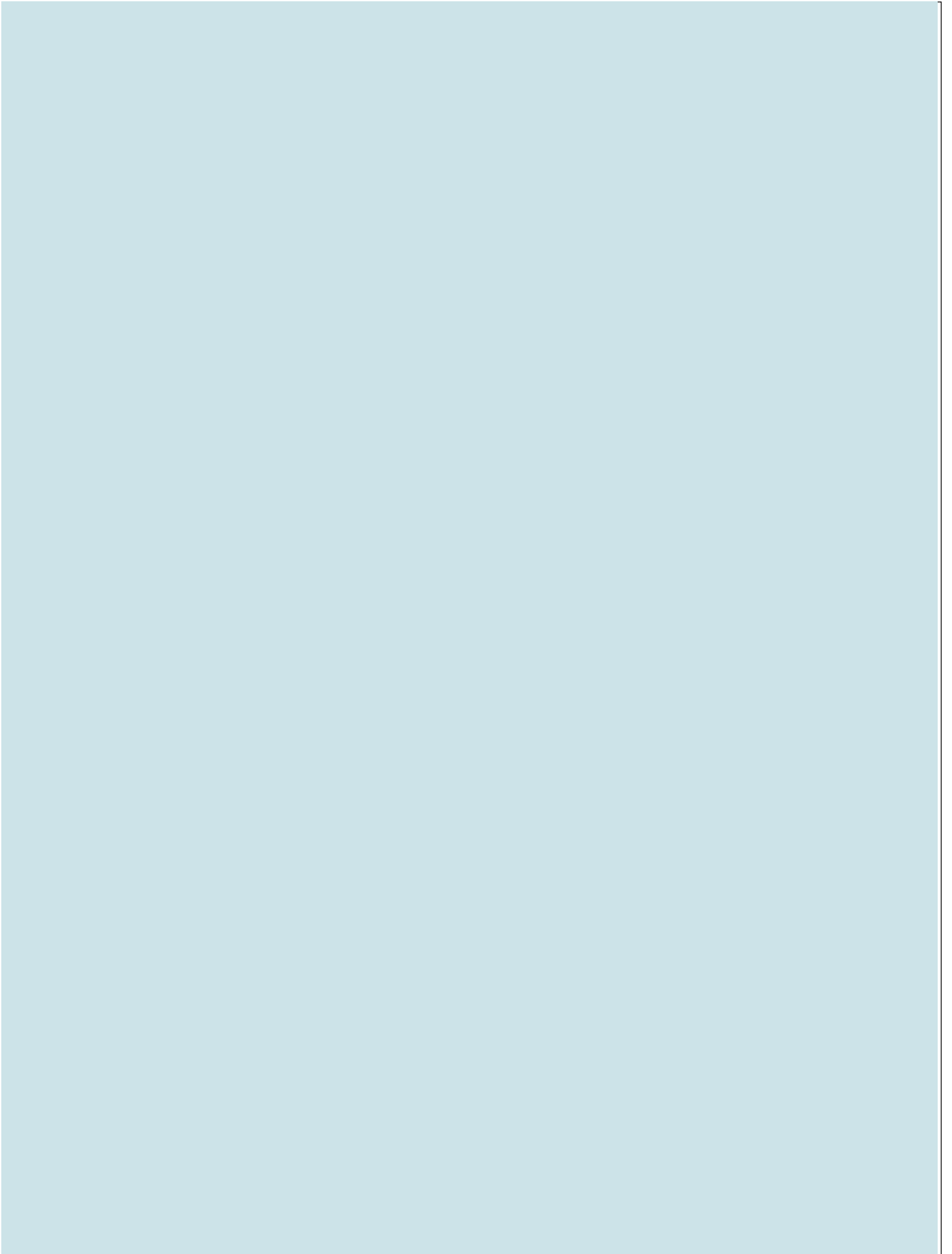


PART TWO

Social Safety Nets in Thailand: Analysis and Prospects*

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I. BACKGROUND

Introduction

During Thailand's economic boom in the 1980s, unemployment was less critical as the economy could absorb the vast majority of new graduates. At the time, most graduates could find jobs in their chosen fields of study or other allied areas. Rapid economic growth had improved income levels, employment and the quality of life of Thailand's citizens. In the years leading up to economic crisis, many social reform programmes were gaining momentum in Thailand. Civil society organizations and leaders pushed for political reforms and government policies more responsive to lower income and vulnerable groups.

While political and social reforms were concretized during the mid-1990s, an economic crisis hit the country drastically in 1997. This crisis led to many severe, unforeseen and sudden impacts, not only in the financial and corporate sectors, but also more broadly in society, affecting the rich, middle class and the poor alike. Owing to the crisis, one of the most serious problems has been the rising unemployment and under-employment rates in both urban and rural areas. The social impacts of the crisis can also be analysed through changes in poverty and inequality.

Since most of the measures adopted were to help relieve the financial sector, the government continued to be criticized for borrowing money to help the rich and not the poor. The role of the International Monetary Fund (IMF) has been strongly criticized. Alternative economic and financial solutions have been made on television and radio programmes, as well as in newspapers. Subsequent Letters of Intent showed that the Ministry of Finance has been able to negotiate with IMF for more relaxed measures to solve the economic crisis. The Letter of Intent announced at the end of 1998 showed a larger budget deficit for the following fiscal budget year. The government agreed to provide measures which would encourage investment and create cash flows and employment. To revitalize the economy and strengthen social safety net programmes, the government introduced four economic stimulus packages containing elements of social safety nets for fiscal year 1999. The four programmes are: (a) the Unemployment Mitigation Plan utilizing the annual government budget and loan funds, (b) the social investment programmes using the World Bank loan, (c) the social sector programme loan from the Asian Development Bank (ADB), and (d) loans under the Miyazawa Plan.

A. Objectives of the study

This country study is part of a regional project on social safety nets. The four countries in the regional project include Indonesia, the Philippines, the Republic of Korea and Thailand. The objectives of the country study are:

- (a) To assess adequacy of policy formulation for social safety nets in the country;
- (b) To assess efficacy of social safety net programme/project implementation; and
- (c) To recommend measures to strengthen social safety net responsiveness to short-term emergencies, as well as long-term concerns.

B. Definitions

In this study, **social protection** is defined to include social security (social insurance), social services, social assistance, and social safety net schemes for government and private sector employees, the poor, and the disadvantaged and vulnerable groups.

Social security/social insurance includes programmes available for government employees, government enterprise employees and insured workers in the private sector.

Social services include public sector services available in the area of health, education and social welfare only.

Social assistance programmes include programmes/projects made available for the poor, the disadvantaged and vulnerable groups.

Social safety net programmes include programmes/projects being made available to those affected by different types of crisis, not necessarily the 1997 financial and economic crisis. They consist of all the poor, whether chronically so or only temporarily so; and those non-poor affected adversely by the crisis, who without a safety net will fall into poverty. All the poor are included because they are all adversely affected by crisis, whether directly or indirectly.

The programmes included in this study have most, if not all, of the following characteristics:

- (a) They are income-related programmes;
- (b) They provide social services provision;
- (c) They are community-based programmes/projects; and
- (d) They are multisectoral.

II. THE CONTEXT OF SOCIAL PROTECTION

A. The economic and financial crisis of 1997

On 2 July 1997, the Government of Thailand announced a change in the exchange regime to a “managed float” system, abandoning the 13-year-old peg to a basket of currencies dominated by the United States dollar. This was only one of the many necessary measures the government adopted to deal with the financial crisis.

After the drastic fall of the Thai economy, IMF rushed in to help with the rescue. By August 1997, Thailand had to be bailed out by IMF to the amount of US\$ 17.2 billion. Thailand issued the first Letter of Intent and unveiled a plan to revamp the finance sector as part of a package of policies suggested by IMF. This resulted in sky-high interest rates and a decimated baht. A Financial Restructuring Authority was formed to decide the fate of the suspended firms and an Asset Management Corporation was established to handle their bad assets, estimated at about 600 million baht. At the end of 1997, the government encouraged people to save and avoid any form of investment, and the economy slowed down drastically. Those who borrowed could not pay back and the number of non-performing loans increased.

The currency exchange rate had been 26 baht to a US dollar on 30 June 1997. By the beginning of January 1998, the dollar had climbed up to 56 baht. After the Bank of Thailand abandoned the separate foreign currency policy at the end of January, it stabilized around 42 baht by March 1998.

The National Economic and Social Development Board (NESDB) reported that the inflation rate increased from 9.0 and 10.3 per cent in the first and second quarters and decreased to 5.9 per cent in October and 4.7 per cent in November 1997. The inflation rate has been decreasing since the crisis, and in 2001, it was expected to be 2.6. Interest rates also dropped, after academics and representatives of different corporate civic groups put strong pressure through radio and television programmes on the Ministry of Finance and the Bank of Thailand, to intervene on interest rates. Initially, the idea was to raise interest rates to encourage savings. However, this policy essentially stopped cash flows and slowed down the economy drastically. It was recommended that banks should be forced to lower interest rates to encourage investment and revive the economy. The Bank of Thailand succeeded in putting pressure on banks, and interest rates of new savings have been gradually reduced. In 1998, NESDB reported a decrease of interest rate for loans from 21.51 per cent in January to 3.55 per cent in November 1998. In 1999, interest rates moved up and stayed up to around 10 per cent, depending on the type of loans. In 2000, interest rates declined further and in early 2001, interest rates for loans were around 7-10 per cent for borrowers and 2-4 per cent for savings. Large gaps between borrowing and saving are due to the large amount of non-performing loans which the banks have to be responsible for.

Because of the economic crisis, many firms closed down and the unemployment rate increased from about 500,000 persons at the end of 1997 to 1.4 million in early 1998. This number was provided by the National Statistical Office and was further confirmed by the government's Committee for Unemployment Information Study. The Socio-Economic Survey of the National Statistical Office in August 1998 gave an unemployment rate of 1.13 million persons. The drop is believed to be due to agricultural activities taking place during the month of August which is the rainy season. The Committee for Unemployment Information Study estimated unemployment to be 1.3 million persons for the last quarter of 1998. For 1999, the unemployment rate increased and Miyazawa loans came in to help generate employment and activate economic recovery. In the year 2000, unemployment was reported to be 1.2 million persons.

The number of people under the poverty line also increased from 11.3 per cent in 1996 to 13.0 and 12.4 per cent for the first and second quarters of 1998, respectively. This is equivalent to 7.6 to 7.9 million persons dispersed in the rural and sanitary district areas. NESDB reported a decrease in the average real wage income of the employed by 506 baht a month. In the business sector, the decrease is 1,038 baht a month. The agriculture sector is observed to be unaffected because the export of agricultural products improved when compared with the previous year.

B. Thailand's political and social reforms and the crisis

Thailand has made momentous progress in the area of governance and human rights in the past decade, which helped the nation to deal effectively with many ramifications of the economic crisis. During the 1990s, the country launched a concerted process of change, most notably the 1997 People's Constitution and the Eighth National Economic and Social Development Plan (1997-2001). The new Constitution embodies a crucially important institutional framework that empowers people to realize their rights and liberties, as well as to participate more effectively in political and public decision-making. In addition, the new Constitution launches a more open and accountable political environment, while enhancing the system of checks and balances. It also meets the expectations of the Thai people regarding their keen awareness and interest in vital issues such as transparency, accountability, representation, participation, decentralization, self-governance, the rule of law and human rights.

