. The male and female unemployment rates are almost identical. The number of unemployed was at its lowest for both male and female workers (0.3 million unemployed) in the third quarter of 1997, just when the economic crisis hit Thailand. The number of unemployed reached its peak in the first quarter of 1999 when 1.7 million workers were out of work. In 2007, the total number of unemployed was around 0.4 million.

Although the unemployment rates are very similar for male and female workers since 1996, the numbers of unemployed male workers have consistently been larger than those of unemployed female workers (Table 3.5). The difference widened after 1998. In the same period, most unemployed worker were in the 20–29 age group, whereas most employed workers were in the 30–39 age group (Table 3.4). The numbers of unemployed in all age groups experienced an increase since their lowest in 1997, but the age group 60+ was the only group in which the number of unemployed was smaller than in the period before the crisis (1996). Most of the unemployed workers have primary education and live in north-eastern region. They may have worked in Bangkok or in other regions before becoming unemployed.

Regarding earnings, workers in the agricultural sector earn lower wages than those in the non-agricultural sector (Figure 3.10). In the private sector, employees in agriculture earned 1,569 baht per month in the first quarter of 1991 whereas employees in non-agricultural activities earned 90 per cent higher (2,977 baht per month). By 2007, the gap between agricultural and non-agricultural wages widened: in the first quarter of 2007, non-agricultural workers earned 7,139 baht per month, more than double the agricultural wages, which stood at 3,533 baht per month.

During the period 1991–2007, the average quarter-on-quarter growths of the monthly wage for non-agricultural workers and for agricultural workers were at 5.68 and 5.52 per cent, respectively. Non-agricultural workers experienced negative wage growth three times: in 1998, 2002, and 2007. However, agricultural workers had to bear with negative wage growth for considerably longer, from the third quarter of 1998 to the first quarter of 2000, from the first quarter of 2001 to the third quarter of 2002, and again in the third quarter of 2005. Their monthly earnings were lower than that represented by the minimum wage for 22 days. The figure also shows that the real wages of agriculture workers were highest in 1997 and declined after that year. The real wages of non-agricultural and agricultural workers in 2007 were about the same as their respective real wages in 1997.

Figure 3.11 indicates that the return on education of university graduates is more than twice that of those with upper-secondary education. With a further three years of education, employees with lower vocational education earn about 1.5 times more than those with lower-secondary education. During the period 1995–2007, workers with primary to upper-vocational education experienced a small improvement in their earnings,

---

while the average monthly wage of graduates increased significantly, from 14,000 baht to 20,000 baht per month. This trend is likely to be reflected in a widening income gap at national level.

The law on the minimum wage in Thailand has been enforced since 1972. Initially, the minimum wage law was enforced only in Bangkok and Metropolis areas. In 1974, it began to be enforced across the country. At that time, a national committee set separate minimum wage rates in three areas: Bangkok and Metropolis, the 38 large provinces and other small provinces. The amendment of the labour protection law in 1998 allowed the (tripartite) Minimum Wage Committee to adjust the minimum wage in each area on the basis of the cost of living, inflation, standard of living, cost of production, firms' competitiveness, labour productivity, GDP and other economic and social factors.

In 2007, there were 20 levels of the daily minimum wage, ranging from 143 to 191 baht. Figure 3.12 shows the minimum wage rate for Bangkok and Metropolis. The nominal rates grew very fast in the period 1991–1997, with the highest annual growth rate of 15 per cent in 1992. After the economic crisis, the minimum wage in Bangkok was fixed at 162 baht per day for three years (1998–2000). The average annual growth rate of the nominal minimum wage was around 1 per cent during 1997–2002. In 2004–07, this increased to 3 per cent. The terminal real value of the minimum wage, however, moved in the opposite direction. After the crisis, workers in Bangkok experienced a 7 per cent reduction in the real minimum wage (from 181 in the first quarter 1997 to 168 in the third quarter of 1999). The real minimum wage continued its downward trend until 2007. Over the period 2000–07, the average growth rate of the real minimum wage was -0.2 per cent.

Law enforcement in Thailand is considered weak, particularly on labour protection law. In 1995, about 40 per cent of employees worked either for below the minimum wage or half the national average wage (Figure 3.13). Fortunately, the proportion of employees working for below the minimum wage has been declining. This may imply that the enforcement of the minimum wage law has improved or that the demand for labour has grown so quickly that it has forced firms to pay workers at least the minimum wage. However, it does not imply that the quality of life of the working poor is comparatively better, since increases in the minimum wage were rather small. Moreover, the proportion of employees earning wages below half the national average wage fluctuated between 35 and 50 per cent. Economic growth improves the wages of some cohorts, but does not reduce the variation of wages across employees.

Over time, the profile of the working poor has not changed much, as shown in Table 3.6. In 2007, about 74 per cent of workers earning below the minimum wage had a primary-school education only. Most of them were in the prime age group (20–39 years). The minimum wage regulation is not applied to workers in agriculture, thus about 37 per cent of employees in that sector earned below the minimum wage in 2007. The proportion of workers earning below the minimum wage is also quite high in other sectors.

In the third quarter of 2007, about 3 million out of 15 million employees earned below the minimum wages. Figures 3.14 to 3.16 show the proportion of the working poor or employees earning below the statutory minimum wage as a percentage of total employment by age group, education and industry. It is quite sad to see that older and young workers are the age groups least protected by the law. However, over time, the proportion of working poor showed an improvement in all age groups, in particular the incidence of the working poor in the 15–19 years age group improved significantly. People in this age group may choose to go to school rather than work in a low-paid jobs. The proportion of this age group working below minimum wage went down from 59 to 39 per cent between the third quarter of 1995 to that of 2007. The most disadvantage group, those aged over 60, retained its highest share. Approximately 54 per cent of this age group earned below the minimum wage in 2007.

---

The incidence of working poor by level of education shows that those with a primary or a lower-secondary education moved to a comparatively better position over the past 15 years. The proportion of employees with primary education earning the minimum wage decreased considerably, from 50 to 35 per cent, between 1995 and 2007. The proportion of employees with an upper-secondary or a lower vocational education increased by 1–2 percentage points, while that of employees with an upper vocational education or a university degree earning below the minimum wage changed very little.

Setting aside the agricultural sector (in which the minimum wage is not applied), construction is the least favourable sector in terms of application of the minimum wage: between 1995 and 2007, approximately 30–40 per cent of employees in the construction sector consistently earned below the minimum wage. It may be difficult for officials to enforce the law in this sector as there are innumerable small construction sites all over the country. Moreover, employees in this sector are very mobile, frequently moving between jobs and between sectors.

## The economic and fiscal situation

Thailand's macroeconomic performance over the period 1990–2007 can be characterized as a high-growth period in 1990–95, a crisis period in 1996–99, and one of recovery and low growth in 2000–07. During the high-growth period, real GDP increased from 2 trillion baht<sup>8</sup> in 1990 to 2.9 trillion baht in 1995, with annual growth rates of 11 and 9 per cent, respectively. The rapid growth of the early 1990s gave officials a false sense of security and from 1990 they embarked on a programme of financial liberalization and deregulation. This macroeconomic policy inconsistency was arguably one of the most important factors triggering the 1997 currency-cum-banking crisis.

Although most of the Thai labour force works in agriculture, domestic output's main contribution comes from the non-agricultural sector (approximately 90 per cent of GDP in 1995). The major components of Thai GDP are from manufacturing and commerce. In the pre-crisis period, the manufacturing sector contributed 1,000 billion baht to GDP, followed closely by the commercial sector which contributed 837 billion baht to GDP (Figure 3.17). At that time, together, these two sectors then accounted for 63 per cent of total GDP (Figure 3.18).

In 1996, there were some signs of the coming economic crisis, which hit the country in 1997 reaching its worst impact in 1998. During that period, the manufacturing and commercial sectors experienced negative growth rates of 11 and 16 per cent, respectively (Figure 3.19). The construction sector contracted the most, with a negative growth rate of 38 per cent, and did not return to its highest growth again until 2004. Services, by contrast, were able to achieve a slightly positive rate of growth during the crisis, and adjusted to normal quite quickly, compared with the other sectors.

During the recovery period, the manufacturing sector returned to the highest growth rate it had achieved before and contributed the largest share to GDP. In 2007, manufacturing was still the most important contributor to GDP, accounting for 42 per cent of total GDP, up from 34 per cent in 1995. Transportation and services are the other two sectors that increased their shares of GDP compared with their performances in the pre-crisis period. Each of the two sectors increased its share by two percentage points. The agricultural sector shrank a little, while construction and commerce reduced their shares by 4 and 7.5 percentage points, respectively. The highest growth sectors in 2007 were those

<sup>8</sup> In 2006, US\$1 and 1 euro were on average equal to 37.93 baht and 47.55 baht (source: Bank of Thailand).

---

with the highest shares of real GDP, i.e. transportation (6 per cent), manufacturing (5.6 per cent), and services (4.2 per cent). With a mega-project on public transport being planned, the growth in the transport sector is expected to continue. Agriculture and commerce were growing at the same rate (3.9 per cent), and the sector showing the least growth was construction (2.1 per cent).

The composition of personal income changed significantly during the recovery period (Figure 3.20). The proportion of personal income from property and entrepreneurship declined from 16 per cent in 1998 to 5.6 per cent in 2007. Between 1995 and 2007, personal income from earnings decreased slightly, from 45 to 44 per cent, whereas income from self-employment increased from 38 to 45 per cent. Social security benefits and other transfers represent the smallest share of personal income. However, its share has more than doubled and is expected to increase further in future as more employees are covered by social security.

The general policy of the Thai Government has been to run a fiscal deficit. In Thailand, government expenditure as a proportion of GDP has generally been low compared to many developed and developing countries. In 1995, this proportion was only 15.3 per cent of GDP (Figure 3.21). It increased to 19.7 per cent in 1997 when real GDP declined. During the period of 1998–2002, government expenditure was 17–18 per cent of GDP. In this period, the government gained a surplus of one hundred billion baht per annum. Between 2003 and 2007, government expenditure as a proportion of GDP was an average 17.5 per cent. During this period, budget surpluses emerged in 2003 and 2006.

The major components of government expenditure are on capital expenditure and wages and salaries (Figure 3.22). In 1997, capital expenditure represented almost 50 half of total government expenditure and the proportion of wages and salaries was almost 30 per cent. However, the proportion of government expenditure on capital has been declining since the crisis; it accounted for merely 17 per cent of total expenditure in 2003. The proportion of government expenditure on subsidies and transfers has been growing since 1995. In 2003, this accounted for 24 per cent of total expenditure.

By far the largest part of government revenues comes from tax (almost 90 per cent). The share of indirect tax out of total tax revenue was 59 per cent in 1995, and had decreased to 52 per cent by 2007 (Figure 3.23). Revenues from indirect taxes ranged from 476 billion baht to 847 billion baht in 1995–2007; their average annual growth rate was 5 per cent, with the highest growth rate of 15 per cent achieved in 2003. Revenues from personal income taxes and corporate income tax ranged from 243 to 577 billion baht in 1995–2007. They fell by 20 per cent in 1998, when working people were hit hardest by the economic crisis. The average annual growth rate of income taxes was 13 per cent in the period 2000–07.

The Government has recently paid greater attention to social expenditure items, such as public health-care and social security. Government expenditure on public health-care consists of expenditure on public health, civil servants' medical benefits, health-care for employees (under social security benefits), and a universal health-care scheme (UC). Between 1995 and 2005, the share of public health-care expenditure out of total government expenditure was approximately 9.5 per cent; by 2006, this share had increased to 12 per cent (Figure 3.24).

The core component of health expenditure is that channelled through the Ministry of Public Health, which includes the UC. The establishment of the UC increased government expenditure channelled (through the Ministry of Public Health) from 61 billion baht in 2001 to 107 billion baht in 2006. However, the proportion of expenditure channelled through Ministry of Public Health to total government health expenditure declined from an average of 76 per cent before the programme to 72 per cent after the UC initiative. This is because expenditure on the civil servants' medical service gradually increased over time



---

from 19 per cent in 1995 to 24 per cent in 2006. Social security contributions represented a minor part of this expenditure during the same period, merely accounting for 5 per cent.

## Poverty

The incidence of poverty in Thailand was calculated using the Socio-Economic Survey (SES), which was conducted by the National Statistical Office every two years (except the special surveys in 1999 and 2001). As shown in Figure 3.25, the incidence of poverty fluctuated considerably during the three crisis periods: of high growth, crisis, and recovery. Following the high growth period, the national poverty head count ratio had declined to a low figure of 11.4 per cent by 1996. The rate of poverty rose during the crisis, reaching 16 per cent in 1999. It then took a downward trend in 2000. In 2006, approximately 9.5 per cent of the population was living below the poverty line.

The north-eastern part of the country has always had the highest poverty rate. In 1990 its poverty rate was 46 per cent, compared with 34 per cent nationally. The rate had declined to 17 per cent by 2006 (3.6 million) of the population, but was still considered high compared with the national poverty rate of 10 per cent. The incidence of poverty was lowest in Bangkok and surrounding provinces. In 2006, only 0.5 per cent of Bangkok's population (29,000 people) were poor.

The Gini coefficient shows that income inequality was reduced during the period of 1992–96 (Table 3.7). But, it increased again during the crisis period, when Gini coefficients were even higher than in 1990. Income inequality reduced slightly between 2001 and 2004. The income shares of the bottom income quintile increased from 3.9 per cent in 2000 to 4.5 per cent in 2004, while those of the highest income quintile decreased from 57.5 per cent in 2000 to 54.9 per cent in 2004. However, by 2006 the situation had reversed, as the income share of every quintile except the highest quintile decreased. The latest figures (for 2006) suggest that income inequality is once again increasing - the share of the highest quintile increasing to about 56 per cent.



---

## 4. Contributory social protection schemes

As stated in Chapter 1, Thailand's has both contributory and non-contributory social protection schemes. This chapter presents the contributory schemes covering government employees, state enterprise employees, private-sector employees in the non-agricultural sector, and private-school teachers. The workers concerned are required to contribute a proportion of their wages to the funds, namely the Workmen's Compensation Fund, the Social Security Fund, the Provident Fund, the Government Pension Fund, and the Private School Teachers' Welfare Fund. Each fund provides various types and levels of benefit. This is considered one of the characteristics of Thailand's non-unified social protection system. The Tables and Figures that are referred to throughout this Chapter are to be found in Appendix II.

### Workmen's Compensation Fund (WCF)

Social protection schemes for private-sector employees are administered by a government institution, the Social Security Office (SSO), which controls two funds, the Workmen's Compensation Fund (WCF) and the Social Security Fund (SSF). The WCF was the first social protection fund for private-sector employees founded in 1974 by the announcement No. 103 of the Revolutionary Council in 1972. Its main objective was to provide social security to workers injured or sick because of work-related activities. The WCF was administered by the Department of Labour in the Ministry of Interior up to 1990, when the SSO was established. The WCF is now provided for under the Workmen's Compensation Act, 1994.

When the WCF was first established, it provided work injury benefits to workers in private enterprises in Bangkok employing 20 or more employees. In 1988, coverage was extended across the country. In 1994, coverage under the workmen's compensation law was extended to workers in small private enterprises employing 10–19 persons. The last amendment to the law occurred in 2002, when coverage was also extended to workers in micro enterprises employing up to nine workers. This amendment prompted a 220 per cent increase in the number of private enterprises registered, from 79,200 enterprises in 2001 to 253,400 enterprises in 2002 (Figure 4.1).

The WCF provides benefits to insured persons who are injured or sick for work-related reasons. The WCF is financed solely by employers' contributions. In 1992–97, the main contribution rates ranged between 0.2 and 2.0 per cent of insured earnings, depending on the type of enterprise concerned. Because of the crisis, the maximum contribution rate fell to 1.0 per cent in 1997 and has not changed since. To encourage occupational safety, the WCF levies contribution rates based on individual enterprises' accident rates. Enterprises that have registered with the WCF for four years and have not reported any work-related accident are entitled to a reduced contribution rate. This can amount to 80 per cent of the main contribution rate. However, enterprises that have reported work-related injuries may incur an increase in their contribution rate of up to 150 per cent of the main contribution rate. The benefits provided by the WCF include sickness, disability and death and survivors' benefits (for details, see Table 4.1).

In 1991, 581 workers died because of work-related injuries or illnesses (Table 4.2). On average, there were 30 work-related deaths per 1,000 enterprises. Fortunately, this number did not increase in line with the growth in registered private enterprises. In 2002, the work-related deaths per 1,000 enterprises declined to 2.6. By 2006, the rate reduced slightly to 2.5 per 1,000 enterprises.

---

The proportions of cases of permanent or partial disability per registered private enterprise have been declining. In 1994, 13 workers (0.3 workers per 1,000 private enterprises), were permanently disabled. By 2002, when WCF covered more employees, only 0.06 workers per 1,000 private enterprises were permanently disabled. The number of partially disabled workers or workers having lost a limb per 1,000 private enterprises decreased from 110.67 in 1991 to 10.75 in 2006.

Revenues for the WCF comes from two main sources: employers' contributions and interest accrued from the Fund's investments. In 1991–97, WCF contribution revenues increased at a rate of 22.8 per cent per annum. In 1998, contributions dropped by 22.5 per cent, but revived to reach 12.9 per cent by 2002. The reduction in contribution revenues in 1998 may have arisen from a reduction in employers' contribution rates, and a smaller number of insured persons. However, over the period 1991–2006, the WCF was still able to achieve an accumulation surplus (Figure 4.2). In 2006, the net assets of the WCF stood at 18 billion baht.

## Social Security Fund (SSF)

The SSF was set up under the Social Security Act, 1990.<sup>9</sup> Three types of persons could be insured under the Act:

- under Article 33, persons employed in non-agricultural enterprises; they were entitled to all types of benefit provided by the Social Security Office;
- under Article 39, the unemployed, formerly insured persons; as they were unemployed, they had to pay the employer's contribution as well as their own; they were also entitled to all types of SSO benefit, except for unemployment insurance benefit;
- under Article 40, the self-employed and other excluded people were entitled to certain benefits, namely, maternity, invalidity and death benefits.

