

**Thailand**  
**Survey on basic information on**  
**Social Security**  
**Final Report**

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**Japan International Cooperation Agency**  
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## Survey on basic information on Social Security in Thailand

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Exchange Rate  
(As of May 2010)  
USD 1.00 = JPY 94.06  
THB 1.00 = JPY 2.926

## **Abbreviations**

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BAAC	Bank for Agriculture and Agriculture Cooperative
CDP-SP	Country Development Partnership for Social Protection
CGD	Comptroller General's Department
CSMBS	Civil Servant Medical Benefit Scheme
CTOP	Project on the Development of a Community Based Integrated Health Care and Social Welfare Services Model for Older Persons
CWS	Community Welfare Scheme
DLA	Department of Local Administration
DOE	Department of Employment
DOSD	Department of Skill Development
DRG	Diagnosis-Related Group
EPI	Employees' Pension Insurance
e-SSS	e-Social Security System
EU	European Union
GPEF	Government Permanent Employees Fund
GPF	Government Pension Fund
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HCS	Voluntary Health Card Scheme
HISRO	Health Insurance System Research Office
ILO	International Labour Organization
IP	In-Patient
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
MOF	Ministry of Finance
MOH	Ministry of Health
MOI	Ministry of Interior
MOL	Ministry of Labor
MOLSW	Ministry of Labor and Social Welfare (Present Ministry of Labor)
MOPH	Ministry of Public Health
MOSDHS	Ministry of Social Development and Human Security
MOU	Memorandum of Understanding
MWS	Medical Welfare Scheme
NESDB	National Economic and Social Development Board
NHSO	National Health Security Office
NPF	National Pension Fund
NSF	National Savings Fund
NSO	National Statistical Office
OP	Out-Patient
PAYGO	Pay-As-You-Go
PSPF	Private Sector Provident Fund
PSTWF	Private School Teacher Welfare Fund
RMF	Retirement Mutual Fund

SEPF	State-owned Enterprise Provident Fund
SME	Small and Medium Enterprise
SSC	Social Security Committee
SSF	Social Security Fund
SSO	Social Security Office
SSS	Social Security Scheme
TA	Technical Assistance
TDRI	Thailand Development Research Institute
UC	Universal Coverage Health Care Scheme
UI	Unemployment Insurance
UN	United Nations
UNICEF	United Nations Children's Fund
UNDP	United National Development Program
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank
WCS	Workmen's Compensation Scheme
WHO	World Health Organization

## **Executive Summary**

### **1. Overview of Social Security in Thailand**

#### **Background of Social Security in Thailand**

The Social Security Act 1990 started Social Security Scheme (SSS) for private sector employees. Since then, coverage of SSS has been expanded to include smaller establishments and added more benefits with phased introduction of a comprehensive social security program. The most recent achievement is the introduction of unemployment insurance in 2004.

In addition, the Government has made efforts to provide health care for the rest of the population. Thailand introduced the Universal Coverage Health Care Scheme (UC) in 2002 that covers those who had been outside of any public health security scheme.

These achievements have been made possible by the fact that Thai economy has been continuously growing in the last 30 years by robust expansion of non-agricultural sector. On the other hand, income disparities among the regions grew larger. These disparities are some of the major reasons for political frictions in Thailand.

#### **Social Security Coverage in Thailand**

Except for health security, coverage of public social security system is not yet high in Thailand. Around 20% (about 13 million) of the population have social security coverage including dependants of the Civil Servant, State Enterprise and Private School schemes, and around 80% (about 51 million) do not have social security coverage. Fifty-five (55) % of non-covered populations are farmers or fishermen.

The coverage rates of social security differ by regions and income groups. The coverage rates of Bangkok and Central area are about 28-38%, which is higher than the coverage rates of around 12-17% in other areas. Northeast region holds the largest non-covered population close to 1.9 million. Households with monthly income less than 5,000 Baht have very low coverage of around 3-13%, whereas the coverage rates of households in higher income than 15,000 Baht are around 41-51%.

#### **Overview of Existing Social Security System in Thailand**

There are several different schemes of social security each of which covers a different group of the population and/or different areas of social security. The high-income populations tend to be covered by the private insurance schemes. Civil Servant Medical Benefit Scheme (CSMBS) and the respective public pension funds (Government Pension Fund, Government Permanent Employees' Fund, and State-owned Enterprises' Provident Fund) cover the public employees. Workmen's Compensation Scheme (WCS) and Social Security Scheme (SSS) cover the private sector employees.

Except for those covered by the private schemes, it is only public employees and their families and formal private sector employees themselves that are covered by comprehensive social security schemes. The farming population, self-employed, and other non-registered small business workers are left non-covered except for health services of Universal Coverage Health Care (UC).