Reflecting on this trend, the Eighth Plan has introduced and endorsed a holistic people-centred development strategy with the aim of long-term restructuring and reorientation of the development and public administration system. The plan also introduces, for the first time, a chapter on good governance. Under the current economic crisis, the government has reviewed and revised the Eighth Plan in order to address the critical issues and to lay a sound economic structure for future development. Anti-poverty programmes have been drafted and provide support for the poor, the disadvantaged and vulnerable groups.

The 1997 Constitution, drafted with the participation of people from all walks of life, provided the historical foundation for future political and social reform in Thailand. It also provides the base for other building blocks. Concepts of democracy, equality, good governance, people's participation and decentralization are incorporated in the different clauses of the Constitution. Furthermore, the Constitution indicates that certain strategies and action plans must be put forward in the form of subsidiary laws. The optimistic expectation of the Constitution can become a reality only if the government, civil society organizations, international agencies and the general public join hands to bring about economic, political and social reforms. Shifts in development paradigms from growth-centred to people-centred have been made in the Eighth National Development Plan (1997-2001) and the Constitution. This shift must continue to be recognized and followed through.

Many economic and financial reform measures are being implemented in the process of economic recovery. In addition to financial measures, legal and management measures are being implemented in the same process. Simultaneously, the economic development paradigm of the future will also recognize alternative economic development initiatives to provide people with choices in providing for their livelihoods. When economic recovery is completed, stable and sustainable development should be an outcome.

The new senate election that took place in March 2000 and the new general election of the people's representatives that took place in January 2001 provided a great opportunity for implementing the new Constitution in its full form. Political reforms in election campaign practices, political party formation, voting behaviour, and the awareness of political responsibility of politicians and the public are expected to gradually take place. In comparison to economic reform, political reform will be slow. All parties in civil society will have to advocate for sustainable political reform, as long as it may take.

Social reforms have also taken place slowly. Recognition of the social integration of disadvantaged and vulnerable groups into mainstream society is on the way. Equal access to social services and sensitivity in treating people of diverse origins need to be encouraged and cultivated. Concern for humanity and not economic or political gain is the social value to be promulgated. Education and health reforms are taking place. Concepts of social services, social welfare, social protection, and social development are all encompassing issues to sort out in the social reform process.

The Constitution also laid the groundwork for the concept of good governance, the basic criteria of which are transparency, accountability, equity and participation. The challenge now is to incorporate good governance at all levels of society. With the new decentralization scheme and the increasing role of the Tambon (Subdistrict) Development Administration, grass-roots organizations need to be encouraged to function as a monitoring unit to ensure good governance at the local level. Furthermore, the media has been bringing bad examples of governance to the attention of the public. Corruption and scandal cases have been publicized. Even when the accused have been set free because of lack of evidence, the public still recognized the scandals and will keep watch to detect future ones.

1. Social policy framework

The Eighth Plan which is a human-centred development plan, the Constitution which gives strong support for basic rights of the people, and the economic crisis have led to a long-term social policy reform with special emphases in three areas, labour and social welfare, education, and health. The objectives are:

- To alleviate the crisis impacting on the social sector, especially the poor, the disadvantaged and vulnerable groups;
- To restructure social infrastructure and the Thai economy to be competitive in the international market; and
- To improve efficiency in social services.

In essence, the framework constitutes the following policies on:

Labour and social welfare sector

- Provide assistance to the retrenched and unemployed by establishing assistance centres for the retrenched and expand social security benefits;
- Provide protection to the poor in the informal sector and rural areas by improving efficiency of poverty alleviation programmes;
- Support training investment of the private sector; and
- Promote competitiveness in the labour market.

Education

- Reduce the school drop-out rate;
- Review the human resources policy to support new human resources management schemes independent of government administration;
- Improve the quality of education and management systems at all levels to respond to the needs of society and community through a decentralization process; and
- Promote participation of the private sector in education and training services.

Health

- Provide protection to low-income people;
- Give priority in providing budget for maternal and child health activities; and
- Improve efficiency in health services by increasing the number of health personnel in the rural areas and establish pilot autonomous hospital projects.

2. Social protection programmes

(a) General principles

Social protection functions may be in the form of universal coverage or specific group coverage. In Thailand, as of now, there is no programme providing universal coverage. The debate on universal coverage is taking place. Protection provided at present includes sickness, disability, old age, health care, victim survivors, children and women, the socially excluded, housing facilities, and unemployment.

Social protection programmes usually involve interventions and transfer of resources to support the programmes. Interventions may be in the form of:

- Direct support from central government or local government;
- Funds administered by autonomous bodies;
- Insurance schemes operated by private firms;
- Funds administered by cooperatives;
- Funds administered by employers or a group of employers;
- Funds administered by non-profit organizations; and
- Funds administered by communities of groups of people in the communities.

Transfers of resources may be in cash or in kind, directly or indirectly, or directed to specific groups, with or without obligations, and either full or partial support. They may be in the form of social insurance, social welfare, and social assistance. After the economic crisis, benefits from social insurance and social security programmes have been expanded. Many short-term programmes have also been established to help relieve the burden of those affected.

(b) Social protection schemes

As stated in the definition section, social protection schemes include social security or social insurance, social services, social assistance, and social safety nets. Since social safety net programmes provide support for people in crisis, programmes may overlap with programmes in other categories.

Social security or social insurance and related schemes

Government programmes include protection for employees of government and government enterprises. Social security or social insurance schemes are provided for employees in the private sector, but the operation is managed by a government agency. Contributions to the social security fund come from employees, employers, and government. The largest social protection from the private sector is the provident fund established by government decree. Another fund is in the form of cooperatives, also with a separate law. Three large funds are: Civil Servants' Pension Scheme, Social Security Fund, and Provident Fund, all of

which are established under separate laws. In general, workers of government enterprises are provided with social protection schemes of the separate enterprises. Government enterprises without their own schemes have to follow the general government enterprise scheme.

In other words, social protection programmes in the formal sector include civil servants' schemes, benefits for employees of government enterprises and social security schemes. Civil servants and employees of government enterprises are eligible for quite generous benefits in terms of pension and compensation as well as health care and services for self and family members. Education for children is also an attractive benefit. Pensions for civil servants are for life while compensation for employees of government enterprises varies from agency to agency. Compensation could be as high as 30 months depending on length of service with the agency. The Civil Servants' Medical Benefit Scheme, Civil Servants' Pension Scheme, and the Employees of Government Enterprise Regulations are the three relevant laws.

For non-government and non-government enterprise employees, two laws involving unemployment benefits are the Social Security Act and the Labour Protection Act. The two laws together provide unemployment benefits in the following forms:

1. The Social Security Act 1990 identified unemployment as one of the seven benefit categories for workers. They are sickness, disability, death, childbirth, old age, child welfare, and unemployment. However, subsidiary law and details of the contribution and benefits in the case of unemployment have not been drawn up. This is the only benefit category not yet completed.
2. The Labour Protection Act 1998 and related Acts provided protection for unemployment in these cases:
 - (a) Workmen Compensation Fund where employers contribute to the fund, to provide compensation support for employees in case of sickness, disability or death caused by being in the work place. Termination of employment owing to harm done at the work place is certainly covered here. This fund is not included in the Social Security Act because it was in operation before the Social Security Act was promulgated. The Social Security Office is now managing the Workmen Compensation Fund. The old Revolutionary Decree 103 on compensation funds has been replaced by the Workmen Compensation Act 1994.
 - (b) Severance pay is the money which the employer pays to the employee upon termination of employment, in addition to other categories of money which the employer agrees to pay the employee according to Section 5 of the Labour Protection Act 1998.
 - (c) Provident funds are funds set up and contributed to by both the employers and employees as a protection for employees in case of retirement, death, termination of employment, or termination of membership of the fund. The

Provident Fund Act 1987 states that provident funds are voluntary and not required of all firms. Therefore, many firms do not establish a provident fund. A provident fund is a legal entity separate from the operation of the firm itself. The firm must register the fund with the Ministry of Finance and must hire a person from the list of qualified financial institutions as a manager.

- (d) Employee Welfare Funds are established to provide welfare for workers who have been terminated from employment because of death or other reasons. The Labour Protection Act required that the Ministry of Labour and Social Welfare, according to Section 126, must establish an employee welfare fund. Employees must be members of the employee welfare fund unless the employer had established a provident fund for the firm. Both employer and employee are required to make contributions to the fund. In other words, workers should be protected by either a provident fund or an employee welfare fund in case of termination of employment.

Social services

Social service programmes in the areas of **education, health and social welfare** in Thailand have been designed to serve specific target groups with specific problems. There has not been a social protection scheme with universal coverage.

In the education sector, **compulsory education** has been provided by law. But children still need food, clothing, and school supplies to go to school. The National Education Act 1999 aims to provide 12-year education, eventually with universal coverage. Because of the economic crisis, 9-year compulsory education is being enforced at the moment. The 12-year requirement will follow in due course.

Primary health-care services have been provided to the people in both urban and rural areas. Very poor people can have health-care services from government hospitals and health centres. But services may be slow and not fully adequate. There is currently an attempt to draft a health insurance scheme to provide universal coverage. In terms of social welfare services, the distinction between social welfare services and social assistance is not easy to make. In this report, social welfare services will be discussed in terms of social assistance.

Social assistance

As has been mentioned earlier, social assistance programmes in Thailand have been provided for specific groups with specific problems. There is no universal coverage in social assistance. Furthermore, social assistance programmes per head have been very small and not adequate. The concept is to provide temporary assistance only. Assistance programmes include sickness or health care, assistance to people with disability, the elderly, women, children, the unemployed, minority people, and the poor.

III. SOCIAL SAFETY NET PROJECTS

In this section, social safety net projects will be reviewed under four groups: (a) income-related programmes, specifically the Unemployment Mitigation Plan; (b) social services provision; (c) community-based programmes/projects; and (d) multisectoral programmes/projects, specifically programmes under multilateral or bilateral loans.

The definition of social safety nets provided in section I indicates clearly that a crisis condition is the main criterion used to identify social safety net programmes and projects. In this report, focus will be put on the 1997 economic crisis only. Social safety net programmes are those announced by the government which include the Unemployment Mitigation Plan of August 1998. Government agencies were given a mandate to implement programmes and projects, either those which are already in existence or new projects to help abate the social impact of the crisis for the unemployed. However, policies announced by the government during the first year after the crisis were to reduce the budget. Social safety net programmes were then slowly implemented. Only after the government received loans from the World Bank, ADB, the Overseas Economic Cooperation Fund of Japan (OECF), and the Miyazawa Plan were the social safety net programmes more actively implemented.

Emergency social safety net programmes which the government implemented during the crisis came from three loan programmes in addition to the government budget.