When the SSF law first came into force, the number of insured persons (under Article 33) was 2.9 million in 1991 (Figure 4.3). This grew by 32.2 and 19.6 per cent over the next two years, respectively, the two highest rates of growth the SSF ever experienced. In 1998, one year after the economic crisis, the number of insured persons fell by 10.5 per cent, which was almost equivalent to a negative GDP growth rate. The average annual increase in the number of insured persons over the period 1991–2002 was 8.8 per cent. The large increase in 2002 was the result of an extension of coverage to employees of micro enterprises. In 2007, there were 9.2 million insured persons, of whom 8.8 million were eligible under Article 33.

The SSF provides a wider range of non-work-related benefits (Table 4.3). In 2008, the SSF provides seven types of benefit: sickness, maternity, invalidity, death, and unemployment, and old-age benefit, and child allowance. The SSF is financed by employee, employer, and government contributions.

In 1991–97, the contribution rate for sickness, maternity, invalidity and death benefits, was set at 1.5 per cent of insured earnings (1,650–15,000 baht) (Table 4.4), the maximum rate set by the law. Owing to the economic crisis in 1997, the contribution rate was temporarily reduced to 1 per cent of insured earnings in 1998. When the old-age

<sup>9</sup> The first Social Security Act was announced in 1954.

---

benefit and child allowance were granted at the end of 1998, the total contribution rate for both benefits was 2 per cent in 1999. The contribution rate for the old-age benefit and child allowance later increased to 2 per cent in 2000 and to 3 per cent (the maximum set by the law), in 2003. Persons insured under Article 39 have to pay contributions as if they are both employee and employer. Insured earnings for persons insured under Article 39 are fixed at 4,800 baht per month. Moreover, contribution for persons insured under Article 40 is a lump sum of 3,360 baht per annum.

In 1994, there were 4 million beneficiaries out of all the insured persons, (Table 4.5). The numbers of beneficiaries of invalidity and death benefits were 232 and 6,642, respectively. The invalidity caseload grew by 32.7 per cent to 308 in the following year and by 41 per cent in 2002. The growth in the number of cases of death benefit was highest in 1995 (41 per cent). In 2006, the number of death benefits beneficiaries was 17,662.

The number of beneficiaries of maternity benefit was 99,250 in 1994. As for the invalidity and death benefits, there was a marked rise in the caseload (42 per cent) in 1995. The number of beneficiaries decreased during the crisis in 1998–99. In 2005, the number of beneficiaries was 251,960, a negative growth rate for the first time. The SSO changed the maternity benefit package for child delivery in November 2005, with the result that the statistics for before and after the change are not strictly comparable.

When the old-age benefit and child allowance became available, not many insured persons applied for them. In 1999, the number of beneficiaries of child allowance was 149,926 and of old-age benefit 2,986. This may have been due to lack of information. Child allowance claimants increased significantly in 2007, reaching over a million cases per month.

The caseload for unemployment insurance (UI) benefit has been increasing since the scheme started in 2004 (Figure 4.4). Its average growth was 5.1 per cent in 2005 and 3.11 per cent in 2007. About 30–40 per cent of UI claims are due to lay-offs. In 2007, the cost of UI benefits amounted to about 1,880 million bath.

The SSF accumulates more assets than the WCF. In the first year of its existence, the SSF collected revenues of 3 billion baht, of which 97 per cent were from tripartite contributions. The annual growth rate of SSF revenues in the period 1991–97 was 41.9 per cent – but it fell to -25.5 per cent in 1998. Although the number of employee contributors was lower in 1999, the SSF was able to achieve higher revenues and fund accumulation in 1999 than in 1997 owing to a higher contribution rate because of an extension of the type of benefit. Since 2000, the Government share of contributions has been smaller. The Government makes no contribution to old-age benefit. Contributions to old-age benefit increased the size of the social security fund largely (Figure 4.5) because it is currently in accumulation phase and very few members will qualify for pension benefits within the next ten years. For this reason, it is critical that the SSF is now invested effectively.

## **Provident funds**

The provident fund system was established in Thailand before 1984. During Thailand's fifth National Economic and Social Development Plan, the Government wished to encourage saving among employees in the formal sector, and the Provident Fund Act B.E., 1987 was passed. The Fiscal Policy Office was responsible for registering and monitoring the funds. An amendment to the Provident Fund Act in 2000 transferred the responsibility for monitoring and registering of the funds to the Security and Exchange Commission (SEC).

---

The aim of establishing the provident fund system was basically to encourage long-term saving by formal sector employees and to provide income security for employees and their families when they retire, or become disabled or unemployed.

The provident funds are managed by registered fund management companies, which are selected by the firms' fund committees. The fund committees are typically selected or assigned from employers and employees. These committees are monitored by the SEC.

Each month, the management of the enterprise that set up the provident fund must report the provident fund's membership, and the amounts contributed by the employers and by the employees. Employers must transfer monthly contributions to the registered provident fund within three days of issuing the payroll. On retirement (at the age of 55 or over) or when his/her employment is terminated, the employee receives a lump sum composed of his/her contribution, the employer's contribution and the investment income

Employees of government organizations, state enterprises, and private companies, as well as their family members, can belong to a provident fund on a voluntary basis. Members of a provident fund are eligible for personal income tax deduction, depending upon the amount of their contribution; a maximum of 300,000 baht can be deducted each year. Moreover, investment income accrued from the provident fund is tax-exempt.

The provident fund is financed through employer and employee contributions. According to the Provident Fund Act, the employee's contribution rate must be between 2 and 15 per cent of salary. Employers, however, have an obligation to contribute an amount at least equal to the employee's contribution. This rule has made employers reluctant to raise employees' contributions to the fund.

In 1987, 514 employers registered with the provident funds. Approximately 83,000 employees were members of the funds. By 2007, the number of registered employers had increased to 8,187 and 2 million employees were members of provident funds (Figure 4.6).

The provident funds have been accumulating assets of since 1984; in 1984, there were 159 funds with a Net Asset Value (NAV) of 562 million baht. After the passage of the Provident Fund Act in 1987, the number of funds increased to 522 with a NAV of 3.2 billion baht. The number of funds was highest in 1998 (979 funds). After the crisis, many firms closed down and workers were laid off. As a result, the number and size of provident funds in 1999 shrank. In 2007, there were 513 provident funds with a NAV of 442 billion baht (Figure 4.7).

## **The Government Pension Fund (GPF)**

The Government Pension Fund (GPF) was established by the Government Pension Fund Act, 1987. It acts like a provident fund, but limits membership to government officials. Membership of the GPF is on a voluntary basis, except for officials who started working for the Government after March 1996. In such cases, membership of the GPF is mandatory.

Contributions by Government and individual members used to be 3 per cent of salary each. However, in 2008, an amendment to the GPF's regulations allowed members to contribute up to 12 per cent of salary. The Government continues to contribute at the same rate. For government officials employed before March 1996 who choose to join the GPF, the Government adds seed money equals to 2 per cent of their accumulated salaries since their employment started and an additional monthly contribution of 2 per cent of salary to their GPF account.

Government officials eligible to belong to the GPF are as follows:

- 
- civil servants;
  - court officials;
  - civil servants working in public universities;
  - public prosecutors;
  - teachers in state schools;
  - parliamentary officials;
  - police officials;
  - military officials;
  - officials of the Office of the Administrative Court;
  - officials of the Office of the National Counter-Corruption Commission;
  - officials of the Office of the Auditor-General of Thailand.

In 1997, approximately 88 per cent of government employees were members of the GPF. This proportion has gradually increased: in 2003, the GPF had 1.16 million members, 96 per cent of government employees. The number of GPF members in 2004 fell by almost 50,000 (owing to an early retirement scheme) and the Fund had accumulated almost 250 billion baht (Figure 4.8). The reduction in GPF membership indicates that the Government had lost a large number of workers aged 20–49 years. Figure 4.9, shows that the members of GPF are quite elderly. Almost 65 per cent are aged over 40 years.

### **Private-School Teachers' Welfare Fund (PSTWF)**

Social protection for private-school teachers started in 1975, with an amendment to the Private School Act, 1954. In accordance with that Act, the PSTWF was set up and administered by a sub-committee chaired by the head of the Office of the Private Education Commission. The main objectives were to improve the quality of life of private-school teachers and to provide them with various welfare schemes. Before the Private School Act was enacted, private-school teachers were poorly paid and lived in insecure conditions, compared with teachers in state schools.

In 2008 a new Private School Act was announced. The PSTWF became a private entity, run by a board of directors chaired by the Permanent Secretary of the Ministry of Education. The director of the Fund is appointed by the board of directors. The new act stipulates that a private school's director, teachers and staff are not covered by the Labour Protection Act or any of the labour laws. However, it guarantees that private schools' staff salaries cannot be lower than the guaranteed minimum wage in the Labour Protection Act.

The new PSTWF has the following objectives:

- to provide a provident fund for a private school's director, teachers, and staff;
- to provide welfare benefits to a private school's director, teachers, and staff;

- 
- to promote saving by private schools' directors, teachers, and staff; and
  - to provide financial assistance to eligible staff.

Members of the PSTWF are private-school teachers and school principals. Total membership is rather small compared with other categories of workers: in 2006, the PSTWF had about 150,000 members. However, under the new law, there will more new members as the staff of private schools will be eligible to belong to PSTWF.

The new PSTWF's revenue come from transfers from the previous PSTWF, contributions from private schools' directors, teachers and staff, from private schools, contribution from the Ministry of Education, donations, interest income and other income. The contribution rate is determined by the board, but cannot exceed 3 per cent of salary. Private schools have to contribute an equal amount to each member's contribution. The Ministry of Education contributes twice as much as the members' contribution.

The benefit package for private-school teachers used to include free health-care, child allowances and school fees, long-term service awards, invalidity and death benefits and old-age benefits. The benefit package under the new law will be determined by the board of directors. What is new in terms of benefit is that the members of may borrow money from the Fund.

Private school teachers do not receive a generous old-age benefit compared with their state-school counterpart, and do not have a pension. Their contributions to the PSTWF have only been tax-deductible since 2000. In 2002, approximately 6,000 teachers retired, but only two-thirds of them received a lump-sum payment from the PSTWF.

The Fund is not managed professionally. Under the new law, its investment policy will be determined by the board of directors under the supervision of the Ministry of Finance. Prior to 2006, the Fund's assets were invested in a conservative way, i.e. placed with domestic commercial banks, and as a result, the Fund was not as prosperous as it should have been. Moreover, the Government usually paid lower contributions than it should have (6 per cent of teachers' salaries). We do not expect that private-school teachers and staff will obtain better benefits under the new law, and the financial circumstances of the PSTWF are not expected to improve.



---

## 5. Non-contributory social protection schemes

Government officials and state-enterprise employees<sup>10</sup> are the two categories of workers receiving non-contributory social protection from the Government. Government officials and civil servants receive medical care, pensions, child allowances, death and disability benefits. This chapter will focus on the pension provision and medical care for government officials.

State-enterprise employees receive the same types of benefit as private-sector employees, except that they do not receive a pension (see Chapter 1). The benefits are financed by the State-enterprises' revenue. Given that there are over 50 state enterprises, each providing slightly different benefits, this report does not describe these provisions in such detail.

Thailand does, however, provide one form of social protection coverage for all non-employees, namely, universal health-care scheme which began in 2001. It provides free health-care to people who are not covered by other social protection schemes. The scheme used to be called "the 30 baht health-care scheme", as it charged 30 baht for a hospital visit. The coverage and funding of this scheme are explained below.

The last section of this chapter explains the social assistance available to disadvantaged and vulnerable groups; these schemes are financed from general tax revenue. The Tables and Figures that are referred to throughout this Chapter are to be found in Appendix III.

### Pensions

Thailand has no universal pension system. Government employees are the only group receiving pensions or lump-sum payments from the Government when they retire. Since 1901, pension or lump-sum payments have been considered a reward for government employees' long-term service to the country. These payments are financed from general tax revenues.

A retired government official can choose between receiving a lump-sum payment or a pension on condition that they:

- reach the retirement age of 60;
- have been employed for at least 25 years; or
- wish to terminate their employment at the age of 50.

Those younger than 50 who have been employed for at least ten years are eligible for a lump-sum payment. Government officials who retire from work owing to work-related disability or injury or loss of organs while on the job may receive a special pension. This government pension is transferable: in the case of those who die for employment-related reasons or in the course of their work, the pension can be transferred to their children or relatives.

<sup>10</sup> Government employees are classified into government officials, state employees, government permanent employees, and government temporary employees. They enjoy somewhat different types of benefit, careers, and legal status. Only government officials can receive a monthly pension.

---

The pensions and lump-sum payments for government officials are determined as follows:

- Pension = (years of employment) x (last salary endorsed)/50
- Lump-sum payment = (last salary endorsed) x (years of employment)

Prior to March 1996, the amounts of the lump-sum and the pension were based on the retiree's last salary endorsed, not the actual salary received. This caused an artificially high pension payment because many retirees received a favourable salary adjustment a month before retirement. Moreover, there is no cap on pension payments. Government expenditure on the pension payments grew by about 20 per cent annually (from 6.6 billion baht in 1990 to 19.7 billion baht in 1996).

As a result, the government officials' pension system was reformed in March 1996; government officials who start work after March 1996 must belong to the GPF. Those employed before March 1996 may choose to belong to the GPF. Membership of the GPF affects the formula for calculating the pension and lump sum and the maximum pension that retirees can receive. The salary base for calculating pension and lump-sum payment changed from "last salary endorsed" to "average salary over the last 60 months before retirement". The cap to pension payment is 70 per cent of average salary over the last 60 months before retirement. However, even after the 1996 reform, expenditure on pensions still grew by 25 per cent in 1997 and 24 per cent in 2000 (Figure 5.1).

The ratio of pensioners to serving officials has now reached nearly 20 per cent. This proportion is expected to increase further as the number of government officials has been frozen and more than 60 per cent of government officials are aged over 40 years. In 2006–07, the Government spent about 50 billion baht on pensions and about 3.5 billion on lump-sum payments. The number of retirees receiving lump-sum payment in 2007 was close to 10,000. Most of them did not qualify for a monthly pension (Table 5.1).

## Health-care

Two non-contributory health-care schemes are the Civil Servants' Medical Benefit Scheme (CSMBS) and Universal Health-care Coverage (UC). The CSMBS provides medical benefits to government officials and their dependants and the UC provides health insurance for persons who do not otherwise have health insurance.

The CSMBS was the first, and the most generous, medical benefits scheme established in Thailand. The benefits include in-patient and out-patient treatment without the provided the hospital care is provided in a public hospital. There are some limits on benefits if patients wish to have a private room (Figure 5.2). In some cases, patients are eligible to use private hospitals.

Government expenditure on health-care for government officials and their dependants has been very large. The scheme covers about 4 million people, but consumed 15.5 billion baht in 1997, which represented about 1.80 per cent of total government expenditure. This expenditure increased to 20.5 billion baht in 2002, (about 2.14 per cent of total public expenditure). By 2007, this expenditure had grown by 26 per cent to reach 37 billion baht. The Government has made major efforts to limit this expenditure, so far with little success. In 2003, per capita medical expenditure under the CSMBS was 5,700 baht, which reached 9,100 baht by 2007 (Figure 5.2).

The UC scheme provides all kinds of essential medical treatment to its beneficiaries, ranging from out-patient and in-patient treatment, maternity care, child births, necessary dental care including acrylic denture, preventive care, and emergency care. Insured persons

---

must visit public hospitals in their designated areas. If specialist care is required, patients are referred to a higher level of hospital, for no extra charge.

The UC scheme spends far less per capita than the CSMBS (Table 5.3). In 2007, per capita support from the Government was 1,899 baht (645 baht for out-patient care and 514 baht is for in-patient care). The capitation cost also includes a hospital services component, such as prevention and promotion, high-cost care, capital replacement and emergency services. The total amount the Government spent on UC in 2007 was 91.4 billion baht (Figure 5.3). As for the CSMBS, the scheme is financed from general tax revenue. The UC expenditure is transferred from the government budget to the National Health Service Office, which is the purchaser of health-care for the people.

## Social assistance

Social assistance was introduced in 1941, one year after the establishment of the Department of Public Welfare. The target groups of social assistance were the homeless, beggars and the victims of natural disaster and terrorism. Coverage of the target groups was extended to include children, disadvantaged women, older people, the disabled, families in need and ethnic minorities.

The Department of Public Welfare which is responsible for many social assistance schemes used to be under the Ministry of Interior. In 1994, it was reallocated under the Ministry of Labour and Social Welfare. Finally, in 2002, a new ministry, the Ministry of Social Development and Human Security, was set up to run the social assistance schemes.

Target groups for social assistance are children, disadvantaged women, older people, the disabled, the homeless and beggars, persons on low-incomes, ethnic minorities, families in need, and the victims of natural disasters. Basically, social assistance in Thailand focuses on counselling, training, assistance in kind, and emergency accommodation (Table 5.4). Cash benefits are provided to disabled individuals, the elderly poor and children whose parents are HIV-positive. The cash assistance schemes are not universal, which means that beneficiaries are selected by the provincial administration and Tambon Administration Organization. The level of assistance is low since the Ministry of Social Development and Human Security has a small budget (8.6 billion baht in 2007).

Abandoned or abused children receive assistance in the form of accommodation, education, scholarships, consumer products, or health-care. Social assistance schemes for disadvantaged women, target women from poor families, those who are abused, those in the sex sector, those infected with HIV and other vulnerable women. These schemes focus on providing education and training to improve their employment opportunities. Such training programmes offer 3-to-6-month training in areas such as sewing in the garment industry, services in the hotel industry, child care and elderly care. Women who complete these training programmes may be able to obtain loans to set up their own businesses. Women suffering from AIDS may be able to receive cash assistance worth 5,000 baht.

Senior citizens who are poor, unable to work or who have nobody to take care of them are eligible for a monthly allowance of 500 baht.<sup>11</sup> However, this type of benefit is capped by the budget. In 2001, the Government allocated a budget of 1,440 million baht to this programme. As a result, it was able to provide assistance to 400,000 seniors (with 300 baht each) who were chosen by the village committees. As the number of beneficiaries is fixed, a new beneficiary is selected only when an existing beneficiary dies. This

<sup>11</sup> It used to be 200 baht before the financial crisis, and increased to 300 baht. The increase to 500 baht occurred in 2007.

---

programme for the elderly was moved under the supervision of the Tambon Administration Organization (TAO) in 2002. The Government has increased the per capita allowance and the number of recipients, in order to stimulate the consumption by elderly persons (Figure 5.4). The budget for this programme increased to over 10,000 billion baht in 2007, more than the budget of the Ministry of Social Development and Human Security.