Social Security Scheme (SSS) is the only public social insurance (requiring contributions to get benefits) mechanism for ordinary private citizens in Thailand. SSS is a comprehensive scheme including 7 different kinds of benefits. SSS is managed by Social Security Office (SSO), one of the departments under Ministry of Labour. It is compulsory for all employees (age 15-59), working in registered private business, to be members of SSS. Number of insured persons under compulsory membership is 8.78 million (2008). The SSF accumulates more assets of 609 billion baht as of 2008. In the first year of its existence, the SSF raised assets of 2.3 billion baht, of which 97 per cent were from tripartite contributions of employees, employers, and the government.

WCS was the first social protection fund for private-sector employees founded in 1974. Its main objective was to provide social security to workers injured or sick because of work-related activities. Revenues for the WCF come from two main sources: employers' contributions and interest accrued from the Fund's investments.

### Overview of Priority Issues in Social Security

In the long term, it is one of the largest issues for Thailand to include the present non-covered population into public social security. This issue has its root in the issue of large income disparities between urban and rural sectors. Thus, it is needed to establish efficient and effective administrative mechanism to include non-urban sectors. At the same time, in some areas of social security such as a pension system, it has come to the point where organizations of social security must upgrade their operational efficiency and accuracy to the same levels of those found in developed countries. For this purpose, it is required to establish sustainable and stable system of operation. A good example of Thai-Japan cooperation project was "The Project on the Assistance of Public Health Insurance Information Development in the Kingdom of Thailand 2002-2006".

## 2. Unemployment Insurance

### Overview of Unemployment Insurance (UI)

There are some characteristics in Thai labor market. The share of labor force has been gradually shifted from agricultural sector to non-agricultural sector. Agricultural sector, however, is still substantial with its share of 40% in labor force. It is also well known that Thai workers seasonally go back and forth between the formal sector and the informal sector. Lastly, the Thai unemployment rates have been low over past 20 years. This is because the large informal sector always absorbs large amount of unskilled workers.

The Thai government finally recognized the need to introduce unemployment insurance as social security scheme when the country was in the wake of the financial crisis in 1997.

The Thai Government requested the ILO to conduct the study to assess the feasibility of introducing an unemployment insurance scheme in Thailand 1998. It was in 2004 when they were finally ready in institutional and reached a political agreement in shares of contributions by the different parties.

The coverage of UI, however, is less than 30% of total labor force in Thailand. A major reason for this low rate is the fact that SSS covers only those private companies that are registered by Ministry of Commerce. In addition, it is reported by ILO study that around 11% of employers intentionally not registered in order not to pay compulsory share of contributions for SSS.

UI of Thailand has three major features. The first one is simplicity of accreditation criteria. The targeted persons of Thai UI are not categorized by employment status. The second one is the fact that UI of Thailand has only one type of allowance for insured persons. The third one is lack of allowance for employers that will encourage them to keep hiring more employees.

In the financial aspect the cost of UI benefits has increased, but it has gone no further than 25% of the amount of contribution and become stable. The financial sustainability of the UI Fund has not been viewed with suspicion among relevant parties at present.

Regarding operation of UI, SSO and Department of Employment (DoE) under the Ministry of Labor play key role. The major activities of SSO are collection and record of contribution, reception of claim, examination of employment history and termination, accreditation of qualification of UI allowance and payment of benefit. DoE has responsibility for job placement for unemployed persons. DoE allocates one Employment Office in each Provincial.

### Priority in UI

It became clear that SSO and DoE has developed their database individually and they have not been linked at the moment. SSO now goes forward to develop the information system in SSO, however it still takes time to complete it. In the meantime SSS should make efforts to integrate of frontline management to communicate with DoE smoothly, for instance, through allocation of SSO staff in the Employment Office and establishment of SSO Office or/and Employment Office within reach when they will be newly set up.

The financial sustainability of the UI Fund has not been viewed with suspicion among relevant parties. The contribution rate of UI would rather been reviewed in the direction of decrement. The deduction rate should be appropriated the other benefit fund of SSS like old-age benefit considering the financial balance of the other fund.

Many voluntary unemployed persons benefit from current UI. One of the reasons is seasonal circulation of labour force between the formal and informal economic sector. This work pattern is typical one in Thailand, but the targeted persons of UI are not categorized by employment status nonetheless. Given the present rules and seasonal circulation of labour force, they have less motivation to seek job during agricultural

off-season or farming season because they can receive the benefit of UI if they made contributions more than 6 months within a period of 15 months. If these tendency spread and they recognize unintended merit from UI scheme, primary purpose of UI can not been accomplished. There might be some measures to solve these issues; 1) to set new category by employment status and set new benefit measured up to situation (eg: introduction of lump-sum payment), in case of carrying on existing system, 2) to extend payment period of contribution by voluntary unemployed person from six months to ten months, 3) to reduce benefit rate of unemployed allowance for voluntary unemployment, 4) to set restrictive period of benefit to voluntary unemployed person.

It should be necessary to strengthen the implementation structure and capacity of UI especially in local area with increasing of the number of insured persons in future.