A. The Unemployment Mitigation Programme

The Unemployment Mitigation Plan includes the following measures:

- Thai help Thai through social assistance;
- Job creation in rural areas;
- Repatriation of illegal workers;
- Promotion of Thai workers working abroad;
- Employment promotion in industry;
- Promotion of new agricultural methods;
- Career and occupational guidance;
- Job creation in the community; and
- Temporary employment of graduates.

Some other measures are to reduce the immediate hardship of the unemployed by providing essential goods at subsidized prices, while others provide small loans for those who want to start their own businesses. These measures are used as guidelines in asking for cooperation from other government agencies. Budgets for the nine projects are presented in table 1.

Table 1. Budget for the Unemployment Mitigation Plan, 1998-2000

(in millions of baht)

<i>Measures</i>	<i>1998</i>		<i>1999</i>		<i>2000</i>		<i>Subtotal</i>	
	<i>Gov't budget</i>		<i>Gov't budget</i>	<i>Loan/ Other</i>	<i>Gov't budget</i>	<i>Loan/ other</i>	<i>Gov't budget</i>	<i>Loan/ other</i>
1. Thai help Thai through social assistance	371.15		630.76	463.37	1 061.01	510.90	2 062.92	974.27
2. Job creation in rural areas	4 075.00		12 571.58	994.32	13 328.06	40.91	29 974.64	1 035.23
3. Repatriation of illegal workers	108.43		39.66	0	228.92	0	377.01	0
4. Promotion of Thai workers working abroad	0		230.88	0	188.08	0	418.96	0
5. Employment promotion in industry	1 571.30		4 803.47	485.21	9 309.13	131.16	15 683.90	616.37
6. Promotion of new agricultural methods	56.28		1 384.88	777.00	1 267.42	0	2 708.58	777.00
7. Career and occupational guidance	2.49		0	852.00	0.40	0	2.89	852.00
8. Job creation in communities	0		0	0	0	576.98	0	576.98
9. Temporary employment of new graduates	0		0	0	0	2 054.66	0	2 054.66
Total	6 184.64		19 661.23	3 571.90	25 383.02	3 314.61	51 228.89	6 886.51

Source: Report to the National Committee on Unemployment Mitigation Policy, 19 July 1999 and 15 March 2000.

Note: The budget does not include an emergency budget of 4,500 million baht or the budget from the Miyazawa Plan of 53,000 million baht.

The implementation of the Thai Help Thai Scheme faced difficulty at first. One of the difficulties was the lack of a master plan where the nine measures could be integrated and implemented in a holistic and unified manner. The second difficulty was the lack of funds. Most of the government agencies were faced with budget cuts in 1998 and it was not possible for some of the projects to be launched. The third difficulty was a lack of proper analysis and clear understanding of the crisis. The crisis came suddenly and the Thai Help Thai Scheme was introduced as an emergency mitigation plan. Better analysis and planning would have resulted in a more responsive programme.

B. Social services and social assistance

Projects may come under the category of social services and social assistance. In this report, they will be presented together, but separated into the areas of education, health and social services, and assistance. Health services for the elderly fall under the category of health and social services. Similarly, assistance to HIV/AIDS patients may be classified under health or as assistance to the disadvantaged groups. Tables 2, 3, 4, and 5 show projects under the responsibility of the Ministry of Labour and Social Welfare, the Ministry of Public Health, the Ministry of Education, and the private sector.

In terms of budget allocation, some funds/projects have multi-funding. Again, overlapping does occur. It is too complex to untangle the budget and the figures are given to provide the readers with some sense of magnitudes only. School lunch and milk programmes are included here under education. There are projects under the Ministry of Interior that are not included here. The reason Tables 2, 3 and 4 are provided is to show the degree of overlapping and the availability of a large number of small safety net projects. A clearing house project is certainly needed.

1. Ministry of Labour and Social Welfare

Projects in table 2 are projects under the administration of the Ministry of Labour and Social Welfare. Most social safety net projects are under the responsibility of this Ministry. Table 2 consists of projects supported by a regular annual budget allocation which needs to be requested more than one year in advance. Emergency funds are allocated later during the year and are not included in Table 2.

Table 2. Social safety net projects of the Ministry of Labour and Social Welfare

(regular budget)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Social Security Fund	Social Security Office	Workers/self-insured persons	Workers in firms with more than 10 workers contributing 1-3% of wages to the fund, with contributions from employers & government	Contribution		Compensation in case of sickness, maternity, invalidity, non-work-related death, old-age pension, and child allowance
				14 612	1996	
				16 211	1997	
				11 170	1998	
				21 249	1999	
				Benefits		
				6 320	1996	
				7 153	1997	
				9 312	1998	
				8 465	1999	
2. Workmen's Compensation Fund	Social Security Office	Employees	Employees insured for sickness and work-related causes, employers' contributions at 0.2-1% of wages.	Contribution		Compensation in case of death, injury, sickness and loss of organs owing to work-related conditions
				1 837.50	1996	
				2 235.25	1997	
				1 732.53	1998	
				1 603.79	1999	
				Benefits		
				1 609.50	1996	
				1 986.48	1997	
				1 629.82	1998	
				1 404.40	1999	
3. Employee Welfare Fund	Dept. of Labour Protection and Welfare	Employees	More than 10 employees in an establishment	a. 200 million baht government subsidy in 2000		Savings plus interest for voluntary leave/death; based on service rate and length of work. 30 times daily wages for the retrenched if employers are not able to pay.
				b. Funds from fees collected from neglecting to follow the Act.		

(continued)

Table 2 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
4. Overseas Workers Aid Fund	Dept. of Employment	Overseas job-seekers	Permitted workers to work overseas through job-placement agencies or independent overseas job seekers	36.89	1997	Death, disability, not-passing health exam, Abandoned by employers, adversities in a foreign land, Waiting time to start work, to be indicted
				43.11	1998	
				51.45	1999	
				56.34	2000	
5. Credit loans for overseas job-seekers	Dept. of Employment	Labour with external debt	Permitted job-seekers to work overseas	Budget to compensate interstates difference of 3% to debtors		Compensation for 3% interstates difference within 90 baht credit
6. Worker's Fund	Dept. of Labour Protection and Welfare	Labour with non-bank debts	Labour in work establishments	100	1996	Loans to relieve workers' debts from outside the system
				100	1997	
				50	1998	
				50	1999	
7. Construction workers and their families	Dept. of Labour Protection and Welfare	Employees and their families	Workers on construction sites	4.33	1998	Raising the quality of life of employees and families.
				3.86	1999	
				3.54	2000	
				3.65	2001	
8. Skill Development Fund	Dept. of Skill Development	New labour force Dismissed labour		200	1995	Short-term loan for training and raising skill levels
				50	1996	
				–	1997	
				50	1998	
9. Revolving Fund for Women	Dept. of Public Welfare	Rural women	5-person production women group with training from DPW	1.46	1996	No-interest 15,000 baht loan per group to be repaid within 2 years
				4.61	1997	
				10.14	1998	
				21.48	1999	
				20.42	2000	

(continued)

Table 2 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
10. Social services for children in families; foster families; adoption services; welfare institutions	Dept. of Public Welfare	Children	Newborn to 18 years children including families; abandoned/neglected adoption	378.02	1996	Counselling, financial and material support; child support for foster families; government institutions
				480.78	1997	
				486.88	1998	
				452.08	1999	
11. Services for disadvantaged women	Dept. of Public Welfare	Women and girls	Disadvantaged women	218.36	1996	Protection/welfare Occupational training Alternative to prostitution
				248.57	1997	
				230.71	1998	
				211.65	1999	
12. Services for older persons	Dept. of Public Welfare	Elderly persons	Aged: poor, homeless, lack of family support or in adversity	534.5	1996	Elderly homes and monthly allowances
				802.87	1997	
				870.65	1998	
				858.57	1999	
13. Services for people with disabilities	Dept. of Public Welfare	People with disability		195.51	1996	Rehabilitation centre, Monthly allowance, Job-creating/employment services
				352.28	1997	
				424.81	1998	
				301.11	1999	
14. Services for hill people	Dept. of Public Welfare	Hill people		303.74	1996	Occupation, education, social, Public utility development
				330.13	1997	
				310.01	1998	
				284.84	1999	
15. Families/Community services	Dept. of Public Welfare	People in distress		131.15	1996	Temporary shelters, occupational training, fund and loans for job creation
				73.77	1997	
				163.13	1998	
				262.31	1999	
				292.55	2000	

(continued)

Table 2 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
16. Services for disaster victims	Dept. of Public Welfare	Disaster victims	Natural disaster victims Man-made disaster victims	139.96	1996	Relief fund: cost of funeral, health care, construction materials, immediate services
				156.94	1997	
				135.75	1998	
				135.23	1999	
				134.97	2000	
				139.79	2001	
17. Emergency loan (pawnshop)	Dept. of Public Welfare	General public		3 858.33	1997	Assistance to the poor/need
				4 373.32	1998	
				4 586.78	1999	
18. Services for the destitute	Dept. of Public Welfare	Beggars	The beggars, the homeless, the destitute	90.89	1996	Provision of physical, mental and occupational rehabilitation services
				104.64	1997	
				97.38	1998	
				88.85	1999	
				92.38	2000	
				92.85	2001	
19. Services for HIV-infected persons	Dept. of Public Welfare	HIV-infected persons	–	59.95	1997	Vocational grant, living allowance, government homes for HIV-infected children
				67.53	1998	
				57.14	1999	
				59.50	2000	
				57.65	2001	
20. Village Welfare Centre (also included in table 6)	Ministry of Labour and Social Welfare	Disadvantaged and people in distress	Initial fund of 12,500 baht/village	858.85 (total)	Since 1994	Revolving fund and loan; total of 68,708 villages have been supported.

Source: Working Group to Prepare a National Report on Strengthening Policies on Social Safety Nets established by the Ministry of Labour and Social Welfare, 18 October 2000.

In addition to the regular budget, in 1999, an emergency budget was provided. For the Ministry of Labour and Social Welfare, the budget allocation for social safety nets programmes can be summarized as follows:

1. Office of the Permanent Secretary		
Database for unemployment	12.54	million baht
International Loan Office	1.91	million baht
Total	14.45	million baht
2. Department of Employment		
Database on unemployment and social welfare	15.90	million baht
New occupation for the unemployed	31.86	million baht
Entrepreneurs in small and medium-sized enterprises	3.40	million baht
Training on industrial discipline for workers	30.16	million baht
New overseas labour market	5.33	million baht
Total	86.67	million baht
3. Department of Skill Development		
Employment of new graduates	10.75	million baht
Total	10.75	million baht
4. Department of Labour Welfare and Protection		
Welfare for HIV/AIDS patients	20.00	million baht
Employment of home-based workers	1.00	million baht
Monitoring and evaluation of home-based workers and networks	1.26	million baht
Total	22.26	million baht
5. Department of Public Welfare		
Assistance to retrenched and unemployed workers	400.00	million baht
Traditional Thai weaving	69.20	million baht
Children of the unemployed	30.00	million baht
Employment of new graduates and accountants	250.10	million baht
Improvement of quality of life of rural families	50.31	million baht
Total	799.61	million baht
Grand Total	933.74	million baht

2. Ministry of Public Health

As with the Ministry of Labour and Social Welfare, social safety net programmes of the Ministry of Public Health consisted of funds both from the regular annual budget and emergency funds which might come from loans from foreign sources or emergency government funds. For the Ministry of Public Health, regular budgets are allocated for two safety net programmes, the health cards for the poor and the voluntary health cards. Budgets for the two programmes are included in table 3. In addition, emergency funds are allocated for the Health Cards Programme for the Poor through community leaders and village health volunteers as follows:

1998	412.25	million baht
1999	452.74	million baht
2000	452.78	million baht
Total	1 317.77	million baht

3. Ministry of Education

In table 4, social safety net projects financed from the government budget are presented. For the Ministry of Education, the only project which received an emergency budget is the student scholarship fund, supported by a loan from ADB for 1998 and 1999. The budget allocation for student scholarships for 1998 was 886.20 million baht and for 1999 was 520 million baht. In addition, there is also a budget for pre-school children in urban areas through the Department of Local Administration at 7.30 million baht and supplementary food for pre-school through the Community Development Department at 20.50 million baht.