Disabled persons are eligible for a monthly allowance or other services depending upon their level of disability and economic circumstances. Poor and severely handicapped persons receive a monthly allowance of 500 baht. In 2001, 20,000 persons received this cash benefit. As with the monthly old age benefit, the number of beneficiaries has been capped by the budget. Disabled persons who are employable can apply for benefits such as rehabilitation services, career development and loans as the Government encourages them to work.

Social assistance programmes for ethnic minorities in the mountainous areas focus on career development to increase earnings, and on infrastructure development to improve access to health-care centres and other government facilities, such as schools. The income assistance programme is provided to minorities whose family members are affected by HIV. In the period 1998–2001, only 500 eligible persons received the cash benefit each year. In 2007, over 500,000 eligible persons received in-kind assistance.

In-kind benefits are provided to the victims of natural disaster or terrorism. Such benefits include small payments to cover funeral, educational, occupational and health-care expenses, and construction materials or temporary accommodation. Natural disasters usually affect people across large areas. Therefore, the number of persons receiving this type of benefit is large: in 2001, there were 3.44 million beneficiaries and in 2007, this was close to 40,000 beneficiaries.

The number of beneficiaries of social assistance programmes in Thailand is mainly determined by the budget. There is no universal scheme for the disadvantaged. Cash benefits are provided only to those who are severely disabled, old or infected with HIV; other target groups receive in-kind benefits. One of the drawbacks of the social assistance programmes is that the eligibility rules are not specified clearly.

Many other organizations also provide social assistance to the disadvantaged. The War Veteran Assistance Organization provides cash and in-kind benefits to the ex-servicemen. The Bangkok Metropolitan Administration and the Tambon Administration Organization also provide some kind of assistance to the poor, the old, beggars or disadvantaged women. Information on the programmes provided by various organizations is not readily available, and some programmes are implemented only on a temporary basis. Social assistance expenditures are not well documented either.

---

## 6. Poverty alleviation policy

Poverty alleviation policy has always been a priority for the Thai Government. Strategies for combating poverty were always included in the National Economic and Social Development Plans. The efforts have resulted in a great reduction in the incidence of poverty over past decades, as shown in Chapter 3. A number of poverty alleviation projects are in operation today. The Tables and Figures that are referred to throughout this Chapter are to be found in Appendix IV.

### Policy framework

Since 1963, Thai Government policies have been enshrined in the guidelines of the National Economic and Social Development Plan. The Plan prescribes the country's development direction every five years. The current plan is the tenth plan, covering the period of 2007–11. The Plan includes objectives and goals, as well as strategies for national development. Poverty alleviation is a constant concern in each national development plan, which sets a target for poverty reduction (Table 6.1). The current Plan sets the target of a poverty head count of 4 per cent.

The policy frameworks of the National Development Plan are basically aimed at stimulating economic growth and improving the poverty situation as well as the social and economic well-being of disadvantaged groups. The Plan sets out a specific policy outline to mitigate poverty through social development in three directions: rural development; community development; and human resource development. Each plan may differ in specific details in each strategy, but the general ideas are similar in the following areas.

#### 1. *Rural development*

The plans have emphasized the importance of increasing financial opportunities in the rural areas, with suggested strategies to support capital markets in the rural area through a decentralized system. Three government banks, i.e., the Government Savings Bank, the Government Housing Bank, and the Bank of Agriculture and Agricultural Cooperatives (BAAC), have responded by providing credits to self-employed producers. The credits concern not only agricultural production, but also extend to non-agricultural production, housing, health expenditure and education for people in the rural areas. The plans also encourage private financial institutions to establish branches outside Bangkok and Metropolis.

In addition to credit projects, the Plan also support income generation and career development for the people in the rural areas by recommending the establishment of National Rural Committees to enable policy formation. The corresponding projects are allocating land to the poor farmers, providing irrigation systems, and promoting community-shared forests.

#### 2. *Community development*

Community development measures concentrate on career and environmental development for the poor in the urban areas who are more vulnerable and less likely to escape poverty than those in the rural areas. Statistics show that poverty ratios in the rural areas improve faster than those in urban area. As a result, the national plans have requested government attention to this group. The strategies consist of buildings construction and slum areas improvement, through basic infrastructure and housing credits. The Government also encourages private investment in this area by offering corporate income

---

tax exemption for five years to private companies that provide at least 150 housing-units, each with less than 600,000 baht.

### **3. Human resource development**

The National Development Plans have highlighted the need for educational assistance for disadvantaged groups. The strategies include: expanding basic educational opportunities to poor children; expanding special education and training for people in the border areas; and promoting basic education for workers in the industrial sector. One of the important projects is the teacher project, which grants scholarships to outstanding students who show a positive attitude toward teaching. The graduates from the project are admitted to the Ministry of Education and serve in schools near the border areas.

Another well-known project is the “school-lunch project”, which seeks to improve children’s health, in order thus to improve their learning capacity and long-term health status. The project received an initial budget of 500 million baht in 1991. Thereafter, the Government disbursed another 500 million baht each year, until the total fund reached 6,000 million baht. At the beginning, the project supported the schools at a rate of 6 baht per student, which increased to 10 baht per student in 2007. However, this sum is still considered inadequate.

## **Poverty alleviation projects**

The Government responded to the National Development Plan by initiating a variety of poverty alleviation projects. Most of them aim to stimulate the grass-root economy by increasing access to credit and creating career development opportunities for the poor. Many projects also concentrate on strengthening the community and improving living conditions and environment sustainability. Important ongoing projects are: Micro/Agricultural Credit; One Tambon – One Product; Community Capacity Building; and Housing Credit (Table 6.2).

### **1. Micro/Agricultural credit**

The very well-known micro and agricultural credit projects include Village Fund, Debt Suspension and Debt Release, and People’s Bank. These projects were initiated in 2001. The Village Fund is the largest micro credit project in terms both of money spent and the number of people involved. The project allocated 1 million baht to rural villages and urban communities throughout the country to set up revolving funds. The Fund will provide small, low-interest loans without collateral to all members who request a loan and have difficulty gaining access to the formal credit system. The loans could be for a wide range of purposes, e.g. investment, career development, emergencies, and utility payments. The maximum loan amount is 20,000 baht per borrower (up to a maximum of 50,000 baht in special cases). The term of the loan is fixed at one year.

Between 2001 and 2007, the project transferred 78,013 million baht to 78,013 rural villages and urban communities. More than 1.8 million people received a loan from the Village Fund.<sup>12</sup> However, the impact of the Village Fund on poverty remains ambiguous. An empirical study of the Village Fund suggests that it has scarcely improved poverty in the country (Chandoevvit and Ashakul, 2008). This may be due to the lack of incentives at

<sup>12</sup> Some are repeated borrowers.

---

the administration level to monitor whether the loans are spent on income-generation activities.

The Debt Suspension and Debt Release project helps small agricultural producers obtain release from debt burden. Small farmers are mainly in debt to the BAAC and this project helps them to get a break in interest payments, that is, borrowers who are less than 100,000 baht in debt to the BAAC are exempted from principal repayment (including interest payments) for 3 years. The Government compensates the loss of interest to the BAAC. In 2003, the Government provided 18,413 million baht to the project. In 2004, the project helped 2 million farmers to have a break from debt payments; the total debt of these farmers amounted to 75,476 million baht.

The People's Bank project aims to promote savings among group members. Similar to the Village Fund project, the People's Bank provides loans for career improvement and small-scale investment. The specific target groups of the People's Bank are small entrepreneurs and private-sector employees who wish to develop their careers or improve their businesses. The People's Bank offers three types of service: savings, consulting, and loans. A first-time loan may not exceed 30,000 baht per borrower, for a fixed term of two years. Repeat borrowers may receive up to a maximum of 50,000 baht, for a longer term of up to three years. The interest rate for the loan is set at 1 per cent throughout the periods involved. By 2006, the project achieved the total amount of 2,033 baht in savings and provided loans of 28,247 million baht. However, the number of poor participants in this programme is very limited.

## **2. One Tambon – One Product (OTOP)**

The OTOP project is intended to generate income and create jobs at community level across the country by developing community products for commercial purposes. The Government tries to encourage each district to develop a unique product that uses district-level knowledge and input. The product must not contain imported or illegal inputs, and must not violate property rights. The project's strategies include improving production processes, promoting marketing channels, and strengthening community networking. OTOP received an initial budget of 800 million baht in 2001. The total revenue from selling OTOP products increased from 16,716 million baht in 2002 to 42,927 million baht in 2004.

## **3. Community Capacity Building (SML)**

The Community Capacity Building project, (also known as SML which stands for small, medium, and large community), was started in 2005. The project promotes community participation in the community development process. The main strategy is to provide direct transfers for public use at community level. The project sorts villages and communities into: small, medium, and large categories. Villages with population of under 500 are categorized as small, those with populations of 500–1,000 and populations of over 1,000 are the medium and large groups, respectively. Each village receives a direct annual transfer, in accordance to their size: 200,000 baht for small, 250,000 baht for medium and 300,000 baht for large village. The village members select a committee to manage the transfer for the villages' needs, such as investments in commodity storage, a village market, and organic fertilizer production. The villages can cooperate with neighbouring villages and co-invest in larger projects, such as a community convenient store, or an irrigation system.

In 2008, the SML project expanded to three more types of very small villages: S1, S2, and S3. This is because Thailand has plenty of small villages with populations of 200 and under. The villages seem to be poor and under-privileged in terms of attention from the

---

government budget. Villages with populations of 1–50 (S1) receive a 50,000 baht transfer, villages with populations of 51–150 (S2) and of 151–250 (S3) receive transfers of 100,000 baht and 150,000 baht, respectively. In addition, the project also classifies large villages into two groups: large and extra large. Large villages with populations of 1,001–1,500, receive a 300,000 baht transfer, while extra large villages, with populations of over 1,501, receive a 350,000 baht transfer.

#### **4. *Housing credit***

The housing credit project targets low-income employees, as well as people in the slum areas. The National Housing Authority is responsible for two projects, both of which were started in 2003. The first project is for housing for low-income government and state enterprise employees. The project aims to provide 600,000 residential units, at decent prices, within five years. Eligible employees are those who do not own their own house or property and whose monthly household income is under 30,000 baht. The Government Housing Bank supports the project by providing housing credit for a maximum period of 30 years, at a fixed interest rate for the first three years. In 2005, the project provided housing credits to 182,205 low income employees.

Another important project is concerned with slum-area development. The project seeks to improve the quality of life of the poor in urban areas, by emphasizing community participation. The project consists of five operations: slum upgrading, re-blocking, land-sharing, reconstruction, and reallocation. Slum upgrading includes improvements in infrastructure and environmental conditions in the area. Re-blocking is a rearrangement of the community layout by demolishing some houses and re-building others to improve living conditions and appearance. The land-sharing operation is a negotiation with slum landlords to purchase and rent the land for the poor. Reconstructing and reallocating focus on demolishing housing in the slum areas and reallocating the stakeholders to new areas. In 2005, the project served 29,054 households in 415 communities.

Overall, many poverty alleviation policies have not targeted the poor directly, but +low-income households and individuals. Such policies can help people cope with social risks and mitigate the impact of exposure to risk. Poverty is a dynamic process - many households were classified as poor at one period of time, but, after a few months, they may be able to pull themselves out of poverty. At the same time, many more formerly non-poor households may become poor. Poverty alleviation policies that help households and individuals cope with risk and be able to get away from a state of vulnerability are considered more useful.



---

## 7. Conclusion

Thailand is a medium-income country with about 40 per cent of its workers in the formal labour market. These workers are employees in government organizations, state-enterprises, private-sector non-agricultural enterprises, and private schools. The number of workers in the formal sector is on the increase.

Thailand has many laws protecting workers from exploitation and ensuring that Thai workers are able to participate in decent work. Moreover, Thailand's Constitution and the National Development Plans, which are the foundation of Thailand's development have been guiding the labour market towards sound employment policies and social security, and equal rights and worker participation.

In this report, we have shown that the wage gaps between men and women and income distribution have improved. The contributory social protection coverage has been extended to most workers in the formal labour market. Thai people are all insured with one of the three public health insurance schemes. For disadvantaged children and women, the disabled, and the elderly, there are many last-resort in-kind social assistance benefits available to meet their needs. There are also many poverty reduction programmes providing economic opportunities for the working poor to pull themselves out of poverty.

Non-contributory social protection programmes, such as universal health-care coverage and the social assistance programme, have an income redistribution impact. The programmes are financed by general tax revenue and the beneficiaries are more likely to be middle-to-low-income households. Another aspect of the non-contributory programme, e.g. on pensions for government officials, is that it favours government officials. Other types of workers have not yet gained access to pension or income from old-age benefits. Although government officials receive generous social benefits, they have no right to social dialogue or any form of freedom of association.

Thailand's Decent Work Country Programme (DWCP) will be an important step towards meeting international labour standards as there is still some room for improving law enforcement and policy implementation to help workers who lag behind. There are workers earning below the statutory minimum wage. There are workers in the formal sector who have been excluded, either voluntarily or involuntarily, from social security programme. There are workers in agriculture who are excluded from the Labour Protection Law. There are migrant workers who are under-paid and live in poor conditions. There are child labourers involved in the underground economy. Thai labours are not encouraged to involve in social dialogue and have low bargaining power. Labours in the informal sector have not had enough income security. Improving these conditions will take some time. With active policies and implementation, at some point all workers in Thailand will have a decent work.



---

## References

- Chandoevmit, Worawan; Ashakul, Bawornpan. 2008. "An impact evaluation of Village Fund," *TDRI Quarterly Review*, Vol. 23 No. 2, pp. 9–16.
- Doane, Donna L., Rosalinda Pineda Ofreneo, and Daonoi Srikajon. 2003. *Social Protection for Workers in the Informal Economy: A Case Study of the Garments Industry*. ILO-STEP and WIEGO.
- Government Pension Fund. 1997, 1998, 1999, 2000, 2001, 2002. *Annual Reports of the Government Pension Fund*. Ministry of Finance, Thailand.
- ILO. 2001. *Decent work in Asia*. International Labour Office, Geneva.
- . 2001. *Reducing the decent work deficit*. International Labour Office, Geneva.
- . 2000. *World Labour Report 2000: Income security and social protection in a changing world*. (Geneva: ILO).
- National Economic and Social Development Board and United Nations. 2004. *Thailand Millennium Development Goals Report 2004*.
- National Economic and Social Development Board. 1985. *Population Projection 1990-2020*. Bangkok: NESDB. (in Thai)
- . 2003a. *Population Projection 2000-2025*. Bangkok: NESDB. (in Thai)
- . 2003b. *Economic and social development: the two-year of changes*. NESDB's Annual Conference on Sustained Development, Bangkok. (in Thai)
- . 2006. *Monitoring and evaluation of the Ninth National Economic and Social Development Plan*. NESDB's Annual Conference, Nonthaburi, June 30, 2006. (in Thai)
- . *Tenth National Economic and Social Development Plan*. NESDB's Annual Conference, Nonthaburi, June 30, 2007. (in Thai)
- United Nations. (2006). *UNPAF 2007-2111: Thailand*. (Bangkok: United Nations).



---

## Appendix I

### Chapter 3. Tables and figures

**Table 3.1. Demographic indicators**

	1970s	1980s	1990s	2000–05	2005–10	2010–15
Total population (million)	46.7	55.8	62.2	64.8	67.0	69.1
Average annual rate of population growth (%)	2.65	1.75	1.00	0.80	0.73	0.61
Total Fertility Rate*	4.7	2.8	1.8	1.81	1.79	1.76
<b>Life expectancy at birth (year)</b>						
Male	58.5	63.9	67.0	67.9	69.6	71.4
Female	62.4	68.9	71.4	74.9	76.2	77.6

Sources: ILO (2003) and NESDB (2003a); Note: For the period of 2000–15, data are from the NESDB.

---

**Table 3.2. Population projection, 2000-2020 (1.000s)**

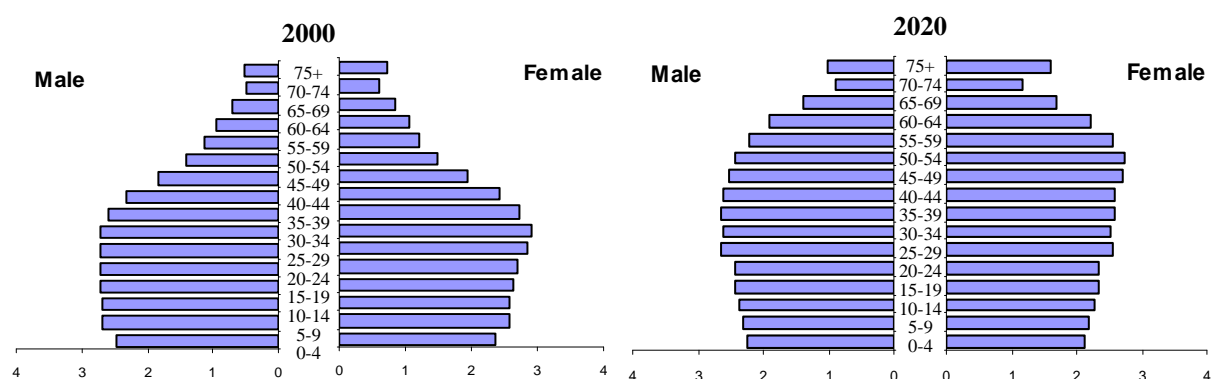
	2000	2005	2010	2015	2020
<b>Sex</b>					
Male	30 688	31 869	32 947	33 805	34 413
Female	31 083	32 391	33 654	34 699	35 481
<b>Age group</b>					
0–19	21 555	20 455	19 671	18 934	18 298
20–39	21 247	21 791	21 780	21 435	20 806
40–59	13 265	15 286	17 180	18 547	19 481
60–69	3 632	4 111	4 636	5 663	6 772
70+	2 071	2 617	3 333	3 926	4 537
Total	61 770	64 260	66 601	68 504	69 894

Source: Based on NESDB (2003a).

Note: Figures are for the normal case, see assumption details in NESDB (2003a).

---

**Figure 3.1. Population projections by age group, 2000–20 (unit: 1,000)**



Source: Based on NESDB (2003a).

