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Fiscal Policy Choices for Inclusive Recovery.

6th July 2022 at 15.00–16.30 pm.
MoF viewpoints on the recommendations from the Survey Report
Viewpoints of MoF on the policy recommendations from the Survey Report

Policy Recommendations from the Survey

Coexisting with the pandemic
✓ Countries will need to adopt a policy mix that facilitates coexistence with the virus.

Policies to reduce inequality and minimize scarring
✓ Measures to address the productive capacity of the current and future labour force
✓ Boosting labour market recovery and labour market adjustments through active labour market policies.

Avoiding macroeconomic instability through prudent fiscal policies
✓ Spending will have to be more targeted and efficient.
✓ Increase efficiency of spending and improve direct tax collection.

Building resilience into the system
✓ Recovery should be green and inclusive.
✓ Establish a hub for green finance and carbon trading.

FPO’s Opinions on the recommendations
✓ The MoF always recognizes how the importance of prudent fiscal policies is. To increase the efficiency of government policies, during Covid-19 pandemic, many renowned stimulus measures, for instance, ‘Half-Half scheme’ and ‘We Win scheme’ have adopted digital technologies to improve their efficiency to be more targeted.

✓ To reduce inequality in the long-term, Upskilling & Reskilling workers is essential for vulnerable groups. In addition, investing in education is also important. The MoF’s viewpoint on measures to reduce inequality is in line with the policy recommendations from the survey report.

✓ For structuring a more resilient economy in the long run, the MoF has developed a sustainable financing framework and launched the Kingdom of Thailand’s inaugural sustainability bond in August 2020 with total amount of 30 billion baht and continued to issue sustainability bonds to solidify the success and ensure liquidity of bond in the market. As a result, the total sustainability bonds outstanding size is 212 billion baht as of 15 June 2022.
Inclusive policies implemented by the Ministry of Finance
Pre Covid-19 (2019), Thailand had 4.3 million low-income people which increased to 4.8 million people during Covid19 (2020). However, it is estimated that without government policy supports during 2020, low-income people would have dramatically increased to 11 million or 16 percent of population.

Source: NESDC
<table>
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<tr>
<th>Scheme</th>
<th>Objective</th>
<th>Benefit</th>
<th>Result</th>
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| Cash Transfer to State Welfare Cardholders Scheme | ✓ To alleviate and reduce the cost of living for state welfare cardholders affected by the COVID-19 outbreak  
✓ For low-income people holding a state welfare card  
✓ October 2020 – April 2022 | ✓ The government provided grants of 200 and 300 Baht per person per month, depending on the measure phase.  
✓ People could purchase low-priced necessary consumer goods from Blue Flag stores and other small vendors participating in the Half-Half scheme.  
✓ Can also be used on public transportation systems. | ✓ There were approximately 13.5 million beneficiaries. |
| Half-Half (Co-payment) Scheme | ✓ To stimulate domestic consumption, reduce people’s cost of living, increase liquidity for small enterprises, and support grassroots economy to recover from Covid-19  
✓ October 2020 – April 2022 | ✓ The government supported 50% of people’s expenses on goods and services.  
✓ No more than 150 Baht/person/day  
✓ People could purchase goods and services by scanning the QR code through Pao Tang mobile application  
✓ The scheme also expanded to cover food delivery platforms. | ✓ There were approximately 26.3 million beneficiaries in phase 4 and 1.3 million small vendors participating. |
| We Win Scheme (Rao chana) Scheme | ✓ To reduce the cost of living for people in all occupations affected by the COVID-19 outbreak  
✓ Consider people’s income capabilities and social protection systems  
✓ February – June 2021 | ✓ The government provided weekly grants totaling up to 9,000 Baht per person.  
✓ People could purchase goods and services from registered shops through EDC machines or “Thung Ngern” mobile application. | ✓ There were about 32.9 million beneficiaries. |
| We Travel Together scheme | ✓ To revitalize domestic tourism affected by the COVID-19, encouraging people to travel more during the high season will lead to higher employment in the tourism sector and generate revenue for the economy’s regions.  
✓ July 2020 – September 2022 | ✓ The government subsidized 40% accommodation rates with a limit of 3,000 Baht per night for up to 10–15 nights per person, limited to 3,000 Baht per night  
✓ Subsidies 600–900 Baht E-Voucher per room per night for food expenses and entrance fees for attractions  
✓ Refund of 40% of the airfare entitlements | ✓ There are now about 9.6 million beneficiaries. |
Suggestions of potential regional cooperation initiatives
The Ministry of Finance, Thailand has implemented the fiscal instrument for tackling with the climate change, reduce greenhouse gas emissions and promote use of clean energy. There are three major areas in tax policies.

- **Tax collection**, we have the automobile and the motorcycle excise tax based on the amount of CO2 emissions.
- **Tax incentives**, we granted excise tax incentives to promote automotive production like EV through BOI and also exempted Corporate Income Tax for companies that invest in environmentally-friendly activities and adopt sustainable practices such as recycling and zero-waste.
- **The procurement act** allows government agencies to procure environmentally-friendly supplies, in accordance with the Pollution Control Department's manual.

- **Green Bond** is a debt security that is issued to raise capital specifically to support climate related or environmental projects. In Thailand, the bonds were issued by PDMO to finance clean transportation projects such as Mass Rail Transit Orange Line (East) with allocated amount of 30,000 Millions THB.

Currently the Ministry of Finance, Thailand has collected tax based on the amount of CO2 emissions such as excise tax on the automobile and excise tax on the gasoline. However, Thailand don’t have the tax policy that collect tax directly for Carbon like Carbon pricing.
The 17 Sustainable Development Goals (SDGs) are interlinked targets designed by the United Nations to be a blueprint to achieve a better and more sustainable future for all.

- Thailand also led all countries in Southeast Asia in achieving the Millennium Development Goals (MDGs) that preceded the SDGs and ended in 2015.
- The Cooperation Framework is closely aligned with Thailand’s 20-Year National Strategy and the draft 13th National Economic and Social Development Plan.
- The Cooperation Framework articulates Thailand’s strong commitment to achieving the Sustainable Development Goals by 2030 and its ambition to become a high-income, inclusive, sustainable, and resilient country.
- Thailand was assessed as being on track to achieve the SDGs in poverty, education, clean water and sanitation, industry innovation and infrastructure, and responsible consumption and production. The Kingdom was also rated as moderately improving in good health and wellbeing, gender equality, affordable and clean energy, decent work and economic growth, and reduced inequalities.