4. Private sector and civil society projects

Historically, civil society organizations have played crucial roles in philanthropic activities. Recently, as the country became more democratized and economically developed, the role of civil society groups can be seen more fully in areas of religion, ethnic/cultural diversity, community development, advocacy and environmental conservation. The degree to which these civil society organizations can function for the benefit of the people depends in part on the government, whether the government wants to control strictly the activities of these organizations or to give them opportunities to promote the empowerment of the people. Yet, the government cannot really control the activities of civil society organizations. This is because of their large numbers, their wide scope of activities and their strength as a political pressure group. Their connection with grass-roots groups gives them the support of the masses. The loosening up of the fear for “national security” has led to the recognition of diversity, dynamism, and the complexity of groups. Changing from “governing” to “governance” allows the government to relax its control and allow different groups to emerge. In terms of civil society organizations, these groups can respond to the needs of diverse groups more satisfactorily than the government. With limited resources, most governments now realize the importance of civil society organizations.

Table 3. Social safety net projects of the Ministry of Public Health

(regular annual budget)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Voluntary Health Card Project	Health Insurance Office, Ministry of Public Health	General public	Voluntary health card for a family of 5 – fee of 500 baht per year, gov't subsidy of 1,000 baht, covering husband, wife, children under 20 years/other members in the household	Total budget 2 794 2 400 3 200 1 000 2 400 2 400 Note: for 1999, 1,200 came from the Asian Development Bank loan	1995 1996 1997 1998 1999 2000	Card holders receive care without expenses from the pre-identified hospitals
2. Low-Income Health Card	Health Insurance Office, Ministry of Public Health	General public	Household with a monthly income of less than 2,800 baht, single persons with a monthly income of less than 2,000 baht, Elderly, Disabled, Veterans, Religious leaders, HIV/AIDS patients, Children 0-12 years old	5 640.93 7 029.75 7 428.33 7 835.10	1997 1998 1999 2000	Card holders receive health-care services with out cost from the government health-care establishment

Source: Working Group to Prepare a National Report on Strengthening Policies on Social Safety Nets, established by the Ministry of Labour and Social Welfare, 18 October 2000.

Table 4. Social safety net projects of the Ministry of Education

(regular annual budget)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Compulsory education	Ministry of Education	Pre-elementary to high school students	Compulsory education available	23 974.40	1999	Government supports education fees and supplies
				26 429.03	2000	
				27 723.60	2001	
2. Loan for Education Fund	Ministry of Education, Ministry of Finance, Ministry of University Affairs	All students at all levels	Students from poor families	2 628.73	1996	Education fees and expenses
				7 961.99	1997	
				12 770.14	1998	
				14 710.82	1999	
3. School Lunch Project	Ministry of Education	Pre/elementary school, Malnutrition	Lunch for pre-school and elementary school students suffering from malnutrition	2 155.95	1997	Lunches
				2 135.36	1998	
				2 395.53	1999	
				3 104.65	2000	
				3 499.21	2001	
4. School Milk Project	Ministry of Education	Pre/elementary school (grades 1-4)	Milk for pre-school and grades 1-4 students	8 047.00	1999	Milk
				9 412.00	2000	
				8 732.00	2001	

Source: National Institute of Education Reform.

The Government can neither ignore the existence of these organizations nor reject requests and/or demands from influential members of this sector. During the Sixth National Development Plan (1986-1991), the government recognized the role of civil society organizations, and a non-governmental organization (NGO) – government organization, the Coordinating Organization for Development (NGO-COD) was established. In 1994, the National Committee on Social Welfare was established with the Minister of Labour and Social Welfare as the Chair and the 18 members drawn from at least 10 civil society groups. Both organizations are to have networks in the subregions and provinces. While NGO-COD operates mostly at the subregional level with members totally from the NGO sector, the Social Welfare Committees operate at the national and provincial levels with the provincial governors as the chairs of the provincial committees where at least three representatives

from local civil society groups are included. In addition, activities of NGO-COD groups are more advocacy and development-oriented in nature while the activities of the social welfare organizations are social welfare in orientation.

Other activities of civil society groups include advocacy work in carrying out awareness campaigns regarding the causes and effects of the crisis. They also cooperate with the media in bringing crisis issues to the attention of the public. All of the activities of advocacy groups on issues related to the crisis cannot be enumerated and quantified, but their impacts have certainly been felt when pressure groups demonstrated against the authorities on different occasions, such as the United Nations Conference on Trade and Development (UNCTAD) meetings in Bangkok and the ADB meetings in Chiangmai. In addition, impacts are also seen in the activities of the Forum of the Poor and election-related campaigns.

Table 5 attempts to assemble social safety net projects supported by the private sector through civil society groups or through government agencies. They are not all inclusive but should be sufficient to provide readers with an overall picture of the types and magnitudes of social safety net support provided from different sources.

Table 5. Social safety net projects under the private sector

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Provident Fund	Employers	Employees	Employees pay 3-15% of wages; employers pay not less than the employees' but not more than 15%			Compensation for death, retirement, and tax benefits
2. International Support Group	Dept. of Public Welfare	Development and welfare	People in crisis	3.47	1997	
				5.49	1998	
				7.12	1999	
3. Support to social welfare organizations/NGOs	Dept. of Public Welfare	Civil society groups	Organizations providing assistance to the poor/vulnerable groups	40.00	1997	Supporting 149 organizations with 371 projects and 682,238 beneficiaries
				40.00	1998	
				39.06	1999	
				59.65	2000	

(continued)

Table 5 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
4. Vocational training	International Labour Organization (ILO/IPEC)	Projects to support children and youth activities	Support through the Council for Children and Youth Development	0.68	Since 1997	22 males, 30 females in Srisaket and Nongkai Provinces
5. Training in agriculture for youth	Shell International/ Thailand	Youth in agriculture	Support through the Council for Children and Youth Development	2.27	October 1998- March 2000	Vocational training and financial support for youth in 7 provinces
6. Vocational promotion for rural youth	Dept. of Public Welfare	Rural youth in 9 north-eastern provinces	Support through the Council for Children and Youth Development	0.35	1999	Skill development training in manufacturing products and interest-free financial support in 2 years
7. Project to support returned poor families	Toyota (Thailand)	Children and families	Support through the Foundation for Child Development	1.00		40 returned poor families
8. Voice of the Disadvantaged Project	Network of Foundations for Child Development	Children affected by the crisis	Advocacy activities to convince the Senate and people's representative groups	0.10		Disadvantaged children; child labour
9. Royal lunch programme	Council of Social Welfare	Poor people needing food and assistance	Lunch and immediate needs are provided for the poor affected by the crisis on weekdays.	2.00	1998-present	An average of 500 clients per day

(continued)

Table 5 (continued)

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
10. Local development project/skills training for new graduates	Education for Development Foundation	Poor children in 19 provinces	Training for children to graduate from compulsory education			Since the crisis

Source: Working Group to Prepare a National Report on Strengthening Policies on Social Safety Nets established by the Ministry of Labour and Social Welfare, 18 October 2000.

C. Community-based projects

Since the crisis, the government has been quite instrumental in establishing a greater number of community-level organizations. The Community Development Department of the Ministry of Interior has been supporting community organizations through the promotion of activities for different target groups. Specifically, more concerted support for women's development groups, child development centres, and vocational groups have materialized at the village level since the early 1970s. Many more community organizations have been promoted.

The Ministry of Interior has adopted a strategy to promote the concept of an economy based on self-sufficiency. The strategy was designed based on His Majesty the King's new theory on integrated agriculture introduced earlier in 1994, and once again, in the speech His Majesty the King delivered on 4 December 1997, a few months after the crisis. The speech provided the Thai people with a vision and hope for an alternative means of livelihood that does not rely heavily on the world market and economic system. Since then, the concept of self-sufficiency through integrated agriculture and community enterprises has received a great deal of interest from the public and many government agencies working in the rural areas.

In urban areas, statistics from the Urban Community Development Office have shown an impressive trend in terms of the growth of urban community networks and members.

Table 6 gives the budget and projects of the Ministry of Agriculture and Agricultural Cooperatives as well as the Ministry of Interior, specifically the Department of Community Development. Information on housing projects is not included here since it is not considered to be directly concerned with the 1997 economic crisis. Housing projects are considered projects for non-crisis times. Funds from social investment funds and the Miyazawa Plan are treated separately and are not included in this table.

Table 6. Social safety net projects for community strengthening

<i>Project</i>	<i>Agencies</i>	<i>Target group</i>	<i>Conditions</i>	<i>Budget/fund</i>		<i>Benefits</i>
				<i>Millions of baht</i>	<i>Year</i>	
1. Farmers Rehabilitation and Development Fund	Ministry of Agriculture and Agricultural Cooperatives	Agricultural groups	Agricultural group not less than 50 members	13.03 1 820.59	1999 2000	Grants supporting agricultural groups; Loans
2. Poverty Alleviation Project	Dept. of Community Development	Families in 70 provinces	Households with income less than 15,000 baht per person	3 250.24 1 967.20	1993-1997 1998-2000	Allocation of 280,000 baht per village per year as a revolving fund
3. Community Enterprise Project; Production credit; Vocational group	Community Development Dept.	Same as 2.	Same as 2.	Production credit 79.80 65.72 3.75 Vocational Group 43.36 30.47 12.78	1997 1998 1999 1997 1998 1999	Support production credit groups and training
4. Village Welfare Centre	Ministry of Labour and Social Welfare	Disadvantaged and people in distress	12,500 baht per village, allocated to 68,708 villages	858.85 (total)		Revolving fund or loan

Source: Working Group to Prepare a National Report on Strengthening Policies on Social Safety Nets established by the Ministry of Labour and Social Welfare, 18 October 2000.

D. Multisectoral/bilateral projects

Three loan programmes/projects are presented in this section.

1. The World Bank Social Investment Projects

The Social Investment Project is financed by loans from the World Bank, OECF – Japan (presently called the Japanese Bank of International Cooperation), technical assistance grants from the United Nations Development Programme (UNDP), the overseas aid programme of the Australian Government (AUS/AID), and the government counterpart fund. The primary objectives of the programme are twofold. First is to respond to the crisis through the rapid creation of employment opportunities and the provision of essential social services to the unemployed and the poor. The second objective is to use the crisis as an opportunity to support bottom-up service delivery through financing locally identified and managed development initiatives and through promoting decentralization, local capacity-building, and community development.