**Table 3.3. Population aged 60 and over and dependency ratio, 1980–2020**

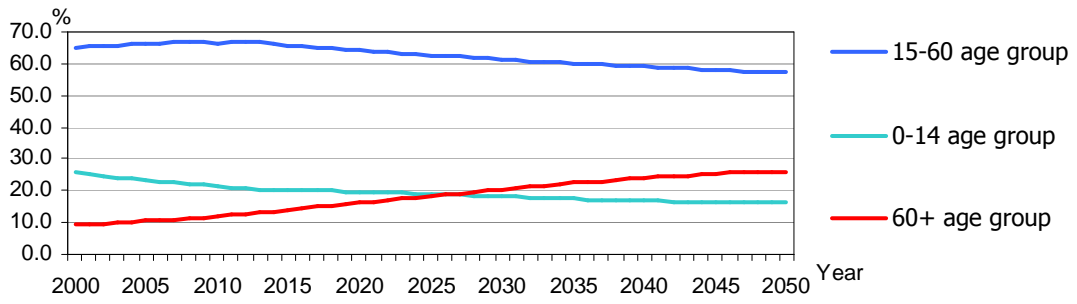
	1980	1990	2000	2005	2010	2015	2020
Population aged 60+ (1,000)	2 527	4 034	5 703	6 728	7 969	9 589	11 309
Male	1 144	1 865	2 615	3 076	3 636	4 368	5 155
Female	1 383	2 169	3 087	3 651	4 333	5 220	6 154
Population aged 60 to total population (%)	5.4	7.2	9.2	10.5	12.0	14.0	16.2
Male	2.4	3.3	4.2	4.8	5.5	6.4	7.4
Female	3.0	3.9	5.0	5.7	6.5	7.6	8.8
Dependency ratio	83.2	60.7	53.9	51.3	50.5	51.9	55.9
Old-age dependency ratio	9.9	11.6	14.2	15.8	18.0	21.3	25.2
Child dependency ratio	73.3	49.1	39.7	35.5	32.5	30.7	30.7

Source: Chandoevit (2003).

Note: Old-age dependency ratio =  $\frac{\text{Population aged 60 and over} \times 100}{\text{Population aged 15–59}}$

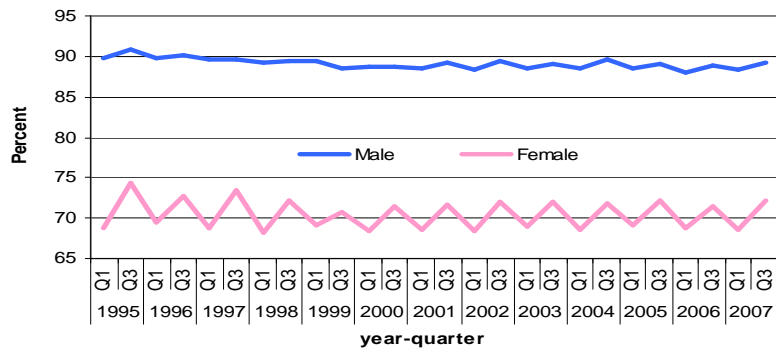
Dependency ratio =  $\frac{(\text{Population aged 15 and below} + \text{Population aged 60 and above}) \times 100}{\text{Population aged 15–59}}$

**Figure 3.2. Population projection by age group, 2000–20**



Source: Based on TDRI Projection with TFR of 1.7 over the period of projection.

**Figure 3.3. Labour force participation rate**



Source: Based on the Labour Force Survey.

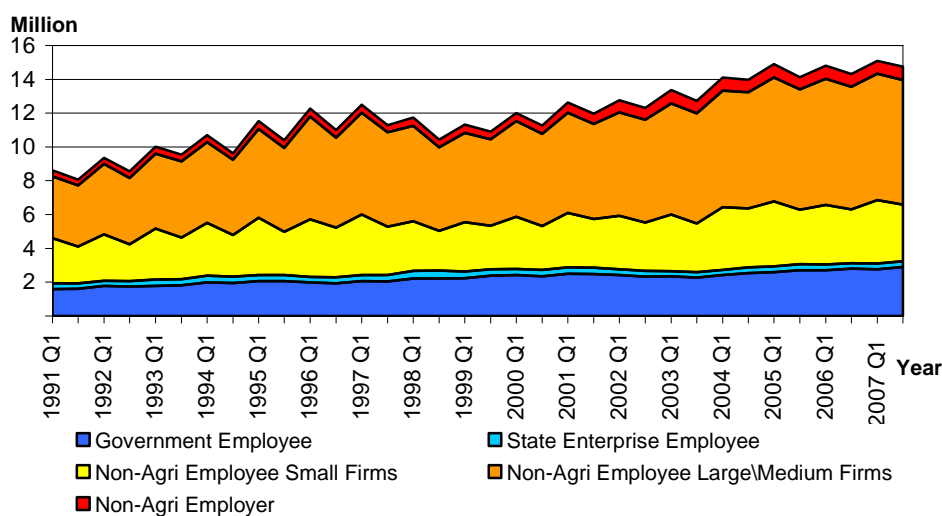
**Table 3.4. Characteristics of employment, 1996–2007 (1,000s)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total labour force	32 033	32 943	31 935	31 903	32 833	33 484	34 262	34 676	35 691	36 302	36 344	37 122
<b>Gender</b>												
Male	17 636	18 005	17 555	17 623	18 071	18 471	18 872	19 081	19 687	19 470	19 638	19 977
Female	14 397	14 937	14 380	14 280	14 762	15 013	15 390	15 595	16 004	16 832	16 706	17 145
<b>Age group</b>												
15–19	2 374	2 166	2 002	1 712	1 810	1 777	1 651	1 501	1 630	1 553	1 421	1 421
20–29	9 135	9 255	8 733	8 624	8 625	8 778	8 893	8 920	8 960	8 325	8 053	8 144
30–39	8 703	8 921	8 744	8 855	9 005	9 138	9 343	9 481	9 643	9 842	9 865	9 843
40–49	6 362	6 840	6 773	6 991	7 249	7 433	7 650	7 785	7 982	8 810	8 985	9 146
50–59	3 794	3 917	3 950	3 993	4 230	4 298	4 563	4 746	4 970	5 181	5 451	5 797
60+	1 664	1 844	1 733	1 727	1 914	2 059	2 162	2 244	2 507	2 591	2 569	2 771
<b>Education</b>												
Primary or lower	24 583	24 731	22 761	22 222	22 426	22 300	22 562	22 203	22 136	22 351	21 847	21 765
Lower secondary	3 265	3 417	3 909	3 886	4 217	4 251	4 437	4 749	5 024	4 990	5 101	5 452
Upper secondary	1 004	1 210	1 380	1 604	1 844	2 067	2 342	2 511	2 845	2 916	3 168	3 372
Lower vocational	867	943	958	929	971	1 092	1 096	1 092	1 189	1 214	1 176	1 245
Upper vocational/diploma	704	770	901	986	1 015	1 134	1 172	1 274	1 312	1 349	1 363	1 491
Bachelor+	1 610	1 872	2 025	2 277	2 360	2 639	2 655	2 848	3 185	3 484	3 690	3 797
<b>Work status</b>												
Employer	813	745	825	934	1 101	956	1 092	1 135	1 090	1 130	1 092	1 101
Own account	9 939	9 865	10 014	10 175	9 938	10 701	10 682	10 919	11 009	11 448	11 527	11 866
Unpaid family workers	9 186	9 891	9 400	8 554	8 751	8 269	8 760	8 532	7 867	7 827	7 821	7 928
Govt employee	1 932	2 036	2 211	2 391	2 352	2 478	2 336	2 271	2 536	2 712	2 795	2 898
State employee	367	389	481	368	366	374	337	320	348	351	331	348
Private-sector employee	9 795	10 017	9 004	9 481	10 324	10 687	11 039	11 468	12 791	12 783	12 743	12 929
Group	0	0	0	0	0	19	16	32	50	51	35	52
<b>Industry</b>												
Agriculture	15 993	16 539	16 308	15 418	15 967	15 409	15 800	15 561	15 055	15 449	15 315	15 492
Manufacturing	4 004	3 977	3 892	4 100	4 437	4 790	5 076	5 126	5 366	5 390	5 361	5 647
Construction	2 159	2 011	1 279	1 284	1 277	1 409	1 619	1 614	1 889	1 853	2 039	1 939
Commerce	4 975	5 280	5 091	5 393	5 568	5 429	5 501	5 904	6 397	6 288	6 411	6 593
Transportation	954	980	923	989	951	977	965	987	1 071	1 076	1 053	1 026
Services	3 948	4 156	4 442	4 719	4 633	5 469	5 301	5 484	5 913	6 246	6 166	6 425
<b>Region</b>												
Bangkok	3 716	4 013	3 878	3 902	4 138	4 280	4 338	4 488	4 515	3 876	3 906	3 993
Central	7 287	7 397	7 311	7 420	7 596	7 746	7 961	8 099	8 409	9 109	9 274	9 478
North	6 204	6 196	6 092	6 259	6 291	6 326	6 311	6 339	6 712	6 670	6 593	6 692
North-east	10 869	11 301	10 651	10 243	10 710	10 879	11 328	11 354	11 601	11 849	11 726	11 966
South	3 956	4 036	4 003	4 079	4 098	4 253	4 325	4 397	4 454	4 798	4 846	4 993

Source: Based on the Labour Force Survey (quarter 3).



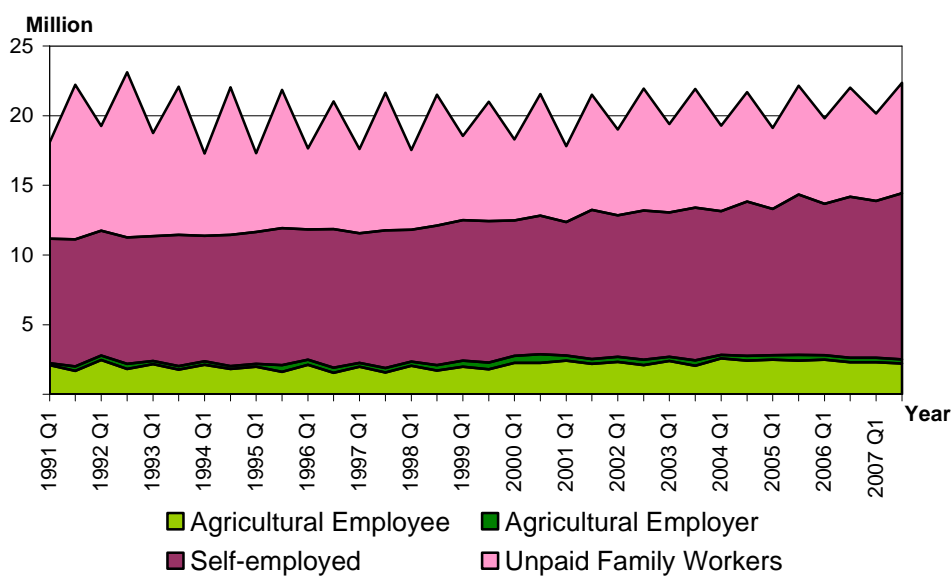
**Figure 3.4. Workers in the formal sector**



Source: Based on the Labour Force Survey.

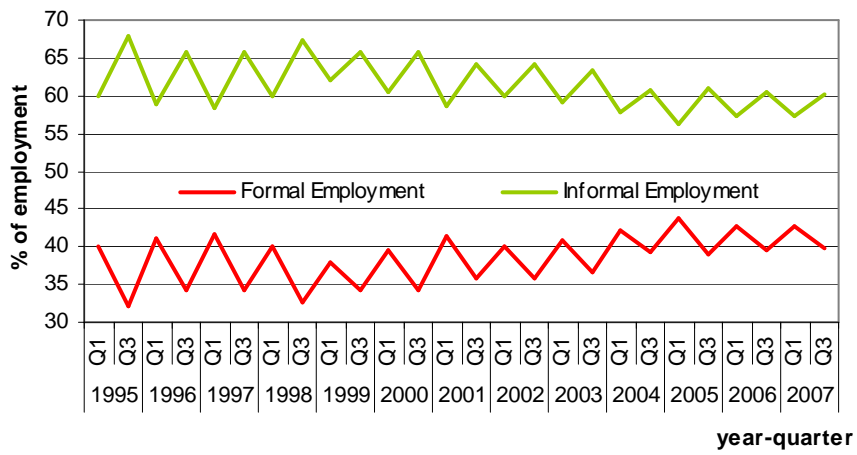
Note: Large and medium firms include all private enterprises that employ 10 or more workers.

**Figure 3.5. Workers in the informal sector**



Source: Based on the Labour Force Survey.

**Figure 3.6. Employment rate by work status**



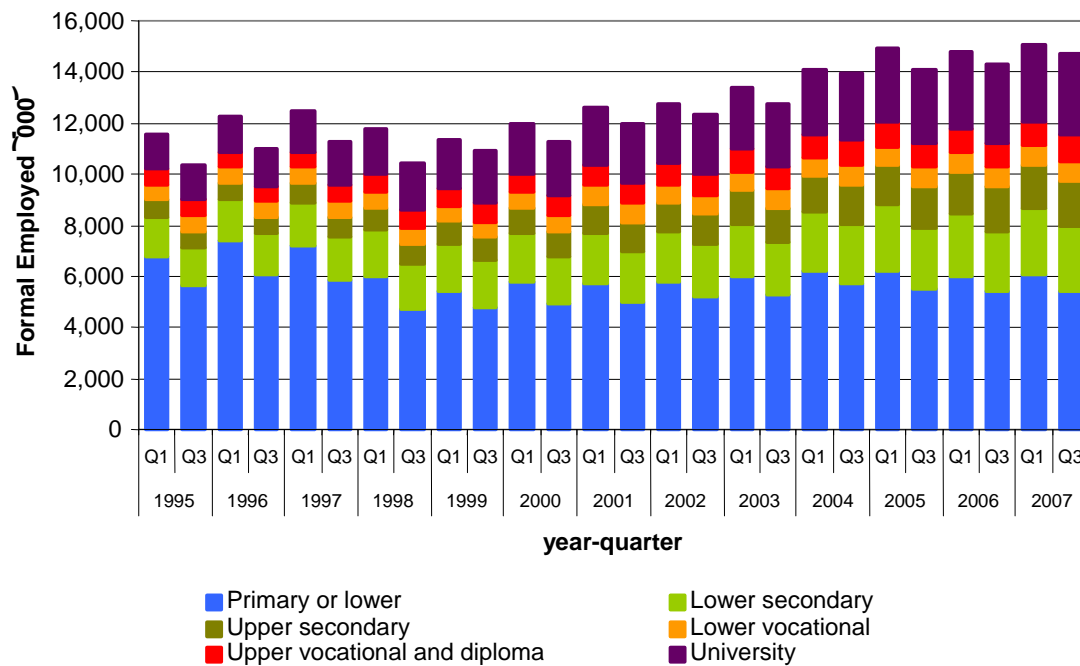
Source: Based on the Labour Force Survey.

**Table 3.5. Unemployment rates by categories of worker, from 1996–2007 (1,000s)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total unemployment	349	292	1 129	980	808	896	616	544	553	496	450	442
<b>Sexr</b>												
Male	185	154	621	544	453	511	372	315	327	290	260	258
Female	164	137	507	435	356	385	244	229	226	206	190	184
<b>Age group</b>												
15–19	70	48	153	181	131	171	99	89	101	92	96	74
20–29	178	151	543	459	415	456	353	314	274	257	239	227
30–39	47	46	225	181	141	137	91	77	111	86	58	69
40–49	23	27	133	97	75	84	52	38	45	40	40	43
50–59	19	15	58	54	38	42	16	17	15	15	14	23
60+	12	5	16	7	9	6	5	9	6	5	4	7
<b>Education</b>												
Primary or lower	215	154	619	534	377	406	213	181	193	157	148	138
Lower secondary	38	45	173	200	152	185	129	107	97	110	113	103
Upper secondary	22	17	81	74	68	83	79	65	88	59	70	49
Lower vocational	25	16	65	45	55	43	32	23	38	25	14	28
Upper vocational/ diploma	22	28	76	63	76	70	65	49	27	48	20	33
University	26	32	115	64	80	109	97	120	109	97	85	91
<b>Region</b>												
Bangkok	47	39	189	155	129	151	106	99	91	74	63	52
Central	59	68	220	165	133	172	130	130	116	136	129	133
North	50	47	214	133	102	126	104	103	105	83	64	87
North-east	148	84	403	439	363	357	195	136	158	134	136	118
South	46	54	102	87	81	91	81	76	82	69	57	53

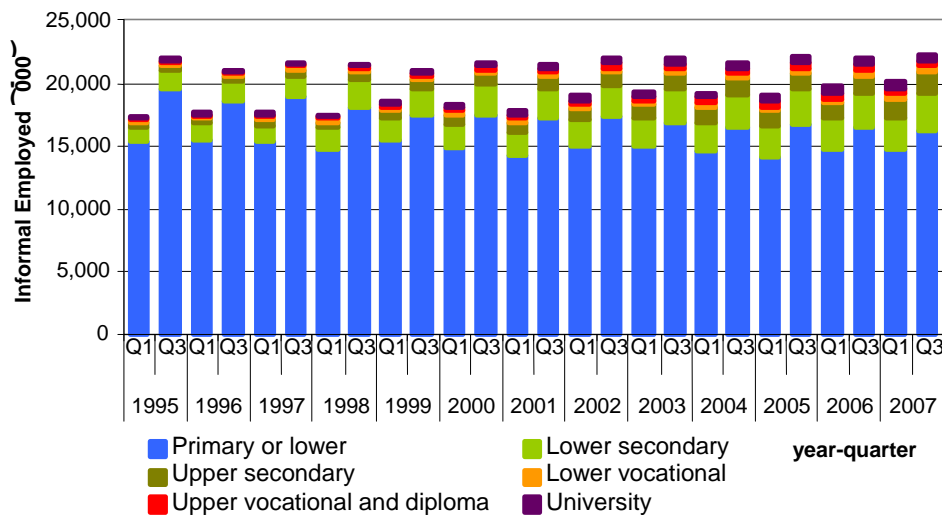
Source: Based on the Labour Force Survey (quarter 3).

