

Social Protection Floor in Thailand

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Thailand's growth record in recent decades has been remarkable and has contributed to alleviate poverty to some extent. However, the benefits of growth have not been equitably shared. The GINI coefficient¹ suggests that inequalities have even widened (0.42 in 2002 against 0.48 in 2010, National Statistic Office, NSO). The increase in disparities jeopardized the social stability in the country with the 2010 political unrest. As a response to the crisis, the Royal Thai Government committed to mitigate social inequalities, through the proposed plan of *Construction of Welfare Society by 2017*. This strategy includes four components (social assistance, social insurance, social services, and social promotion), and aims to cover all Thai citizens from birth to death. Social protection has furthermore been identified as a theme of the 11th five-year National Economic and Social Development Plan.

Characteristics of social protection extension

The development of social protection has been fragmented to date. It has first been centered on civil servants and their dependants, and workers in the formal sector. The former, represents around 7% of the population, and benefits from comprehensive coverage through tax-financed schemes. The latter, who accounts for 15%, are protected against sickness, invalidity, death, maternity, child-allowance, old age and unemployment through contributory schemes managed by the Social Security Office (SSO).

Vulnerable and poor people had, for a long time, only access to ad-hoc means-tested programs. However, Thailand has recently made a significant move towards universal basic social protection by introducing two major universal schemes that constitute the main pillars of the Thai social protection floor. *The Universal Coverage Scheme (UCS)* was introduced in 2001 to provide universal health care coverage to the remaining majority who are not covered by any existing public health protection schemes. The package is comprehensive and includes general medical care and rehabilitation services, high-costing medical treatment, and emergency care. *The Universal tax-financed 500 baht (USD 18) scheme* was established in 2008 to provide income security to the elderly over 60 (except for civil servants). In 2011, the new government has approved the budget of THB 52 million to generate income for the elderly. From the fiscal year of 2012, the elderly whose aged between 60-69 years old will receive a monthly allowance of THB 600, between 70-79 years old will receive THB 800, and above 90 years old will receive THB 1,000 consecutively. However, due to the recent big flood in Thailand, there is a possibility that this budget could be reduced.

Challenges ahead

The coverage of the informal economy workers and their families (76% of total population) remains one of the main challenges. Attempts to extend coverage include the provision

¹ A measure of the inequality of a distribution, a value of 0 expressing total equality and a value of 1 maximal inequality.





under Social Security Act Art 40 of a voluntary package partly subsidized by the Government, which covers sickness, work injury, invalidity, death, old age pension (lump sum). However, only 1.68% of the target is covered so far. The National Savings Fund, a state agency instituted by Ministry of Finance (2011), is also being put in place to provide a pension. It will be accessible for Thai Nationals aged 15-60 who are not benefiting from government or Social Security Fund (SSF). Members will contribute monthly and benefit from a co-contribution from the government, depending on the amount they contribute and their age (with a ceiling of THB 600).

To build a Social Protection Floor in Thailand, the government and other stakeholders involved will need to deal with other challenges, namely:

- Providing a rights-based, systemic, adequate protection against poverty for all residents, especially the vulnerable groups. For instance, the *Universal tax-financed 500 baht (USD 18) scheme* only represents one third of the poverty line
- Managing the expansion of social insurance to informal economy workers
- Harmonizing the different schemes to solve the issue of vertical inequality. For example, inequalities are felt in healthcare services between beneficiaries who contribute for their coverage to the Social Security Scheme and beneficiaries from the UCS, who enjoy a better coverage without contributing.
- Ensuring financial and institutional sustainability of the system
- Building capacities on social security and social protection at all levels.

For more information: <http://www.ilo.org/gimi/gess/ShowCountryProfile.do?cid=404&aid=2>