There are two channels for implementation. Channel 1 supports the existing government programmes designed to provide jobs and priority basic social services to the unemployed and the poor. Channel 2 provides two windows, the Social Investment Fund set up to finance small-scale subprojects and the Regional Urban Development Fund designed to provide long-term credit financing at market rates to participating local governments. Both Funds are executed by units in the Government Savings Bank.

The first channel of the Social Investment Project, “Social investment through ministerial programmes” constituted US\$ 150 million to be combined with funds from OECF to support short-term activities to generate income for laid-off workers who needed immediate assistance. The budget was allocated to the existing social welfare programmes that lacked a budget. The fund allocated can elevate the capacity of functional ministries in providing social welfare services within a time-frame of 24 months.

The second channel, “Social investment through community development funds”, comprises about US\$ 150 million and is to be used for community strengthening. Two funds have been set up: (1) the Social Investment Fund, and (2) the Regional Urban Development Fund. The Social Investment Fund has been allocated US\$ 120 million and is a grant for local and community organizations to implement their development projects. The Regional Urban Development Fund, with US\$ 30 million, is a revolving fund to be loaned to municipalities for their capital investment projects. Both Funds are channelled through the Social Fund Office of the Government Savings Bank. The time-frame for channel 2 is 40 months and the objectives are to support community empowerment and long-term activities.

The Social Investment Fund menu of eligible investments covers five main categories: community enterprises, community welfare and safety, natural resource management and cultural preservation, community capacity-building and networking, and emergency community welfare for the vulnerable groups. Menu 1 may be considered employment generation. Specifically relevant to vulnerable groups are: (a) Menu 2: Community Welfare and Safety where local organizations draft proposals to support different target groups and submit for funding, and (b) Menu 5: Emergency Community Welfare for the Vulnerable Groups where a network of community organizations submit proposals for vulnerable groups when emergency needs arise. Menu 5 was included as another window of support in March 1999 to be terminated at the end of that year. It was designed to respond to the urgent needs of poor communities and the increasing demands on organizations struggling to assist them. The new window finances social assistance transfers through community organization networks to those most vulnerable, thereby strengthening the coping capacities of groups most severely affected by the crisis. While maintaining the fundamental objectives and principles of the Social Investment Fund, this initiative expands the ability of the Fund to respond to immediate priority needs.

The OECF loan, amounting to US\$ 141.87 million, has been assigned mainly for employment promotion through “new-job creation”. There are two programmes being considered: (a) the small irrigation improvement, and (b) the tourist facility improvement. For the first programme, the Royal Irrigation Department proposed 585 projects with a budget of 2,010 million baht to be carried out in 66 provinces, creating construction jobs of 2,694,000 person-days. The second programme aimed at supporting tourism-related employment and has been allocated with a budget of 2,948 million baht.

2. The Asian Development Bank

The ADB social sector programme loan has three main objectives: (a) to mitigate the short-term adverse impact of the current crisis on society, in particular on the most vulnerable groups and the unemployed; (b) to help initiate structural reforms to enhance the competitiveness of the Thai economy through the development of human resources; and (c) to reduce inefficiencies in the provision of social services. The programme is to include specific reform measures and various activities to address key policy priorities and systemic issues in the labour market and social welfare, education and health sectors. In the formulation of the programme, specific attention has to be paid to gender and poverty issues.

The loan takes care of three subsectors within the social sector, namely, employment and labour, education, and health. Projects supporting employment and labour aspects include vocational training, promotion of agricultural new theory projects, support for homeworkers, and the establishment of a database on unemployment. Education and health programmes are mostly welfare in nature. These include scholarships, milk and lunch support for pre-school children, and health cards for the poor.

In addition, the Thai Government put into place a social sector loan with assistance from ADB, focusing particularly on maintaining and, whenever possible, improving on conditions in labour, education and health. The Development Policy Letter drawn up between the Government of Thailand and ADB was signed in March 1998. The amount of the 15-year loan was set at US\$ 500 million as part of the IMF loan. Funds were transferred in two installments. The US\$ 300 million went to the financial sector and only US\$ 200 million was allocated for the social sector. The objectives of the ADB loan are to:

- Alleviate the crisis impacting on the social sector;
- Restructure social infrastructure and the Thai economy to be competitive in the international market; and
- Improve efficiency in social services.

To confirm that structural adjustment programmes focus on social development goals, one should examine programmes and projects that are being implemented with funds from the loans. Projects proposed to the Cabinet at the end of May 2000 for the ADB Social Sector Loan included:

- Employment situation analysis (Ministry of Labour and Social Welfare);
- Computer skill training (Ministry of Labour and Social Welfare);
- Community strengthening (Ministry of Labour and Social Welfare and Ministry of Agriculture);
- School meals for rural disadvantaged groups (Department of Community Development);
- Pre-school meals for urban disadvantaged children (Department of Local Administration);
- Unemployment information system (Department of Local Administration);
- Scholarship for drop-out students (Ministry of Education);
- Voluntary health-care insurance (Ministry of Public Health);
- Employment of lecturers and researchers at tertiary level;
- Psychological counselling for the unemployed;
- Monitoring of Phase I of the ADB loan;
- Vocational student scholarship; and
- Ministry of University Affairs action plan for autonomous university programme.

3. Loan from the Miyazawa Plan

In 1998, the Government launched another loan package to support economic stimulus activities to bring about economic recovery. The objectives of the loan package are threefold. First is to stimulate the economy through public work and job creation to reduce unemployment. The second objective is to support projects that help reduce the social impact of the economic crisis, while the last objective is to support infrastructure for future development.

Since one of the objectives of the Miyazawa Plan is to stimulate consumption and the economy, the generation of work opportunities for the unemployed is one criterion used for loan provisioning. Examples of employment generation resulting from this plan are: (a) to employ new graduates in work related to data collection and data management in order to increase efficiency in the labour market, (b) to explore possibilities for sending workers abroad, (c) to employ educated labour in training programmes, and (d) to increase computer proficiency among the unemployed.

It is clear that all three programme loans have similar objectives in reducing unemployment caused by the economic crisis. Large sums have been invested for the purpose. However, since the programmes are still ongoing, it is not possible to assess the total budget allocated. Taking the amount allocated from the World Bank Social Investment Project Channel 1 of 11,120 million baht, the ADB social sector programme loan for employment creation of approximately 1,766 million baht, and the Miyazawa job creation projects of 22,908 million baht, the total amount has reached to 35,794 million baht. One needs to keep in mind that this is a very crude approximation.

The Miyazawa loan of 53,000 million baht (US\$ 1,450 million) was distributed in 1999, after the government was strongly criticized for not helping the poor at the time of crisis. The loan consisted of US\$ 600 million from the World Bank, US\$ 600 million from the Export-Import Bank of Japan, and US\$ 250 million from OECF. The objectives of the loan are to relieve the burden of the poor and provide social infrastructure for future development. Six strategies were adopted for implementation: (a) create jobs to reduce the social impacts caused by the crisis, (b) improve the quality of life of the people, (c) support infrastructure for future development, (d) improve capacity for export competitiveness, (e) support the development of economic zones and border areas, and (f) improve efficiency in government administration.

Table 7 provides budgets for the three loans.

Table 7. Bilateral/multilateral social safety net loans

1. World Bank Social Investment Project and the Social Investment Fund

<i>Project</i>	<i>Agency</i>	<i>Target group</i>	<i>Budget (millions of baht)</i>		<i>Benefits</i>
Social Investment Project Channel 1	Ministry of Finance	The unemployed	11 120		Creation of employment for the unemployed
Social Investment Fund Channel 2	Government Savings Bank	Community organizations	6 000 (US\$ 150)		Community strengthening
<ul style="list-style-type: none"> • Community enterprise • Community welfare and safety • Natural resource and cultural conservation • Community capacity-building and networking • Emergency community welfare support 					

2. Asian Development Bank Social Sector Programme Loan

<i>Project</i>	<i>Agency</i>	<i>Target groups</i>	<i>Budget (millions of baht)</i>		<i>Benefits</i>
			<i>Phase I</i>	<i>Phase II</i>	
1. Unemployment and labour programmes	MoLSW	Retrenched workers			Creation of employment
• Para-rubber vocational training	MoAC		20.80	–	Employment
• Graduate unemployed	Dept. of Skill Development	Graduate unemployed	852.00	712.28	Employment
	MoUA	Graduate unemployed		76.15	Employment
• Homeworker leaders	Commercial Development Dept.	Group leaders	15.00	–	Community strengthening (networking)

(continued)

Table 7 (continued)

<i>Project</i>	<i>Agency</i>	<i>Target groups</i>	<i>Budget (millions of baht)</i>		<i>Benefits</i>
			<i>Phase I</i>	<i>Phase II</i>	
• New Theory Agriculture Programme	MoAC	Agriculture	777.00	–	Employment (MoAC will dig ponds for water supply)
• Computer training	MoUA	New graduate	85.00	–	
• Assessment of unemployment conditions	MoLSW		10.30	–	
• Psychological counselling of the unemployed	MoPH, MoLSW, BMA	The distressed unemployed	–	31.45	
• Database on unemployment	MoLSW		5.63	–	
• Monitoring Phase I, ADB Loan	NESDB			4.00	
2. Education programmes					
• Scholarship for students in public schools	MoE	Poor students	886.20	520.00	
• Assistance for students in private vocational schools	MoE	Poor students	–	100.00	
• Pre-school children in urban areas	MoI DoLA	Pre-school children	7.30	–	
• Action Plan for Autonomous University	MoUA			280.30	
3. Health programmes					Improve quality of life and social services
• Volunteer health card	MoPH	Poor people	1 200.00	–	
• Lunch and milk programme for pre-school children	Dept. of Commercial Development	Poor pre-school children	20.50	–	

(continued)

Table 7 (continued)

3. Budget allocation for projects under the Miyazawa Plan

<i>Project</i>	<i>Agency</i>	<i>Target group</i>	<i>Budget (millions of baht)</i>	<i>Benefits</i>
Total Miyazawa Plan	Ministry of Finance	Various projects	53 000	
1. Projects for job creation/ employment generation	Various agencies		22 908	Employment
2. Projects to reduce social impacts and improve quality of life	Various agencies	Community projects	11 220	Community strengthening (Distribute 100,000 baht per village)
3. Support infrastructure for future development				
• Community development projects			7 618	
• Capacity-building for export competitiveness			1 819	
• Border area development programmes			892	
• Improved efficiency in public sector management			9 112	

Notes:

MoLSW	Ministry of Labour and Social Welfare
MoAC	Ministry of Agriculture and Cooperatives
MoUA	Ministry of University Affairs
MoPH	Ministry of Public Health
BMA	Bangkok Metropolitan Authority
NESDB	National Economic and Social Development Board
MoE	Ministry of Education
MoI	Ministry of Interior
DoLA	Department of Local Administration

E. Observations and comments on social safety net projects implemented after the economic crisis

1. Unemployment mitigation projects

In the initial stage, the unemployment mitigation projects were implemented without budgetary support. Committee members identified measures in brainstorming sessions instead of a well-planned process. Later, it was recognized that financial support to revitalize the economy and implement such a plan was required. Table 1 provided some basis for assessment of the plan in terms of input. Only with additional funding could the outcome of some of the measures be observed. But there is no systematic evaluation of the plan as yet. In this report, the projects will be assessed in terms of: (a) employment creation, (b) training, (c) loans and credit, and (d) social services. However, the last category will be discussed under the next section.