Figure 3.7 Formal employment, by educational level



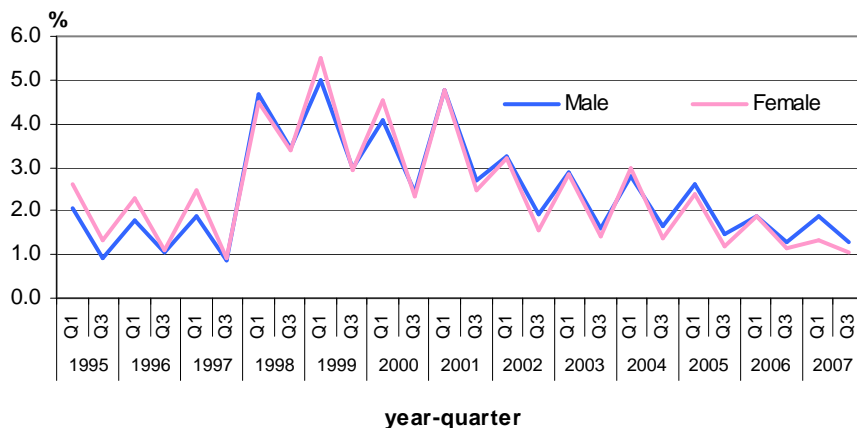
Source: Based on the Labour Force Survey

Figure 3.8 Informal employment, by educational level



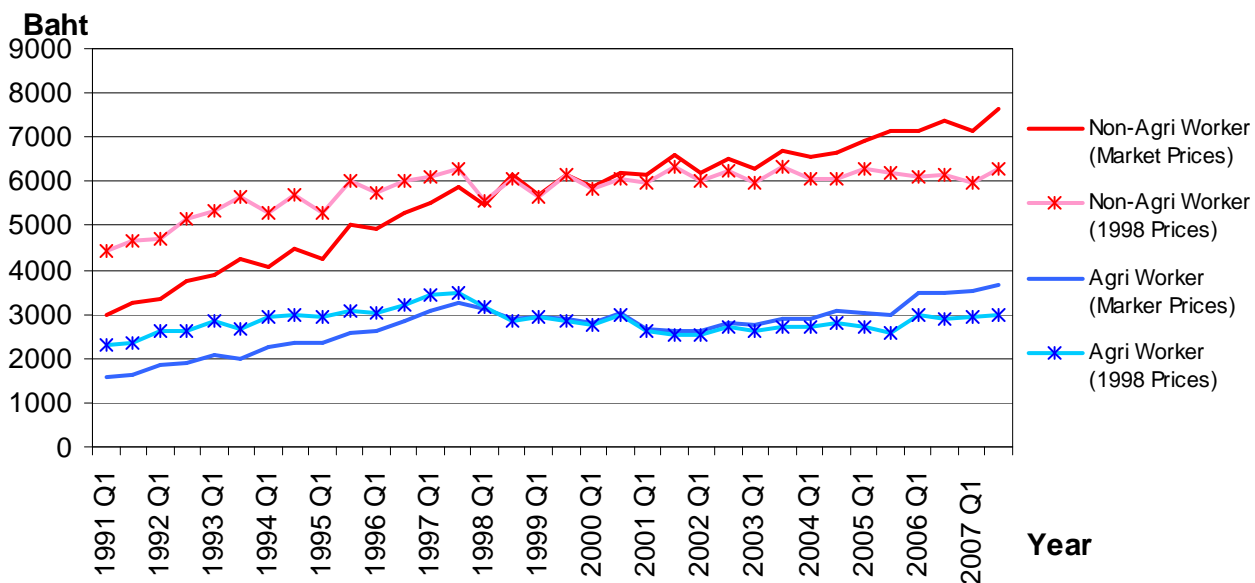
Source: Based on the Labour Force Survey

**Figure 3.9 Unemployment rate**



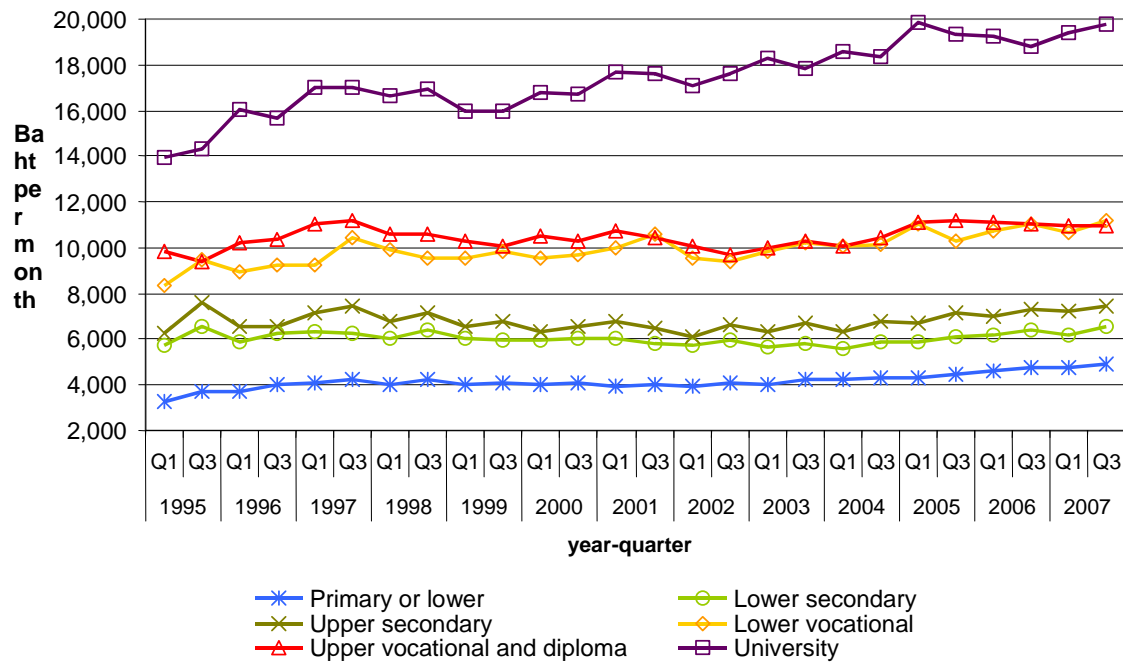
Source: Based on the Labour Force Survey

**Figure 3.10. Average monthly wage, 1991-2007**



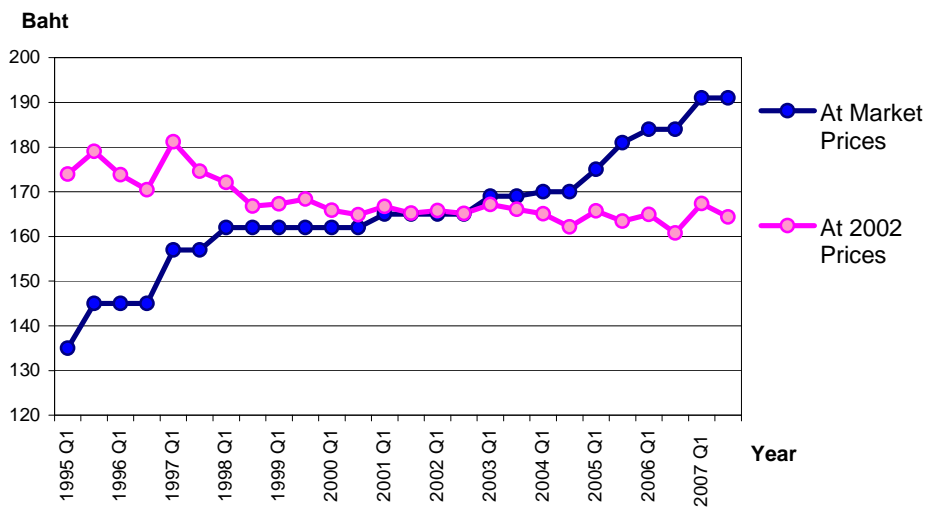
Source: Based on the Labour Force Survey.

**Figure 3.11. Average monthly wage by educational level attained**



Source: Based on the Labour Force Survey.

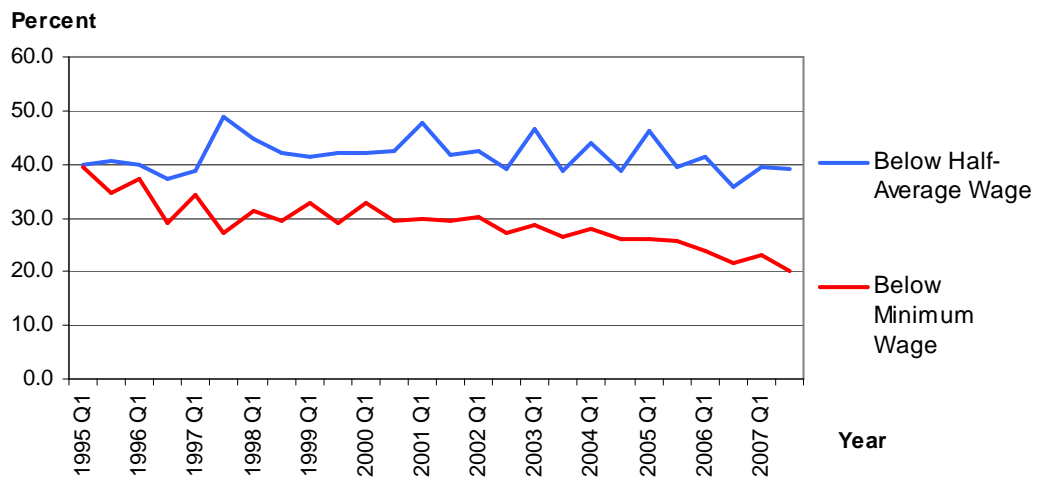
**Figure 3.12. Nominal and real minimum wage rate in Bangkok and Metropolis, 1991-2007**



Sources: Data from the Ministry of Labour and the Bank of Thailand.

Note: The minimum wage rates were adjusted twice in 1994 and 2003. The real minimum wage in 2003 is calculated using quarter-averaged CPI from quarter one to three.

Figure 3.13. Employees with low wages



Source: Based on the Labour Force Survey.

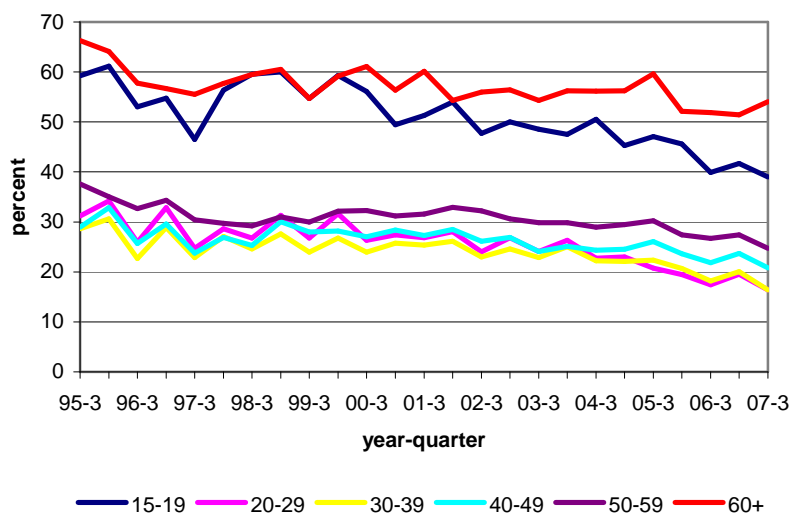
**Table 3.6. Characteristics of workers earning below the minimum wage (%)**

	1995	2000	2005	2007
<b>Age group</b>				
15–19	15.63	11.41	8.90	8.39
20–29	33.82	31.33	25.81	24.56
30–39	24.88	25.00	26.54	24.61
40–49	13.54	17.87	22.48	22.76
50–59	8.36	9.59	10.69	12.94
60+	3.77	4.80	5.58	6.75
Total	100.00	100.00	100.00	100.00
<b>Education</b>				
Primary or lower	89.02	83.22	77.44	74.21
Lower secondary	8.16	10.69	15.09	16.58
Upper secondary	1.73	4.24	5.50	6.92
Lower vocational	0.57	1.00	0.85	1.25
Upper vocational and diploma	0.39	0.67	0.78	0.65
University	0.13	0.17	0.34	0.39
Total	100.00	100.00	100.00	100.00
<b>Industry</b>				
Agriculture	34.48	46.95	39.54	36.70
Manufacturing	23.00	16.44	19.96	19.21
Construction	14.74	7.09	12.53	13.61
Commerce	10.98	12.86	13.04	13.61
Transportation	1.50	1.10	1.18	1.04
Services	15.30	15.57	13.75	15.82
Total	100.00	100.00	100.00	100.00

Source: Based on the Labour Force Survey (quarter 3).

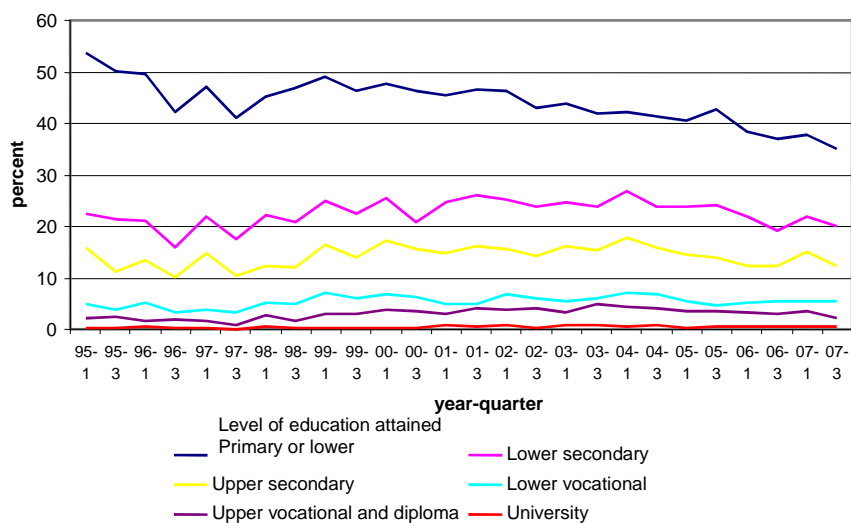


**Figure 3.14. Employees earning below the minimum wage, by age group**



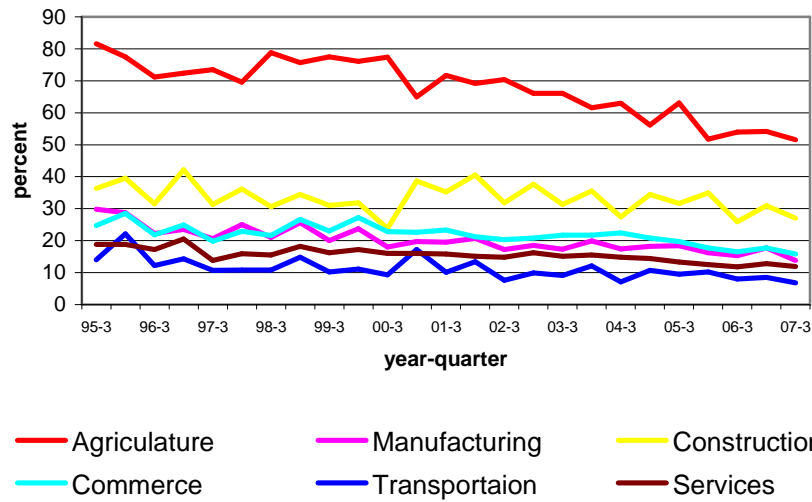
Source: Based on the Labour Force Survey.

**Figure 3.15. Employees earning below the minimum wage, by educational level**



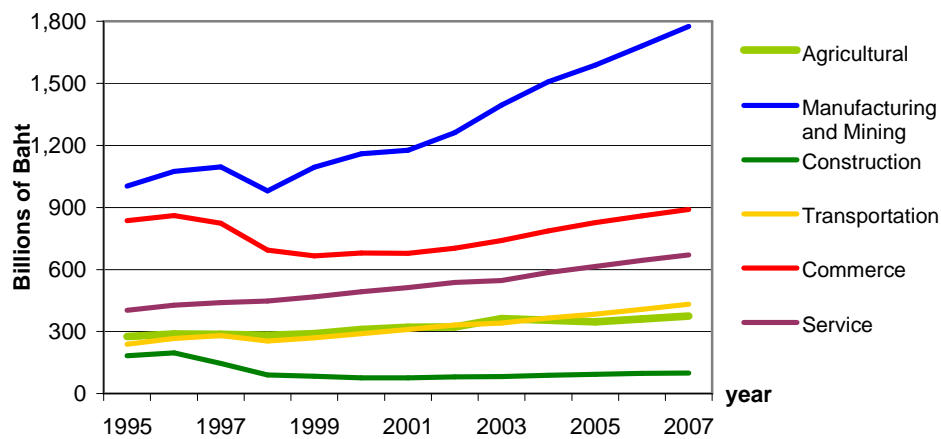
Source: Based on the Labour Force Survey.

**Figure 3.16. Employees earning below the minimum wage, by industry**



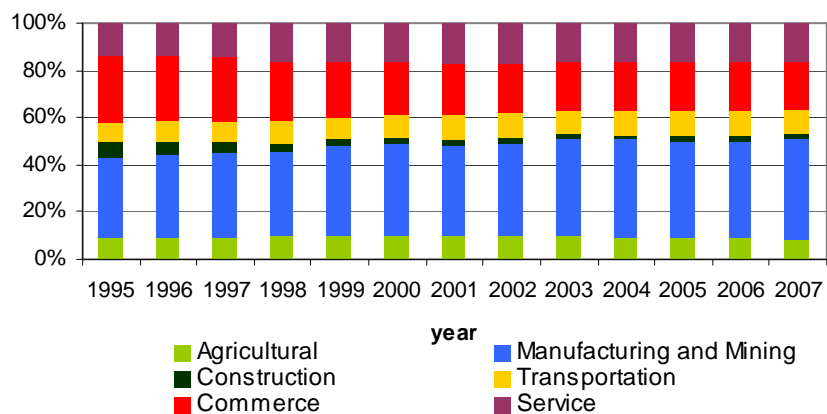
Source: Based on the Labour Force Survey.

**Figure 3.17. Real GDP, by sector**



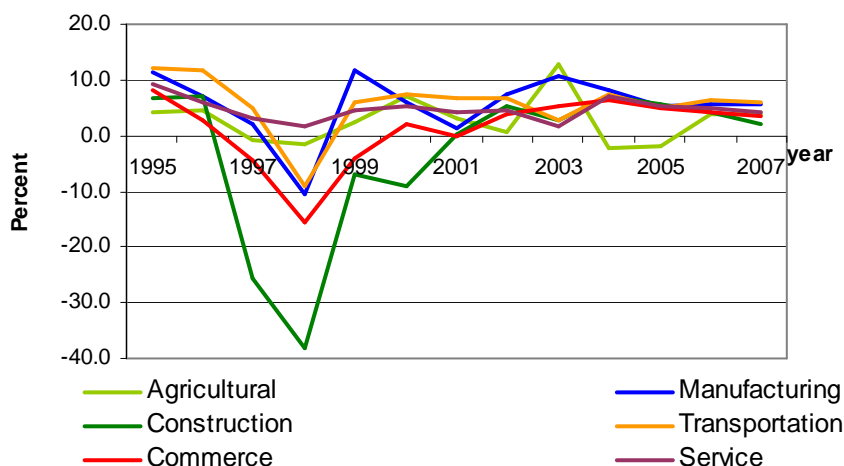
Source: National Economic and Social Development Board.

**Figure 3.18. Share of real GDP, by sector**



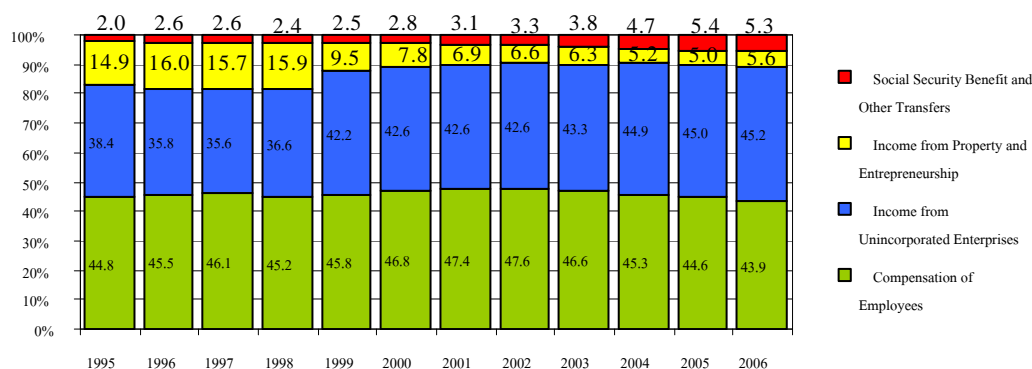
Source: National Economic and Social Development Board.

**Figure 3.19. Growth of real GDP, by sector**



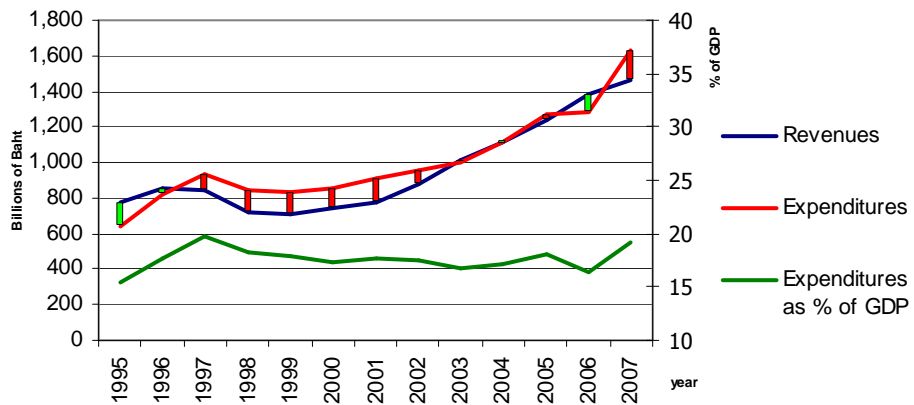
Source: National Economic and Social Development Board.

**Figure 3.20. Composition of personal income**



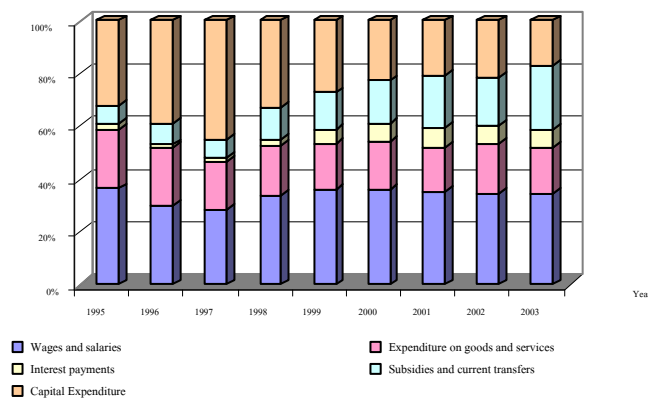
Source: National Economic and Social Development Board.

**Figure 3.21. Government expenditure and revenue (current prices)**



Source: Bank of Thailand.

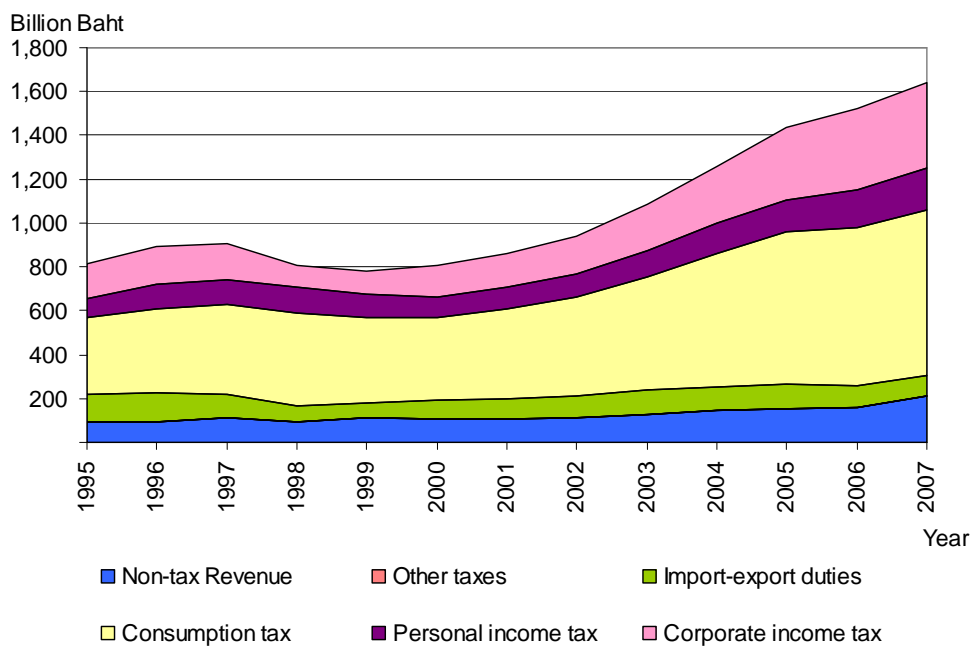
**Figure 3.22. Government expenditure by economic classification**



Source: Bank of Thailand.

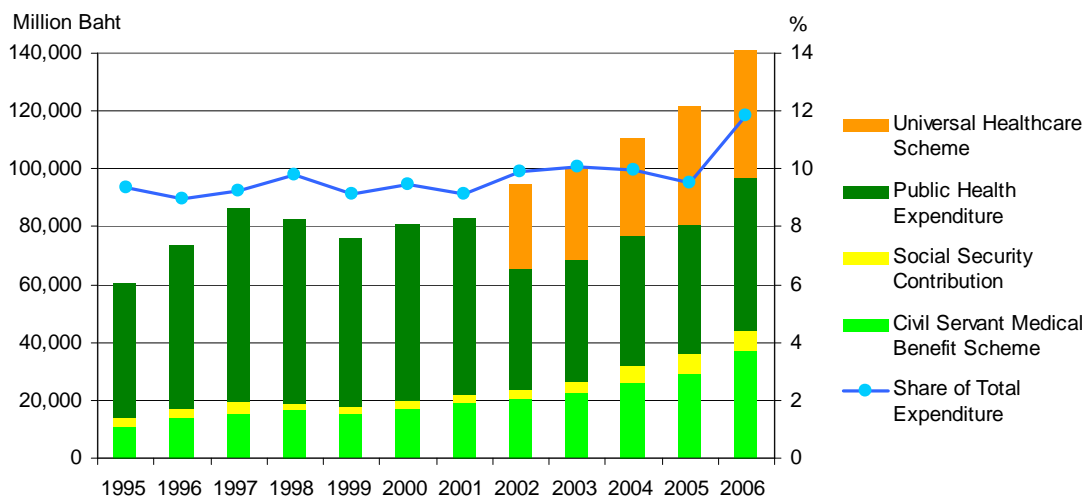
Note: The data series stopped in November 2004.

**Figure 3.23. Government revenue by income**



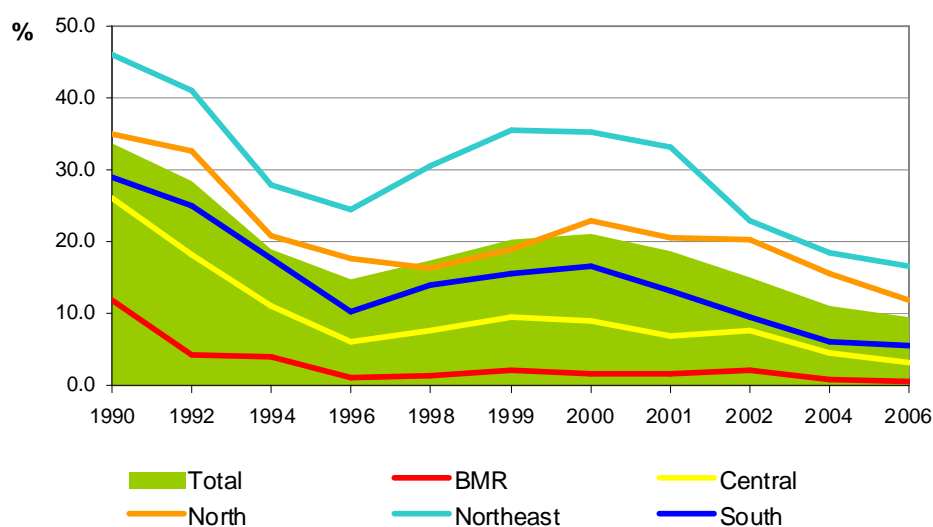
Sources: Fiscal Policy Office, Ministry of Finance.

**Figure 3.24. Government expenditure on health care and social costs**



Sources: (1) Comptroller-General's Department.  
 (2) Ministry of Public Health.  
 (3) Social Security Office.  
 (4) National Health Security Office.

**Figure 3.25. Poverty incidence, by region**



Source: Socio Economy Survey.

**Table 3.7. Income distribution**

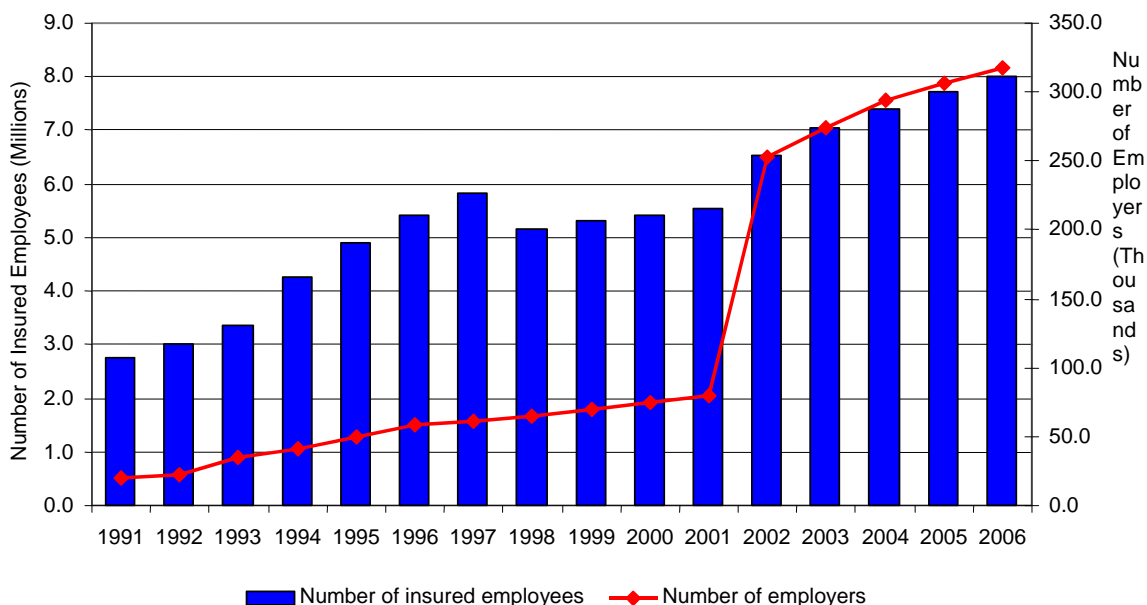
	1990	1992	1994	1996	1998	1999	2000	2001	2002	2004	2006
Gini Coefficient	0.515	0.536	0.521	0.513	0.507	0.531	0.522	0.499	0.507	0.493	0.529
Income quintile											
1st	4.3	4.0	4.1	4.2	4.3	3.9	3.9	4.2	4.2	4.5	3.5
2nd	7.5	7.1	7.4	7.6	7.8	7.2	7.3	7.8	7.7	8.0	7.7
3rd	11.7	11.1	11.7	11.8	12.0	11.4	11.5	12.2	12.1	12.4	12.2
4th	19.5	18.9	19.7	19.9	19.8	19.3	19.8	20.5	20.1	20.2	20.1
5th	57.0	59.0	57.2	56.5	56.1	58.2	57.5	55.2	55.9	54.9	56.5
Total	100	100	100	100	100	100	100	100	100	100	100

Source: Thailand Development Research Institute.

## Appendix II

### 4. Tables and figures

Figure 4.1. CF: Insured employees and registered private enterprises



Source: Social Security Office.

Table 4.1. Types of benefits provided by the WCF, 2008

Type of benefits	Benefits
Sickness benefits	<p>Medical care:</p> <ul style="list-style-type: none"> <li>– Medical care reimbursement, up to 35,000 baht per injury.</li> <li>– For some complicated illnesses described in the rules, a further 50,000 baht can be reimbursed for medical care.</li> </ul> <p>Cash compensation:</p> <ul style="list-style-type: none"> <li>– Compensation of 60 per cent of monthly wages for injured workers who must be absent from work for at least three days. The floor and cap for the compensation are 2,000 and 9,000 baht, respectively.</li> </ul>
Disability benefits	<p>Partially loss of organ:</p> <ul style="list-style-type: none"> <li>– Compensation valued at 60 per cent of monthly wages for no more than ten years, depending on the severity of the loss.</li> <li>– Medical and vocational rehabilitation, up to 20,000 baht.</li> <li>– An operation for rehabilitation, up to 20,000 baht.</li> </ul> <p>Permanent disability:</p> <ul style="list-style-type: none"> <li>– Compensation valued at 60 per cent of monthly wages, for up to 15 years.</li> </ul>
Death and survivors' benefits	<ul style="list-style-type: none"> <li>– A lump-sum payment of 100 times the highest minimum daily wage for the funeral arrangements.</li> <li>– Compensation of up to 60 per cent of the monthly wage, payable to relatives (spouse, children, or parents) for eight years, up to 9,000 baht.</li> </ul>

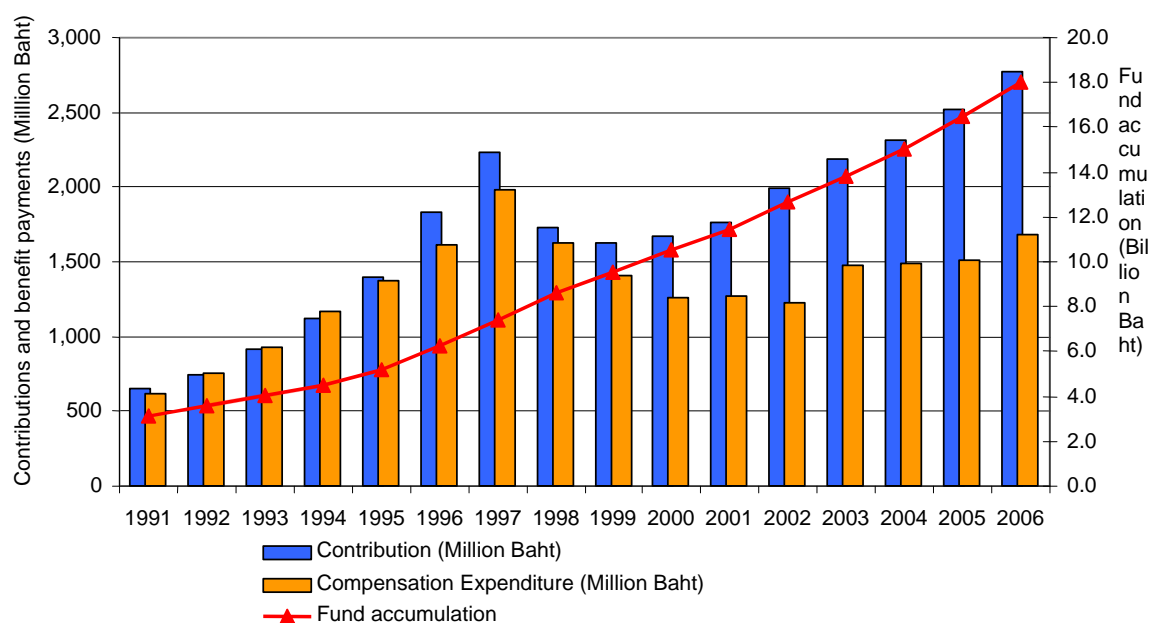
Source: Social Security Office.

**Table 4.2. Number of WCF beneficiaries**

Year	Death	Permanent disability	Partial loss of body	Cash compensation	
				More than 3 days off work	Less than 4 days off work
1991	581	9	2 141	38 871	60 671
1992	740	15	2 010	50 248	78 787
1993	980	10	5 436	53 023	97 099
1994	816	13	4 406	61 411	119 407
1995	940	17	5 469	67 626	142 283
1996	962	18	5 042	78 829	160 765
1997	1 033	29	5 272	68 480	155 562
1998	790	19	3 714	55 489	126 486
1999	611	12	3 396	50 239	117 739
2000	620	16	3 516	48 338	127 076
2001	607	20	3 510	48 077	137 407
2002	650	14	3 424	49 012	137 879
2003	787	17	3 821	52 364	153 684
2004	861	23	3 775	52 893	157 982
2005	1 444	19	3 425	53 641	155 706
2006	808	21	3 413	51 901	148 114

Source: Social Security Office.