(a) Employment creation projects

There are many projects with the objective of creating employment, both short-term and long-term. New graduates with more than six months employment appreciated the opportunities to earn income to support their families, even when the income was below government wages. However, it is not clear what percentage of the hiring turned out to be “productive” employment. Assessment needs to be made on a project basis. Since there are many different projects, project evaluation will have to be made separately.

Rural employment projects provide 3,000 baht per person only. This amount is too small to have any impact on the individuals or households. It is a short-term/one-time relief only. It was reported that during the fiscal year 1999, only 7,856 persons were employed. Still, the amount is not substantial enough to have a meaningful impact.

(b) Training projects

There are many training projects in the Unemployment Mitigation Package. For fiscal year 1999/2000, targets were identified as follows: (a) the children and women vocational training project aimed at 8,000 persons; (b) women homemaker leaders at 7,500 persons; and (c) vocational training as a prostitution prevention measure at 2,500 persons. Most of these training programmes considered the number of trainees as the target, not on the output/outcome. Similar to the employment-creation projects, “productive training” should be the objective of all training programmes/projects, not the mere number of those attending the sessions. This issue is especially important in computer-training projects. Preliminary assessment indicated that these computer trainings need special design and should include post-project activities to ensure a successful outcome. Post-training evaluation in the form of beneficiary satisfaction is needed to see the result. One indicator is the ability to use the skills learned in the training projects to earn income.

(c) Grants, revolving funds and loans

There are a few assistance grants, funds and loan programmes. Many social assistance projects provide small grants for emergency needs. Other social assistance programmes are in the form of revolving funds or loans to provide credits through cooperatives or community savings groups. In addition, there are funds attached to training programmes to help establish micro enterprises, loans for unemployed women and youth at 15,000 baht per person targeted at 8,000 persons, and funds for the retrenched and unemployed, targeted at 26,000 persons. Smaller funds of 4,000 baht are allocated for groups of 5-10 members who want to start new projects. These funds, either revolving with no interest, or loans with low interest, are diverse in forms and management style. There is no need to make them the same. But there is a need to set up a database and assess the impacts of these funds and loans to see their effectiveness.

2. Social services and assistance

(a) Labour and social services

The economic crisis greatly affected the labour force in Thailand. The Labour Protection Act was not able to provide adequate protection. Employees are willing to reduce their entitled benefits. They are willing to work for lesser payment and ignore the minimum wage and severance pay specified in the Labour Protection Act. The World Bank report also stated that the National Statistical Office August 1999 labour force survey showed that 3.6 million workers (30 per cent of the labour force in Thailand) received less than the minimum wage. Although this figure appears high, it is only slightly higher than the pre-crisis figure.

After the crisis, the government requested employers to increase severance pay from 6 months to 10 months for employees who had worked for more than 10 years. But the fact is, there are not many employers who really provide severance pay. This measure was therefore not effective. The labour force survey in August 1999 also found that less than one third (32.4 per cent) of all wage employees in the country were reported as having severance pay coverage. It should be noted that this percentage includes civil servants. Only 13 per cent of all private sector wage employees were reported to have severance pay covered in their contract. During the pre-crisis period, in August 1996, the World Bank found that 10 per cent of the workers indicated having received severance pay, and in August 1998, the percentage was 13. This shows that the provision of severance pay is still low in Thailand, despite the Labour Protection Law.

The implementation and operation of the Labour Protection Law is generally low. According to the plan, contribution rates for both employer and employee were to be increased gradually. But owing to the economic crisis, the implementation plan has been

delayed and have had phased stages for full contribution rates over several years. The August 1999 labour force survey found that 15 per cent of Thai workers were reported being protected by the Labour Protection Act. Big enterprises of more than 100 workers follow the law thoroughly. Workers in large establishments have near-universal coverage (91 per cent), while only 43 per cent of employees in medium-sized establishments (with 10-99 employees) are covered. Small enterprises are not currently covered under the Labour Protection Act.

It is clear that the economic crisis had a great impact on the labour force. The Labour Protection Act and the Social Security Act are not functioning well. Even during normal times, the implementation and impact of the two Acts have been low. During the crisis, the situation became even worse. The social safety nets programmes introduced by the government to alleviate the social impacts of the crisis have been reported to have positive results in the short-term. Over a longer period, the unemployment protection programme needs to be implemented in a more systematic and rigorous manner in order to prepare Thai workers for a better future.

Social assistance programmes are small in quantity and quality. The impact of the programmes/projects has not been substantial enough to counteract the impact of the economic crisis.

(b) Education

Since the crisis, the government identified the following educational projects:

- Assistance to students impacted by the crisis;
- Preparation of disadvantaged pre-school children;
- Lunch projects for pre-school children;
- Supplementary food projects for pre-school and elementary children; and
- Education loan fund.

These projects existed prior to the crisis. But with the crisis, the government put in additional effort to strengthen these projects, both financially and administratively. The loan from ADB to support scholarships for children in need proved to be less effective than expected. During the first year of implementation, identification of poor students was not properly carried out and needed to be improved. Decentralization of the student identification process and disbursement in the second year proved to be more satisfactory. Evaluation reports are not available at the moment.

Evaluation of other education projects should be carried out for more effective implementation of the National Education Act 1999.

(c) Health

Assessment of different health card projects has been made. Voluntary health cards, health cards for the poor, the elderly, people with HIV/AIDS and people with disabilities, are the projects where health services are provided through different channels. Social workers coordinate with health personnel to provide assistance to the different target groups. The budget for health services for the different groups is allocated to various agencies and therefore needs to be coordinated as well. The Health Insurance Act, which is currently being drafted, aims at providing universal health care and services. The Thai Rak Thai Party, the majority party in the new cabinet, also promised universal health coverage for the people of Thailand. This will follow the National Education Act 1999, which promised a 12-year education for all. Political will and time are the most crucial factors for the actual implementation of the Health Insurance Act.

3. Community empowerment

It is too soon to assess the impact of community empowerment projects. The Poverty Alleviation Project for community development provided a 280,000 baht revolving fund per village, while funds from the Miyazawa Plan provided an allocation of 100,000 baht per village for community development. Meanwhile, Social Investment Funds also provided support to local organizations for community strengthening activities. All of these have been taking place since the crisis. It is now approximately three years, and the impact cannot be assessed as of yet.

Civil society organizations are now monitoring poverty eradication programmes and projects carefully, with an eye towards making sure that they target groups that are most in need. Corruption and personal or political gain are being actively discouraged, while transparency and accountability are being highlighted. The media is also playing a very important monitoring role in the implementation of poverty eradication programmes. Through many channels, the public has been told of the mismanagement or misuse of certain funds, resulting in an ever-growing demand for transparency.

In the case of the Social Investment Funds supported by the World Bank, similar observations can be made. In addition to alleviating the social and economic problems of the vulnerable sectors of Thai society, the Social Fund Office is attempting to transform the crisis into an opportunity to support highly desirable reform goals of decentralization, better governance, community empowerment and the forging of broad development partnerships involving civil society. This is made possible by providing grants for a systemic demand-driven process that focuses on creating community sub-projects that alleviate short-term economic social impacts. In order to receive grants, the communities go through sub-project proposal, management and administration, and sub-project monitoring procedures. This process results in a learning process that will strengthen the community in the long run. It is also expected that the Social Investment Funds will help strengthen civic groups and people's or civil society organizations.

(a) Bilateral/multilateral loans

The total amount of loans for social sector development from the three sources discussed earlier amounted to about 80,000 million baht for three years, making an average of about 27,000 million baht a year. This amount is above the normal budget allocation which has not been very effective. Better planning and packaging should lead to a more comprehensive social safety net programmes for long-term implementation.

Lessons learned from the implementation of different loan programmes should be the basis for future planning. Project identification and implementation strategies adopted in the World Bank loan for Channel 1, where short-term employment creation was the main objective, and Channel 2 which focuses on the long-term community empowerment, should be compared. The funds appropriated for Channel 1 amounted to 11,120 million baht and for Channel 2, it was 6,000 million baht. At the same time, funds from the Miyazawa Plan provided 22,900 million baht for short-term income generation, and about 19,500 million baht for long-term future investment on social infrastructure projects. Finally, the Social Sector Programme Loan from ADB supported mostly long-term activities, with the objectives of improving the quality of life and community development, giving out about US\$ 200 million or 8,000 million baht. However, not all the amount has been allocated.

In other words, approximately, 34,228 million baht has been appropriated for short-term employment projects, and 38,427 million baht for long-term quality of life and community strengthening projects.

Evaluation reports for projects supported by ADB have been completed. Some projects proved useful and should be continued, while some have been terminated. Lessons learned from the three loans need to be documented and provided for future planners. The impact of the loan programmes has been quite substantial both in nominal terms and in social terms. The large amount borrowed is now a burden for the people in this generation and the future generations as well.

IV. FINANCING

In terms of financing, three different sources should be reviewed: (a) the available funds such as the social security fund, (b) the government budget, and (c) the loans from multilateral banks.

A. Funds

Three sources of funds are available and function as social safety nets at the time of crisis for those affected. Information on the three funds for 1997-1999 is included in table 8. The three funds are:

1. Provident funds, established under Provident Fund Act, operated by the management of the firms with accountants registered by the Ministry of Finance. Most government enterprises have provident funds. Private companies are encouraged, but not required, to establish one;
2. Civil Servant Pension Scheme established under the Civil Servant Pension Act, operated by a separate office. All civil servants are covered under this scheme as part of the benefits; and
3. Social Security Fund established by the Social Security Act and operated by the Social Security Office.

Table 8. Large funds providing social safety net support

(millions of baht)

	<i>1997</i>	<i>1998</i>	<i>1999</i>
Provident Fund	137 197	165 386	182 881
Civil Servant Pension Fund	69 876	95 089	177 406
Social Security Fund	57 000	61 000	70 000
Total	264 073	314 475	320 287

Source: Bank of Thailand.

These funds are operated independently, with their own rules and regulations. They are considered social safety nets for workers under the formal sector. Those who are being laid off or affected by the crisis, in one form or another, have possibilities for assistance. These funds provide security to poor workers during a crisis. The total amount of about 1 trillion baht is sufficient enough and can be mobilized to invest further on social safety net projects, if the government does not have available budget to utilize as needed.

B. Government budget and loan schemes

If one were to calculate financial allocations for social safety net programmes/projects three years after the crisis, figures in the following table will give an approximate picture of the investment. They are calculated from the budget figures given in the earlier tables. Those items of which budgets are not specified have been excluded. In the case of government budgets, the figures used are those of 1998, 1999 and 2000. However, in areas where figures for the three years are not all available, either 1997 or 2001 are used for the third year. If figures are available for only one or two years, then only the years available are used. Again, it must be emphasized that these are approximations only. The attempt here is to try to identify magnitudes of amount used to reduce the impact of the economic crisis.