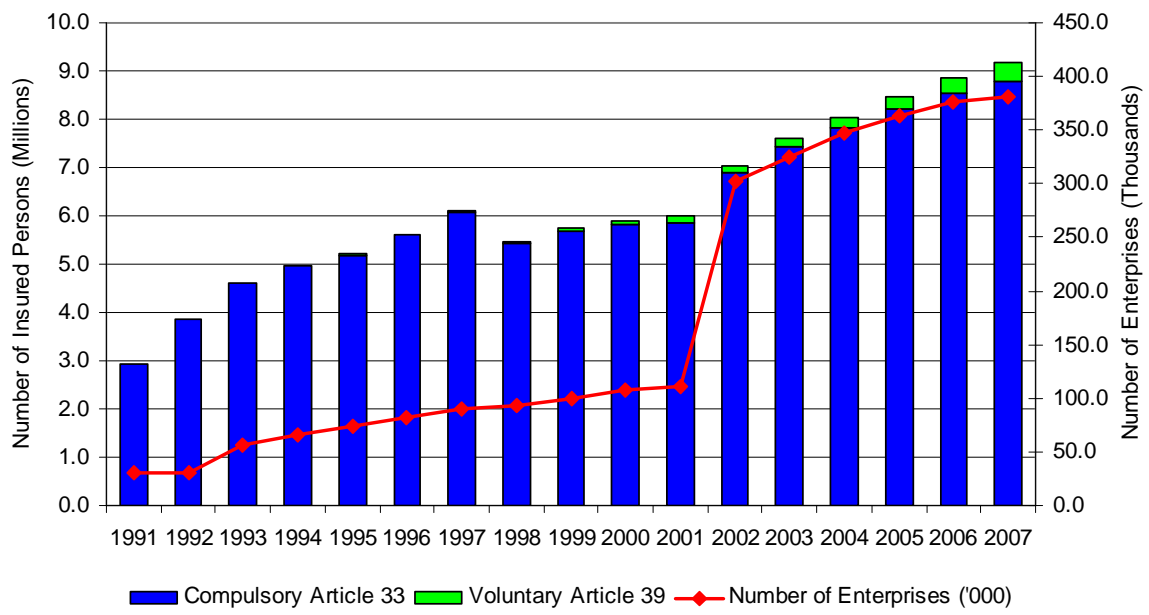
**Figure 4.2. WCF: Contributions and expenditure**



Source: Social Security Office.



**Figure 4.3. Insured persons and registered private enterprises**



Source: Social Security Office.

**Table 4.3. Types of benefits to which employees entitled under the SSF, 2008**

Benefit	Eligibility conditions	Benefits
Sickness benefit (non-work related sickness)	Have paid contribution for 3 months within 15 months.	<ul style="list-style-type: none"> <li>– Free in-patient and out-patient care in a registered hospital.</li> <li>– Sickness compensation of 50 per cent of monthly wages upon physician's certification. Maximum compensation is 90 days per request, and 180 days per calendar year. Maximum compensation for chronic disease/illness is 365 days.</li> <li>– 250-baht reimbursement for dental care (extraction, filling and tooth cleaning, acrylic denture), twice a year.</li> <li>– Reimbursement for prostheses and other related materials.</li> </ul>
Maternity benefit	Have paid contribution for 7 months within 12 months.	<p>In-kind benefit:</p> <ul style="list-style-type: none"> <li>– A lump-sum payment of 12,000 baht for each delivery, for up to 2 pregnancies (eligible for both male and female insured persons).</li> </ul> <p>Cash benefit:</p> <ul style="list-style-type: none"> <li>– Maternity compensation, 50 per cent of 3-month average wages for 90 days (only for female insured person).</li> </ul>
Invalidity benefit	Have paid contribution for 3 months within 15 months.	<ul style="list-style-type: none"> <li>– Lifetime invalidity compensation, 50 per cent of monthly wages.</li> <li>– Lifetime medical care reimbursement, maximum of 2,000 baht per month.</li> <li>– Reimbursement for prostheses and other related materials.</li> <li>– A funeral grant equal to 30,000 baht, in case of death of beneficiary.</li> <li>– Compensation equal to 1.5 times monthly wages payable to relatives if the deceased invalid had paid contribution for 36–119 months, or 5 times monthly wages if he/she had paid contribution for 120 months.</li> </ul>
Death and survivors' benefit	Have paid contribution for 1 month within 6 months.	<ul style="list-style-type: none"> <li>– A lump-sum payment of 40,000 baht for funeral arrangements.</li> <li>– Compensation equal to 1.5 times monthly wages payable to relatives if the deceased insured person had paid contribution for 36–119 months, or 5 times monthly wages if he/she had paid contribution for 120 months.</li> </ul>
Child allowance	Have paid contribution for 12 months within 36 months.	<ul style="list-style-type: none"> <li>– Child allowance of 350 baht per child aged 0–6, for up to two children.</li> <li>– Eligibility for child allowance does not end upon the death or disability of an insured person.</li> </ul>
Old-age benefit	Have paid contribution for at least 180 months, and retire at the age of 55 or older.	<ul style="list-style-type: none"> <li>– A pension equal to 20 per cent of 60-month average wages.</li> <li>– A 1.5 percentage point increase for every 12 month of additional contribution.</li> <li>– Compensation 10 times the monthly pension payable to relatives in cases when the pensioner dies within 60 months after retirement.</li> <li>– A lump-sum payment equal to employee's contribution payable to the retiree (aged 55 +) who has contributed for less than 12 months.</li> <li>– A lump-sum payment, equal to employee's and employer's contribution plus interest accrued from that amount, payable to the retiree who has contributed for more than 12 but less than 180 months.</li> <li>– A lump-sum payment, in which the amount depends on the period of contribution and base income, payable to relatives in cases when an insured person dies before the age of 55.</li> </ul>
Unemployment benefit	Have paid contribution for 6 months within 15 months.	<ul style="list-style-type: none"> <li>– For those who are involuntary unemployed (e.g. lay off), the replacement rate is 50 per cent of the highest three-month average wages in the last nine months. The maximum duration to receive the benefits 180 days in a calendar year.</li> <li>– For those who are voluntarily unemployed (e.g. who stop work without just cause), the replacement rate is 30 per cent of the highest three-month average wages in the previous nine months. The maximum duration of receipt of benefit is 90 days in a calendar year.</li> </ul>

Source: Social Security Office.

**Table 4.4. Rates of contribution to the SSF (% of insured earnings)**

	1991–97	1998	1999	2000–02	2003	2004
<b>Sickness, maternity, invalidity, and death benefits</b>						
Government	1.5	1	1	1	1	1.5
Employer	1.5	1	1	1	1	1.5
Employee	1.5	1	1	1	1	1.5
<b>Child allowance and old-age benefit</b>						
Government	–	–	1	1	1	1
Employer	–	–	1	2	3	3
Employee	–	–	1	2	3	3
<b>Unemployment insurance benefit</b>						
Government	–	–	–	–	–	0.25
Employer	–	–	–	–	–	0.5
Employee	–	–	–	–	–	0.5
<b>Total</b>						
Government	1.5	1	2	2	2	2.75
Employer	1.5	1	2	3	4	5
Employee	1.5	1	2	3	4	5

Source: Social Security Office.

Note: Insured earnings range between 6,500 baht to 15,000 baht per month.

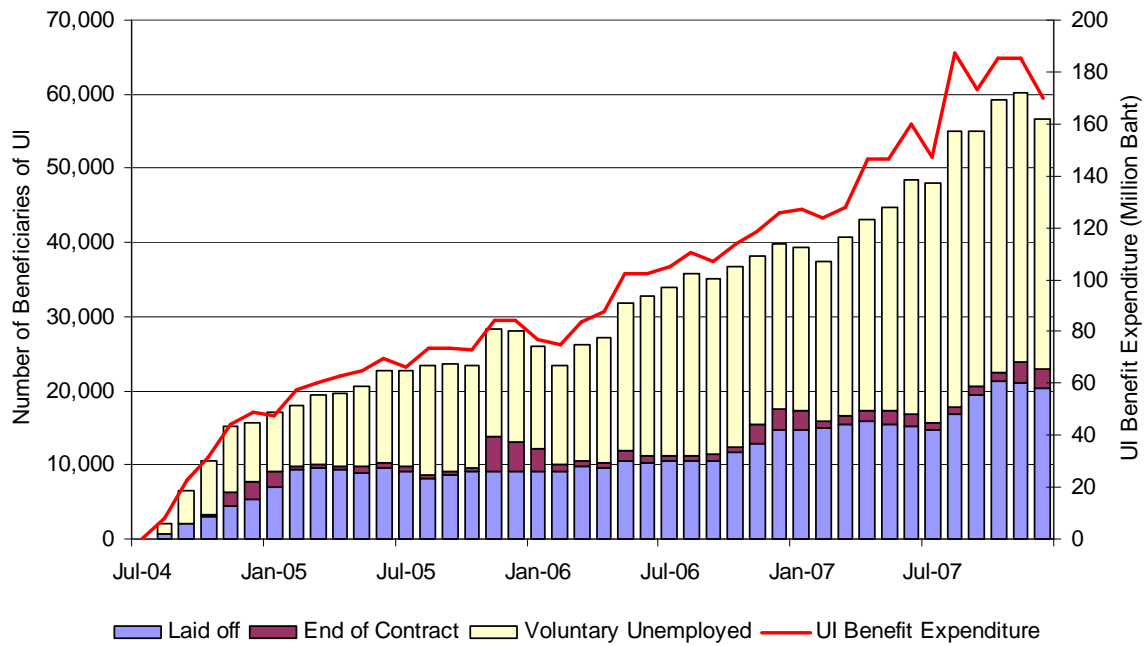
**Table 4.5. The number of beneficiaries under the SSF**

Year	Sickness	Invalidity	Death and survivors	Maternity	Old-age	Child allowance <sup>1</sup>
1994	4 089 413	232	6 642	99 250	–	–
1995	4 986 145	308	9 378	140 734	–	–
1996	6 373 711	277	11 220	171 169	–	–
1997	7 623 686	349	13 370	192 361	–	–
1998	8 923 772	527	13 038	178 213	–	–
1999	12 003 216	393	12 106	167 722	2 986	149 926
2000	12 606 716	480	13 434	183 692	12 333	624 484
2001	16 067 396	435	13 637	184 281	16 963	663 621
2002	18 247 247	614	15 209	194 641	22 063	688 466
2003	12 620 029	293	12 249	226 841	41 662	554 862
2004	21 331 082	504	18 362	254 848	46 782	692 109
2005	22 793 859	708	17 433	251 960	60 874	773 280
2006	22 164 334	760	17 441	n.a.	65 696	1 095 707

Source: Social Security Office.

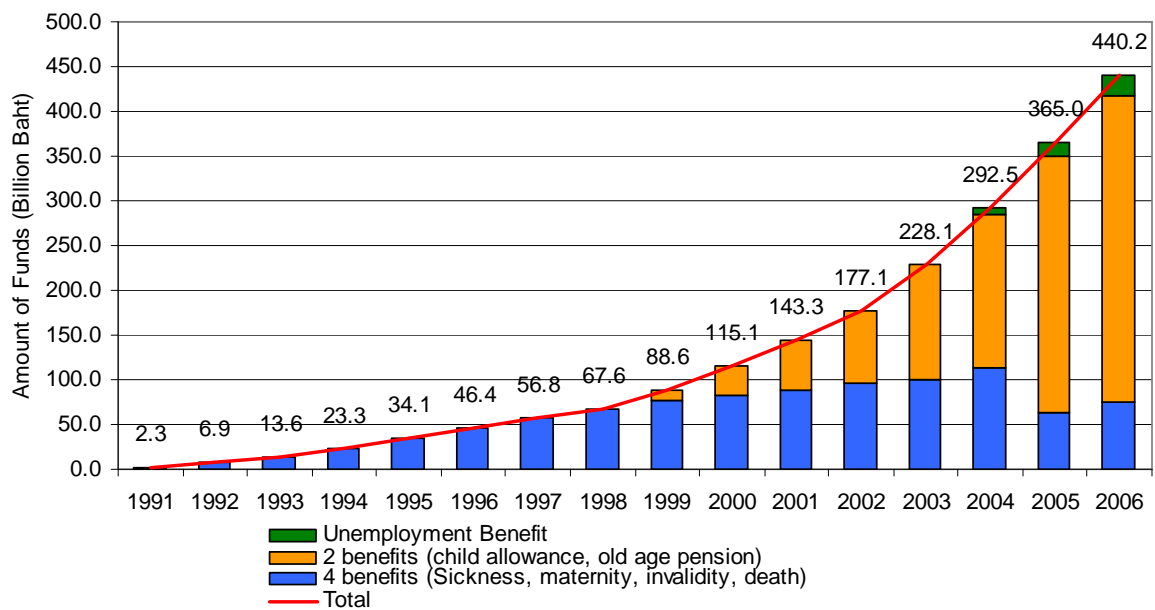
Note: <sup>1</sup> Figures by the end of the year.

**Figure 4.4. Unemployment insurance benefit claims and expenditure**



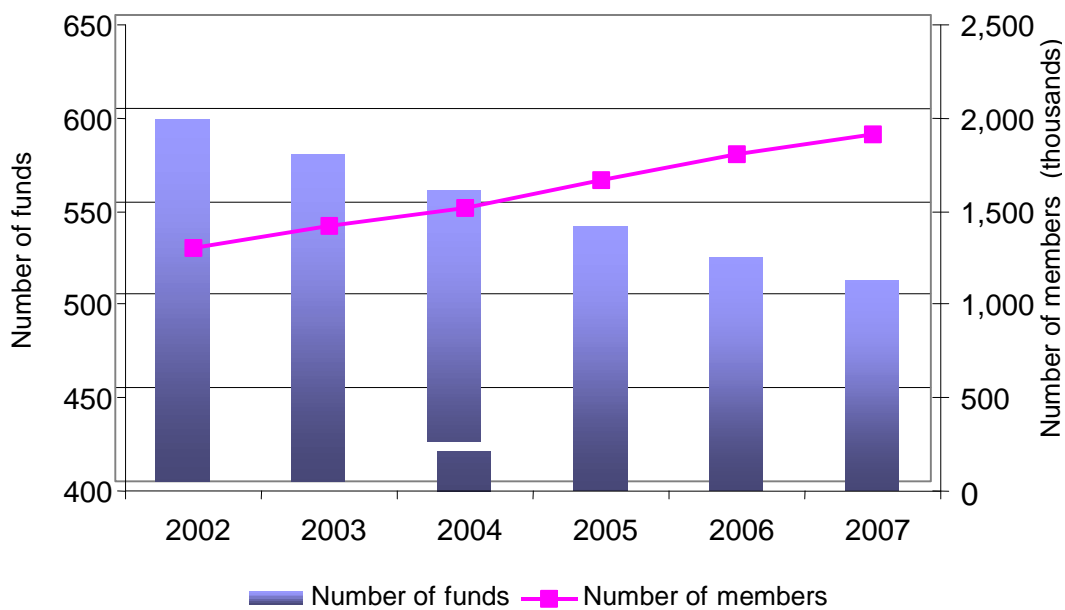
Source: Social Security Office.

**Figure 4.5. SSF: Accumulation of funds**



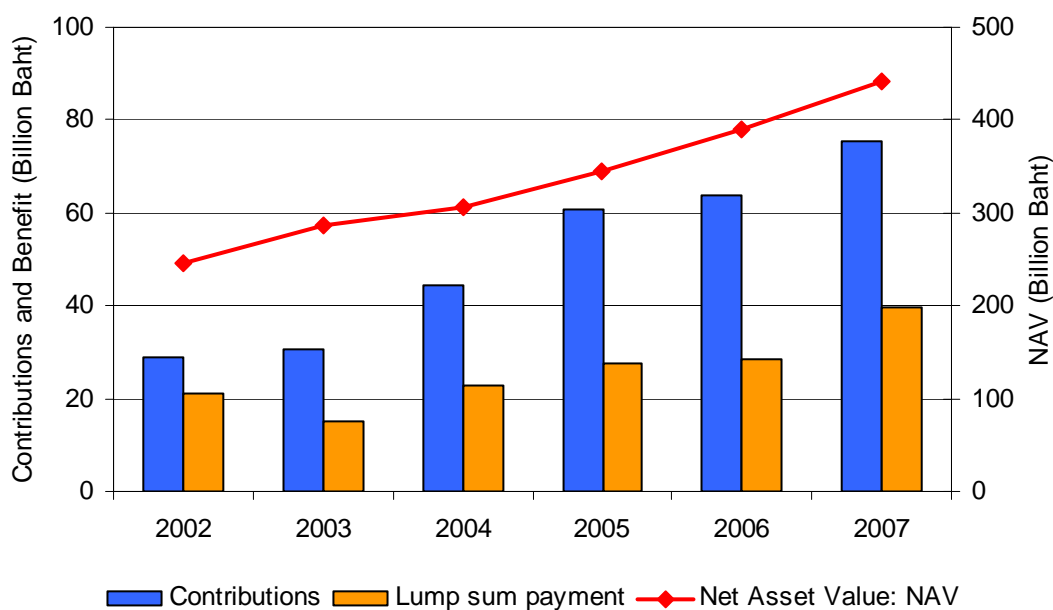
Source: Social Security Office.