It is possible that funds from loans were allocated to different ministries in 1999 under the category Emergency Central Funds. Figures for loans are the amount allocated and not the actual disbursement, since many programmes/projects are ongoing and cannot be assessed at this stage. During the crisis, the government allocated budgets from tax money as well as money borrowed from multilateral banks. Table 10 classifies social safety net programmes/projects by activities and financial sources. The amount of funds borrowed for the social sector or social safety net programmes totalled 76,173 million baht. The issue to examine is whether the 78,120 million baht was necessary and if so, whether the amount required should be sought for future social safety programmes/projects.

Table 9. Approximation of financial support for social safety net programmes/projects in 1998/1999/2000

(millions of baht)

<i>Programmes/Projects</i>	<i>Government annual budget</i>	<i>Government Emergency Fund (1999)/ Loans</i>	<i>Total</i>
1. Unemployment Mitigation Plan	51 228.89	6 886.51 (some possibly came from loans)	58 115.40
2. Projects under the Ministry of Labour and Social Welfare	21 835.76	933.74 (some possibly came from loans)	22 769.50
3. Projects under the Ministry of Public Health	26 893.18	1 317.77 (not included 1, 200 million ADB loan)	28 210.95
4. Projects under the Ministry of Education	147 396.52	–	147 396.52
5. Projects under private/civil society organizations	138.71	22.48 (non-loan)	161.19
6. Projects in community strengthening	4 895.55	–	4 895.55
World Bank Loan			
Channel 1: employment		11 120.00	17 120.00
Channel 2: Social Investment Fund		6 000.00 (allocated)	
8. ADB Social Sector Programme Loan		8 000.00 (allocated)	8 000.00 (allocated)
9. Loan under the Miyazawa Plan		53 000.00 (allocated)	53 000.00 (allocated)
TOTAL	252 388.61	87 280.50	339 669.11

However, figures in tables 9 and 10 are sufficient to show that the government budget for social safety net programmes/projects needs to be re-examined. The Ministry of Labour and Social Welfare has many social safety net programmes/projects to support different disadvantaged and vulnerable groups. Figures do not include the salaries of personnel. Similarly, figures for the Ministry of Public Health include those under the two health cards programmes only. No other expenditure is included. The Ministry of Education reported social safety net support under the compulsory education scheme, loan programme, and lunch and milk programmes. Student scholarships are funded by the ADB loan for 1998 and 1999.

For the three years, the above figures show that approximately 23 per cent of the social safety net budget came from loans which need to be paid back. Financial allocations for the upcoming fiscal years will have to be made through careful scrutiny. It is beyond the scope of this report to indulge into the question of funds allocations. The Budget Bureau, Ministry of Finance, and concerned agencies will have to make plans based on the new government policies on social safety nets.

Table 10. Social safety nets programmes/projects classified by activities and financial sources

(millions of baht)

	<i>Government</i>	<i>Private sector</i>	<i>World Bank</i>	<i>ADB</i>	<i>Miyazawa Plan</i>	<i>Total</i>	<i>Percentage (%)</i>
1. Income-generating/ Employment	58 115	–	11 120	2 592	22 786	94 613	28.2
2. Social service	198 377	161	–	3 014	11 220	212 772	63.00
3. Community strengthening	4 896	–	6 000	–	19 441	30 337	8.98
Sub-total	261 388	161	17 120	5 606	53 447	337 722	100.00
Percentage (%)	77.40	0.05	5.07	1.66	15.83	100.00	
Total	261 549			76 173		337 722	
	77.45			22.56		100	

Source: Working Group to Prepare National Report on Strengthening Policies on Social Safety Nets established by the Ministry of Labour and Social Welfare on 18 October 2000.

V. SOCIAL REFORMS AND THE CRISIS

There is a long history of civil society organizations in Thailand. The Thai Government has recognized the existence of civil society organizations in the form of philanthropic groups since 1942. In 1997, there were over 10,000 civil society organizations working in areas of social welfare and development. Some are very small running micro-projects, while others are much larger, operating at the national level in multisectoral programmes. Over 100 registered organizations concentrate on programmes to promote the development of children and youth. There have been increasing efforts to coordinate initiatives among organizations to build partnerships through networking. More recently, non-government and government organizations have been joining hands. The United Nations Children's Fund (UNICEF) reported that the partnership has had a greater impact on community development and mobilization. The World Bank Thailand Social Monitor III reports on more positive trends that show an increasing rate of participation in a variety of community organizations.

Since the crisis, the government has been quite instrumental in establishing greater numbers of community level organizations. The Community Development Department of the Ministry of Interior has been supporting community organizations through the promotion of activities for different target groups. Specifically, more concerted support for women's development groups, child development centres, and vocational groups have materialized at the village level since the early 1970s. Since the crisis, many more community organizations have been promoted. But unfortunately, in the past, statistics were not collected systematically and reporting has been periodic with no definite trend. Recent statistics, however, indicate a rising number of different community organizations owing to government promotion policies.

The new role of civil society organization is seen in the management of the Social Investment Fund, which was launched in late 1998 with World Bank financing. Its objective is to both address the impacts of the crisis and to accelerate the empowerment of communities. The Social Investment Fund represented the first occasion when the Thai Government channelled funds directly to civil society organizations in large sums. This was a significant step forward. In addition to alleviating the social and economic problems of the vulnerable sectors of Thai society, the Fund attempts to transform the crisis into an opportunity. The ultimate aim is to build on the available social capital to support highly desirable reforms towards decentralization, better governance, community empowerment, and the forging of broad development partnerships involving civil society. In order to receive the grants, communities go through sub-project proposal procedures, management and administration, and sub-project monitoring, thus resulting in a learning process that strengthens the community in the long run.

The Social Investment Fund had the final objectives of community strengthening. Their eligible investments cover five main categories: community enterprises, community welfare and safety, natural resource management, cultural preservation, community capacity-

building and networking, and emergency community welfare for vulnerable groups. Menu 1: Community Enterprises support income-generating activities of people's and community organizations. Menu 2: Community Welfare and Safety, where local organizations draft proposals to support different target groups and submit for funding, fits well with social safety net programmes which aim at providing support for vulnerable groups. Similarly, Menu 5: Emergency Community Welfare for Vulnerable Groups allows a network of community organizations to submit proposals for vulnerable groups when emergency needs arise. Menu 5 was designed to respond to the urgent needs of poor communities and the increasing demands on organizations struggling to assist them.

The Social Investment Funds have been providing social assistance through community organization networks to vulnerable groups, thereby strengthening the coping capacities of groups most severely affected by the crisis. The initiative was unconventional and new management styles had to be introduced. The Social Investment Fund Office passed the test and has been able to convince government agencies that new initiatives are necessary to respond to the immediate priority needs of disadvantaged and vulnerable groups.

Perhaps the economic crisis was a blessing in disguise because more Thai people are willing to listen, think and act in order to rectify mistakes and shortcomings from the past. This allows for social discourse and exchanges which in themselves are novel and healthy for Thai society. Currently, such discussion groups and networks operate and interact. Civil society organizations and movements are progressing, albeit through trial and error, which altogether is a good learning experience for those involved.

The scope, diversity, plurality and complexity of civil society organizations have also increased. Again, it is a healthy sign as long as the different groups adhere to the principles of the rule of law, transparency, accountability, as well as the public good and public interest. The major role of civil society groups in Thai society is to represent divergent interests and voices so that stakeholders can voice their concerns and inputs in the social process as well as in the policy and decision-making process. Such new groups include CIVICNET, GREENNET, TRADENET, 8th Plan Civil Society Group, Business Group for Thai Society, Centre for Philanthropy and Civil Society, Woman and Politics Network, as well as the numerous pre-existing NGO-COD members, private organizations, the Social Welfare Council, the Women's Council and professional associations that have served to strengthen Thai society in different ways.

The economic crisis in Asia, and specifically in Thailand, has shown clearly how lack of transparency, corruption and mismanagement can cause disastrous consequences. International banks and financial organizations now require that good governance be practised by borrowing countries. The World Bank, ADB, the Organization for Economic Cooperation and Development (OECD), and JICA, specifically mentioned this expectation clearly. All operations and project implementation procedures need to have accountability, predictability, transparency, and the participation of all concerned stakeholders. This means that civil society organizations need to become involved in public activities to ensure that all four components of good governance take place.

The requirement for “good governance” by lending institutions is being received without objection and criticism, even when it appears to be Western in concept and values, as if these are universal and need not be questioned. Yet, there seems to be a need to disseminate the ideas to everyone in every community in the country. During the past year, workshops and seminars have been organized to familiarize people with the concept. At the same time, a few specific incidents demonstrated the effective spread of the concept. Discussion on corporate governance was aimed at the financial and business sector that was the culprit for the economic disaster. Lack of transparency, nepotism and cronyism, and corruption are the most obvious reasons. But for the long-term, in order for Thailand to move ahead to become a well-functioning civil society, both corporate governance and good governance in general are needed.

The economic crisis that impacted on Thai society has been part and parcel of the social development process taking place during the past few years. While Thai society gropes for new directions in the midst and in the aftermath of the economic crisis, a tacit belief is emerging among many sectors in Thai society that the fundamental restructuring of the social sector is as much needed as the restructuring of its financial sector. The attempt at reforms in education is a case in point. More importantly, public sector people are more open and willing today to allow space for the third sector to share their views, exchange experience and to cooperate on a trial basis. The term “partnership” among different sectors is in vogue and trendy. Many attempts to coordinate and bring about this type of partnership, have been done in the last two years. However, the road ahead for true partnership is still a long way to go. To forge meaningful partnerships, a shift in mindset is a critical first step to be taken by all parties. Pre-existing mutual mistrusts and suspicions need to be discarded. Each party must come to the table as free agents without pre-existing baggage. To date, much lip service has been paid to fostering partnerships. Although certain programmes and projects have been carried out to bring different parties and sectors together, such as during a civic assembly at the provincial level, the evolution of such partnerships by natural processes is still lacking. Further initiatives are still needed to make such an intervention yield fruitful results in the future.

The implementation of the loan schemes from the World Bank, ADB and the Miyazawa Plan is being monitored by the public and may prove to be a test case of good governance. In the initial stages when the loans were made available, implementing agencies were not aware that the public would closely monitor the implementation of the funds. Since they are loans, the people are conscious that their children and future generations will be the ones to pay back the loans with interest. These are good reasons why good governance should be adopted in the implementation of the loans. In any case, initiatives to make good governance a normal practice in all levels of Thai society remain a challenge in the near future.