**Figure 4.6. Number of provident funds**



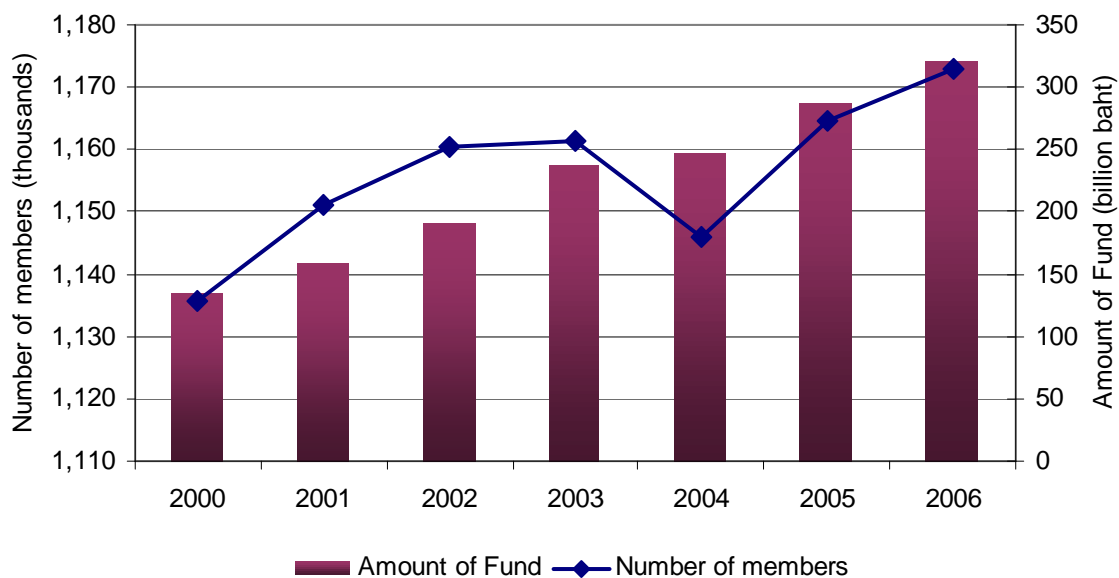
Source: Thai Provident Fund.

**Figure 4.7. Size of provident funds**



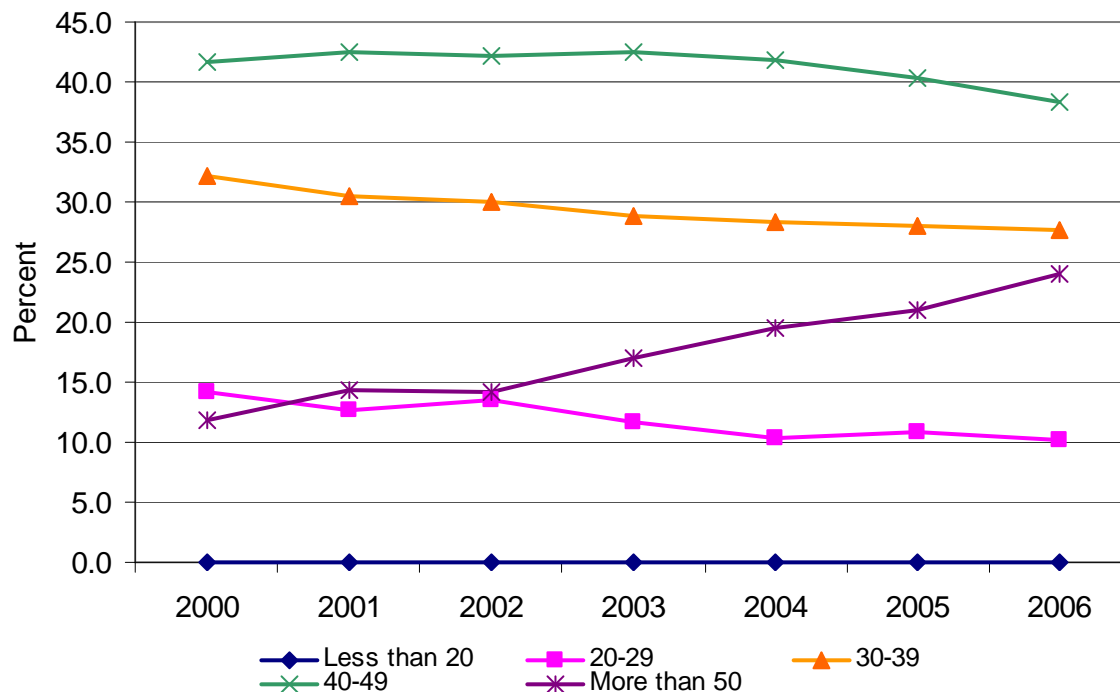
Source: Thai Provident Fund.

**Figure 4.8. Size of the Government Pension Fund**



Source: Government Pension Fund.

**Figure 4.9. GPF membership, by age group**

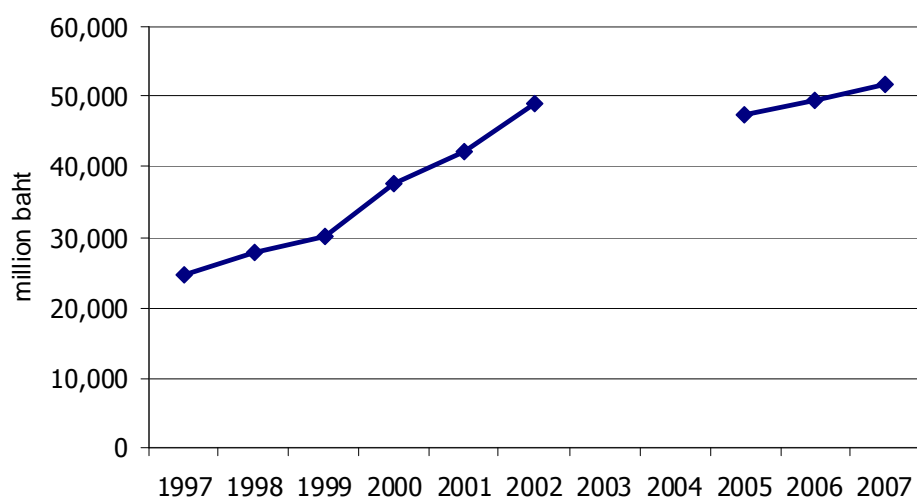


Source: Government Pension Fund.

## Appendix III

### 5. Tables and figures

Figure 5.1. Expenditure on government pensions



Source: The Comptroller General's Department.

Note: Data for 2003 and 2004 are incomplete owing to the changes in payment method. The Comptroller General's Department started direct payments to retirees' accounts in 2003. During the transition period, data from the Comptroller General's Department and other ministries were not aggregated.

Table 5.1. Retirees receiving pensions or lump-sum payments, 2006 and 2007

	2006	2007
No. of government officials	1 721 772	1 702 292
No. of permanent employees	221 553	215 021
Retirees with pension	324 284	333 143
Pension expenditure (million baht)	49 375	51 881
Retirees with lump-sum payment	8 442	9 277
Lump-sum expenditure (million baht)	3 160	3 692

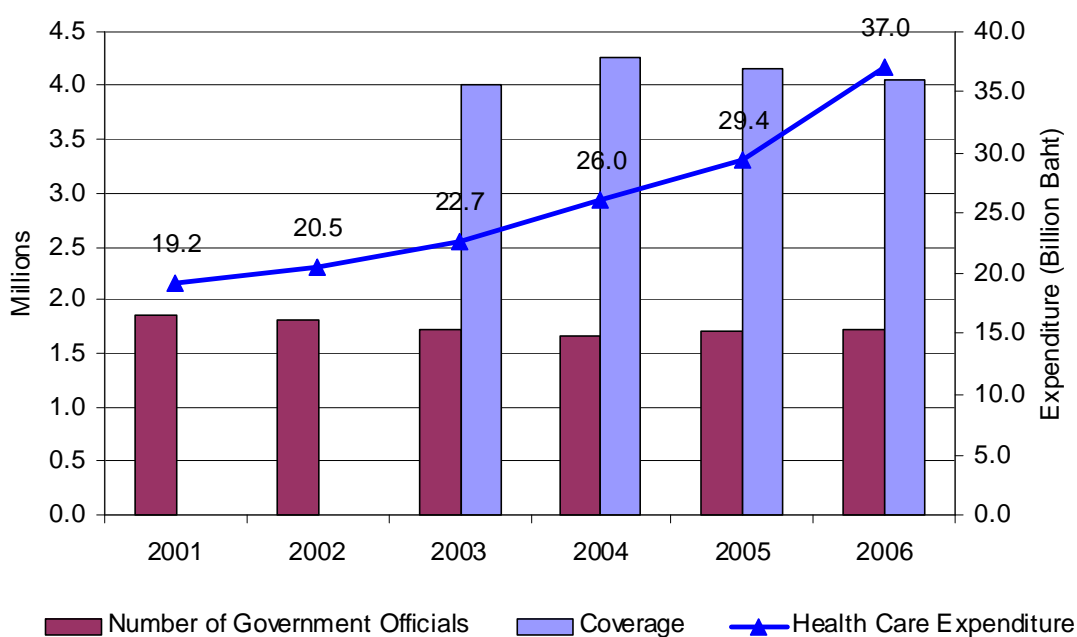
Source: The Comptroller General's Department.

**Table 5.2. Health care and medical benefits for government officials**

Compensation	Health care and medical benefits
<b>Coverage</b>	<b>Government officials, parents, spouse, and up to 3 children.</b>
Public hospital	<ul style="list-style-type: none"> <li>– For sickness caused from work, all expenditures are covered subjected to the Ministry of Finance's regulation.</li> <li>– For sickness not caused from work, all expenditures for medical treatment are covered. For special hospital room, it covers 600 baht per day (including food expenditures) for the maximum of 13 days.</li> </ul>
Private hospital	<ul style="list-style-type: none"> <li>– For sickness caused from work, healthcare expenditures are covered with only emergency case basis.</li> <li>– For sickness not caused from work, half of health-care expenditures are covered but not more than 3,000 baht within 30 days.</li> </ul>

Source: The Comptroller General's Department.

**Figure 5.2 Health care expenditure for government officials**



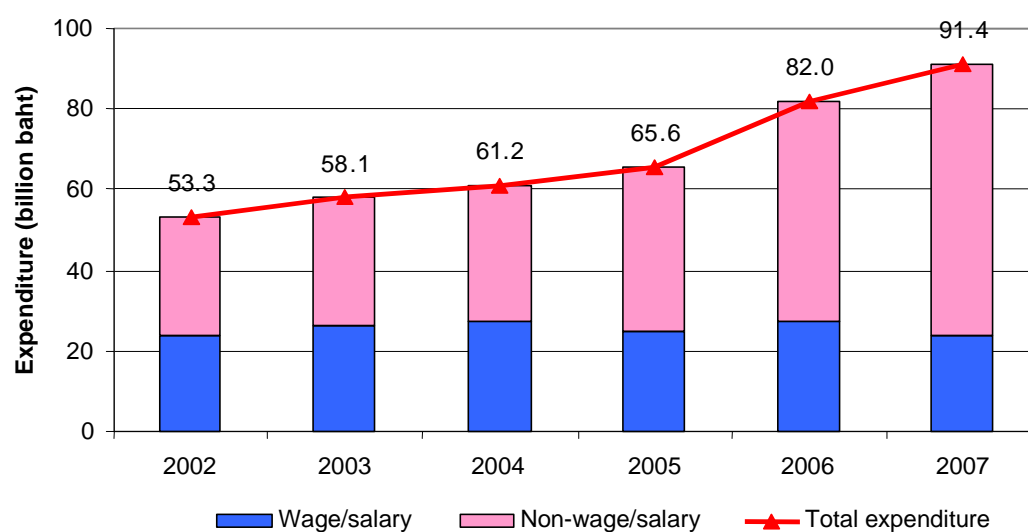
Source: The Comptroller General's Department.



**Table 5.3. Capitation costs of the universal health-care coverage**

	2002	2003	2004	2005	2006	2007	2008
1. Outpatient care	574.00	574.00	488.20	533.01	582.80	645.52	645.52
2. In-patient care	303.00	303.00	418.30	435.01	460.35	513.96	845.08
3. Prevention and promotion	175.00	175.00	206.00	210.00	224.89	248.04	253.01
4. Complicated care:	-	-	-	-	-	-	-
4.1 High cost	32.00	32.00	66.30	99.48	190.00	193.85	71.66
4.2. Accident and emergency	25.00	25.00	19.70	24.73	52.07	51.02	44.61
4.3. Denture	-	-	-	-	2.31	-	-
4.4. Disease management	-	-	-	-	-	15.71	28.98
5. Capital replacement	93.40	83.40	85.00	76.80	129.25	142.55	143.73
6. Emergency medical services	-	10.00	6.00	6.00	6.00	10.00	12.00
7. Disability	-	-	4.00	4.00	4.00	4.00	4.00
8. Initial compensation (section 41)	-	-	5.00	0.20	0.53	0.53	-
9. Assistance to remote areas	-	-	10.00	7.07	7.00	30.00	30.00
10. Provider initial compensation	-	-	-	-	-	0.40	0.40
11. Quality development	-	-	-	-	-	20.00	20.00
12. 30 baht compensation	-	-	-	-	-	24.11	-
13. Thai / alternative medical	-	-	-	-	-	-	1.00
Capitation rate	1 202.40	1 202.40	1 308.50	1 396.30	1 659.20	1 899.69	2 100.00

Source: National Health Service Office (NHSO).

**Figure 5.3. Government expenditure on UC**

Source: National Health Service Office (NHSO).

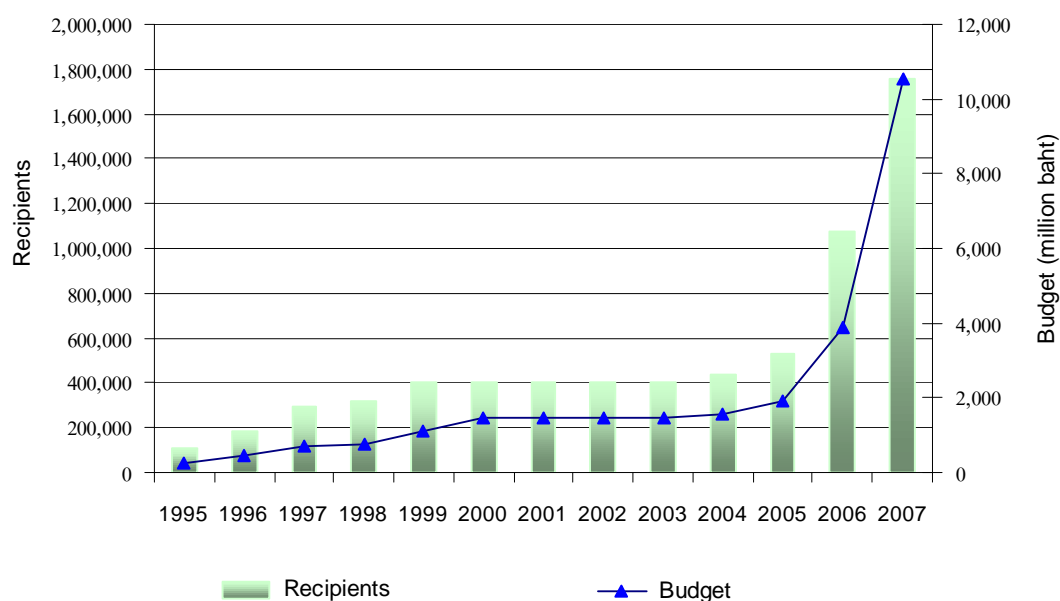
**Table 5.4. Social assistance for disadvantaged people**

Target group	Form of assistance	2004	2005	2006
<b>Children</b>	• provide accommodation, basic needs and education for orphans	5 890	5 952	6 247
	• provide occupational training	145	150	122
	• Help abused children	1 488	1 880	1 890
	• provide temporary accommodation for children and families	4 336	6 591	6 824
	• provide consumer necessity products, scholarships and study materials	162 715	140 036	133 355
	• find foster-parents for orphans	7 269	7 741	3 092
	• support child development equipment and food supplement to the nursing home	60 135	69 835	86 107
	• provide counselling through mobile units	18 501	14 796	n.a.
	• counselling services to parents	n.a.	15 538	n.a.
	• provide accommodation, basic needs for HIV/AIDS orphans	399	434	427
	• provide assistance to families whose children are HIV-infected	1 895	1 615	2 291
<b>Disadvantaged women</b>	• provide free education and training	1 619	2 051	1 964
	• provide accommodation and career development	8 275	10 781	8 492
	• provide short-term occupational training	n.a.	14 992	14 996
	• provide wage subsidy	n.a.	7 372	n.a.
	• support occupational cooperation	n.a.	1 875	2 000
<b>The elderly</b>	• provide accommodation, basic needs and health-care	2 860	1 454	1 390
	• provide health-care services and emergency accommodation for elderly	237 534	166 832	n.a.
	• provide health counselling through mobile units	625 139	n.a.	n.a.
<b>Disabled persons</b>	• provide accommodation, health-care and meet basic needs	4 584	3 849	4 804
	• provide career development	639	1 236	486
	• provide rehabilitation services and vehicles/equipment for the handicapped	17 797	19 923	21 716
<b>Homeless and beggars</b>	• provide accommodation and career development	7 541	7 801	8 490
	• provide temporary accommodation, and meet basic needs and counselling	4 093	2 804	3 493

Target group	Form of assistance	2004	2005	2006
Persons on low-incomes	• provide assistance	n.a.	277 059	279 794
	• provide temporary accommodation for expropriated people	14 675	20 956	n.a.
	• counselling services	n.a.	n.a.	77 951
Ethnic minorities	• support child development centre	n.a.	n.a.	n.a.
	• provide career development	n.a.	7 175	7 405
	• provide assistance	n.a.	542 734	525 893
Families in need	• provide assistance	7 833	19 309	13 032
	• provide money to invest	1 700	1 669	1 200
Victims of natural disasters	• provide emergency assistance, basic need and healthcare	n.a.	n.a.	38 889

Source: Department of Social Development and Welfare (Annual Report 2004–06).

**Figure 5.4. Cash allowance for the elderly poor**



Source: 1. Department of Public Welfare  
 2. Department of Social Development and Welfare  
 3. Department of Local Administration

## Appendix IV

### 6. Tables and figures

Table 6.1. Poverty targets of the National Development Plan

Plans	Poverty head count target (%)	Poverty incidence
Seventh Plan (1992–96)	20	19% (1996)
Eighth Plan (1997–2001)	10	18.8%* (2001)
Ninth Plan (2002–06)	11.3	9.5% (2006)
Tenth Plan (2007–11)	4	n.a.

Source: The National Economic and Social Development Plans  
Note: The goal was not achieved due to the economic crisis.

Table 6.2. Poverty alleviation projects

Project	Budget (million baht)	No. of beneficiaries
Village Fund	78 013 (2007)	1 803 453 (2003)
Debt suspension	18 413 (2003)	1 944 029 (2003)
People's Bank (borrowers)	n.a.	1 549 319 (2007)
OTOP	800 (2003)	n.a.
SML	3 000 (2008)	n.a.
Housing for Low Income Groups	2 856 (2006)	182 205 (2005)
Slum Area Development	6 807 (2005)	29 054 Households (2005)