VI. CONCLUSIONS

A. Future direction

For the period from 2002 to 2006, Thailand's Ninth Economic and Social Development Plan will be launched. The Plan will be used as the guideline for the development of the country during the next five years. Under the Plan, the concept of people-centred development will be continued as the main focus. Major objectives will include alleviating abject poverty and enhancing the opportunity and capacity of the Thai people to be self-reliant and well-prepared for the rapid changes of a globalized world. Key features towards these objectives are to:

- (a) Improve the efficiency of social security administration and expand social security to cover a greater segment of vulnerable groups, including older persons, workers in the informal sector, farmers, self-employed and homeworkers;
- (b) Improve mechanisms under social safety net programmes to reach target groups more effectively by enhancing the role of local authorities and communities, developing database and information technology for the poor and the vulnerable groups as well as promoting networking between the government, private sector and civil society in the implementation of social safety net programmes;
- (c) Improve and mobilize the existing local funds and social capital from all sectors to help the poor on a kinship basis;
- (d) Promote all sectors of the society to play an active role in human development and social protection, and reinvigorate the role of the family as a key unit in the promotion of the well-being of local communities; and
- (e) Establish a warning system on risk factors at the community level so that the poor and the vulnerable groups can be assisted in a timely manner.

B. Social safety net measures

Short-term measures to create employment are to serve as the main objectives of the Unemployment Mitigation Policy. However, it is not quite clear how effective the different projects have been. It is clear that better planning should have led to a more satisfactory outcome. The economic crisis came as an unexpected phenomenon and no one is prepared to draw up a mitigation plan. After three years of crisis, there is no excuse to be unprepared for better planning.

It is realized that short-term measures are to provide immediate relief only. However, it is still necessary to carry out an assessment of the short-term measures carried out and the positive and negative consequences of the different projects. This is for lessons learned and future planning.

Long-term measures in health and education sectors are the result of earlier policies recognized prior to the crisis. Universal coverage for education and health have been discussed earlier and became more concretized when the crisis took place. The crisis merely confirms that long-term services in education and health in the form of universal coverage are alternative long-term measures to help reduce the impact of the crisis.

In terms of social welfare and assistance, a more comprehensive study is needed to bring about recommendations for social welfare coverage in different areas for different groups. Universality should be used for the disadvantaged and vulnerable groups who need to have full coverage. What constitutes full coverage needs to be identified.

C. Efficiency and effectiveness of social safety net programmes

Preliminary monitoring and evaluation studies are being carried out for different programmes/projects. A more systematic and serious evaluation of social safety net programmes that have been implemented for a few years is necessary. Performance indicators will certainly help identify areas where improvement is required.

The Social Security Programme is certainly one programme where information on the effectiveness of coverage and compensation is adequate to take care of the unemployed in emergencies. It is also necessary to learn if the package is fair and attractive enough for all categories of clients (for example, age, gender, income, family status, and so forth).

It is necessary to assess the status of existing social protection/social safety net programmes as well as existing laws on social protection. For those employed, the question is whether the Labour Protection Act adequately provided for unemployment protection for retrenched workers, i.e. whether severance pay and provident fund/employee welfare funds sufficiently covered unemployment benefits. The difficulty may lie in the implementation of the law. It is known that severance pay and provident fund/employee welfare benefits are not provided for employees in all cases. Many firms are not following the law in providing severance pay to terminated employees. Many firms do not have a provident fund and do not register with the Employee Fund.

D. Strengths and weaknesses of social protection programmes in Thailand

Before the crisis, it was felt that the social protection programme in Thailand was adequate. In the formal sector, there was the Social Security Act and the Labour Protection Act to provide a system in which protection could be provided. The protection structure is established according to scope, size, and the desired objectives. Limited protection was

identified to minimize the cost for employees, employers, and government. As a result, coverage and compensation were limited also. During the boom period, everyone was complacent and did not prepare for the worst.

At the same time, some believed that traditional safety net mechanisms were available to provide the necessary support if and when necessary. The crisis now proved that neither the formal safety nets nor the traditional family safety nets were adequate to provide support for the retrenched, the unemployed and the poor.

During the crisis, great efforts were made towards economic recovery with the objectives of restoring confidence and economic stability, stimulating the economy, and alleviating the impacts of the economic crisis. Not sufficient attention has been focused on the social issues. It is now time to systematically review the situation and make a comprehensive plan for social safety net programmes for the country. This should expand to include all social protection programmes, poverty eradication programmes, and social development programmes.

VII. RECOMMENDATIONS

A. Social security programmes

Since less than 30 per cent of the working population is covered by social insurance or social security, the need to extend coverage to the other 70 per cent is recognized. Those who are covered are mainly regular workers in the formal sector. Casual wage labour, contracted labour, and home-based wage labour are not covered. Prior to the 1997 crisis, in firms with more than 10 employees, workers, employers, and government contributed 1.5 per cent of the worker's wage to the social security fund. After the crisis, the contribution of all parties has been reduced to 1.0 per cent. Similarly, prior to the crisis, the Social Security Office planned to extend coverage of social security to firms with less than 10 employees. Again with the crisis, the date for the extension has been postponed. Recommendations related to coverage and effectiveness are as follows:

1. Comprehensively analyse weakness in coverage and effectiveness of the Social Security Fund with specific reference to:
 - factors contributing to exclusion and extent of exclusion, and
 - ability to pay of those not yet covered and the possibility of extending coverage;
2. Reconsider coverage to firms with less than 10 employees;
3. Reconsider the percentage of contribution;
4. Extend coverage in the case of unemployment, the last benefit identified in the Social Security Act but not yet covered; and
5. Extend coverage to workers in the informal sector.

B. Support for new initiatives on micro-insurance programmes

Experience from the Social Investment Fund menus indicates that, in addition to existing programmes/projects provided for vulnerable groups in distress or emergency relief, a micro-insurance programme separately managed and tailored for the needs of specific groups is recommended. A micro-insurance programme may be encouraged using criteria which are either area-based or vulnerable group-based. The advantages of identifying small beneficiary groups are for simple and low-cost administration and monitoring processes. In addition, linkages between micro, small, and medium programmes can provide support on know-how and credit assessment.

C. Improvement of programme/project design and implementation plan

Past experience indicated that programme/project planning was haphazardly drawn up. There was no necessary database for consultation. Most projects were implemented without proper feasibility studies, needs assessment, and assessment of human resources and institutional capacity. Training programmes were implemented without assessment of training needs and did not effectively lead to employment.

Most projects were implemented in a top-down manner. Complex projects involving many agencies faced delays because of lack of coordination at different stages of implementation. There was no participation in project design. There was no targeting of beneficiaries and/or target groups. Many projects benefited people in the community who are not really poor. The retrenched, disadvantaged and vulnerable groups did not benefit. A beneficiary satisfaction study indicates that projects identified as beneficial are those targeted directly at the disadvantaged, i.e. children, the elderly, people with disability. Some examples are lunch and supplementary food projects for children.

D. Consideration of the feasibility and sustainability of programmes/projects

Some projects are not economically feasible and not sustainable. Yet, they may be socially appropriate and necessary. An example is the voluntary health card project. The cost of health care per card is 2,138 baht, but the card is sold to the people at 500 baht per card. Consequently, government subsidy is continuously required. The Ministry of Public Health, therefore, is in the process of designing different health service and assistance programmes. A universal health insurance scheme is being scrutinized very critically. During the last election, the main political party succeeded in winning the election by using health services as one of its election campaign promises.

On the other hand, many of the unfeasible and unsustainable projects have to be abandoned. Fishery promotion for returned migrants where fish seedlings, feeds, and equipments were given, proved unsuccessful when the migrants had no intention of adopting fishery as an occupation. Another example are projects promoting short-term employment in the form of daily wages. These projects only provide jobs for a few days and the problem of unemployment is not solved. This type of project needs to be redesigned with the aim of providing “productive” employment. Finally, all training projects need to be redesigned to ensure post-training employment. This is to avoid wastage in terms of resources, be it human, financial, or time.

E. Improved targeting

There is no agreed upon targeting criteria. It is not easy to target the poor or desired beneficiaries. Identification of the poor in quantitative terms by using the poverty line concept has been criticized by many. In practical terms, the question of how the poor perceive themselves, and what constitutes poverty are two questions needing further exploration. There is no database on the poor, and poverty is a dynamic process. Identification of projects that respond to the needs of the poor also proved to be difficult. Scholarship projects were criticized for not reaching those who were really in need. However, an evaluation of targeted students whose parents earn an income of less than 120,000 baht a year, indicated that 90 per cent of students granted scholarships came from families with an income of less than 50,000 baht a year.

Similarly, in training projects, identification of trainees also requires careful planning. Computer training projects proved not to be appropriate and did not respond to the needs of those targeted, i.e. the poor and unemployed graduates. Instead of providing training service for the retrenched and unemployed, regular students became trainees instead. Voluntary health cards ended up with the general public and not the poor. Graduate volunteer projects did not focus on poor graduates and turned out to have regular graduates instead.

For social services in health and education, the new government is attempting to supplement education and health packages that will serve everyone. However, in terms of social assistance programmes, it is recommended that procedures for community involvement are adopted for better target identification.

F. Improved management

Past experience indicated that inefficiency in management caused delays in implementation and in meeting the needs of the people. The following considerations should be made to improve management:

- (a) Preliminary assessment of projects funded under the Miyazawa Plan indicates that small projects tend to respond to the needs of the poor and are more effectively managed. They are localized and are usually better targeted. At the same time, larger projects of 5 million baht or more are not responsive to the needs of poor and have neither been managed efficiently nor effectively.
- (b) Many government agencies are not prepared to implement projects and feel that the crisis-eradication projects are not part of the regular job description. Lack of eagerness in project implementation is generally observed. Many decisions are made centrally and have been causing delay in implementation.
- (c) Successful projects are those involving local organizations. An example is a safety net project implemented at a housing project, targeted to benefit 230,000 households or 1 million people. In this project, people's participation was the concept used in designing the project. People were involved in all stages of implementation, starting from project design, implementation, and evaluation. The project proved to be beneficial to the targeted population.
- (d) Successful projects in terms of efficiency in management usually have decentralized and networking relationships with equally dispersed responsibility. Some projects have uneven distribution of responsibility and proved to be less successfully managed.
- (e) Many projects respond to the needs identified by central authorities. A database of unemployed villagers proved successful in collecting information for the database, but proved to be ineffective since the data were not used locally to help match the unemployed with job availability.

G. Monitoring and evaluation

Most monitoring and evaluation activities are seen in "input evaluation" as in the form of disbursement of funds and not very much on monitoring output and outcome. Most monitoring and evaluation reports are quantitative in nature. Information includes the number of people in training projects, the budget, and the number of target groups. Qualitative monitoring and evaluation in terms of achievement of objectives, beneficiary satisfaction, and implementation processes are certainly lacking. Monitoring of implementation process to provide feedback information for improvement in project management is important and may lead to successful implementation strategy. Monitoring and evaluation of projects funded by the Social Investment Funds led to the restructuring of the Social Fund Office towards more decentralized decision-making at all stages. Initially, projects were approved from the Office in Bangkok and funds were disbursed from Bangkok. Criticism in delays in implementation and disbursement of funds led to the establishment of regional offices and regional executive committees to help in decentralizing the process and cut down some of the steps required.

H. Further studies

Additional research on the following topics is recommended:

- (a) Review the roles of social actors to identify the conditions under which they can work together to extend or improve social protection schemes;
- (b) Identify ways to establish linkages between social protection and employment policies, unemployment benefit schemes and active labour market policies; and
- (c) Identify ways to improve gender equality in social protection schemes.

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