### Donor Project

ILO has contributed in the theoretical and overall frame of UI and also supported to conduct Labour Force Survey and technical assistant for capacity development of statistical analysis related to social security. World Bank cooperated for implementation of UI as Social Protection through conducting simulation of contribution rate and pilot project in province in “CDP-SP: Thailand Country Development Partnership for Social Protection”. This Program also provided technical assistance to MoLSW (present MoL) directly. JICA also contributed the preparation of introduction of UI scheme through dispatch of expert on Integrated Employment Policy and capacity development of DoE for implementation of UI scheme. On the basis of this program “Enhancement of Comprehensive Network System on Employment Service in Thailand” supported to strengthen the function of the network system on employment service.

### Prospects for Thai-Japan Cooperation

Japanese experience could be useful for reviewing system of UI. The design of UI scheme would be changed according to the Government expectation of the UI function, for example, as income security for low-income workers, or as just unemployment allowance for seeking new job. The contribution rate and duration of benefit also should be revised if the Government takes different policy implication.

It should be necessary to strengthen the implementation structure and capacity of UI especially in rural area with increasing of the number of insured persons in future. Japan can contribute the improvement of implementation capacity of UI through support of preparation and update of operation guidelines and technical assistance for SSO and Employment Office.

Japan traditionally takes comprehensive and positive employment policy. Reflected in this policy Japan has good operation system of Employment Insurance. “Hello Work” is one of the typical methods to provide integrated employment service efficiency and effectively. Japan can take “one-stop system” nationwide as based around “Hello Work”. Japanese knowledge and experience in implementation of integrated employment measures might be useful for enforcement of their harmonization and capacity development of front-line service in Thailand.

### 3. Pension System in Thailand

#### Current Situation of Ageing Society in Thailand

Population structure of Thailand has been changing rapidly. This is caused by the two factors. One is decrease in a birth rate; the other is a lowered infant mortality rate and longer life expectancy due to the improved health care environment.

Thailand has reached an ageing society. The traditional assistance system among family members does not contribute to tackle the issue of ageing society. The reason is that the family structure tends to change. 'Ageing' itself is not an issue but the issue is that present policies do not meet to the needs of the elderly people.

For example, poverty in old age is a significant issue among low-income households. More than 90 percent of the poor households are in rural area. Poor households with the elderly can be observed in more in Northeast Thailand.

#### Overview of Old-age Benefits

In Thailand, there are mainly three types of old-age benefits. These are (1) Social Security Scheme for workers in private sector, (2) pension schemes for the central government civil servants, and (3) Elderly Allowance provided to the elderly aged over 60 (some exception applied).

#### The Social Security Scheme (SSS)

Thai Social Security Scheme for workers in private sector is being implemented under the Social Security Act in 1990. The pension scheme was introduced in December 1998. Concerning the pension scheme for workers in private sector, pension benefit is one of the benefits wide range benefits (invalidity benefits (health and income security), maternity benefits, old age benefits, disability benefits, death benefits, child allowances, unemployment benefits, occupational injury benefit). Contribution for the scheme is subsequently continued, since the eligibility for old-age pension is 15 years contribution period, beneficiaries of old-age pension will first appear in 2014.

#### Government Employees' Pension (GPF)

The Government Employees' Pension was established in 1902 in Thailand, through the several experiences of reforms, since 1951, based on the Government Employees' Pension Act, benefits were paid by the government (if less than 25 years of working period, lump-sum benefits were paid according to the duration of work). In 1997, the government formed Government Pension Fund (GPF) as contributory pension scheme financed between workers (civil servants) and employer (the government). Therefore, old-age benefit for civil servant was reformulated tax-financed pension benefit based on the 60 months average income prior to the retirement as the first pillar, and the lump-sum benefit based on the contribution from workers (civil servants and employer (the government) as the second pillar.

### Elderly Allowance (Bia-Yang-Cheep)

The Elderly Allowance was introduced in 1993 after the Chuan government was formed in 1992. It was a significant effort to introduce this allowance since it had means-tested principle, the following three conditions were required:

- (1) Thai citizen aged over 60
- (2) Low income and no family members and relatives for support
- (3) No capacity for work

Elderly Allowance was revised in 2009 by the current Abhisit Government. Since April 2009, the allowance has been paid to those who are aged 60 and over except for former civil service officials.

### Recent Development of Public Pension Reforms

There are many initiatives to expand the coverage of the scheme. Those initiatives are as follows:

- (1) National Pension Fund (former MOF plan) - to revitalize the capital market, establish a defined contribution plan
- (2) Community Welfare Scheme (Community Initiative)
- (3) Expansion of Elderly Allowance - introduction of tax against assets, and increase elderly allowance
- (4) Introduction of Pension Savings Fund (draft by academics) – There is a consensus that, because of the speed of the ageing, this plan seeks for the way not to give heavy burden to the working age population. Target people would be those who are outside GPF.
- (5) Introduction of Pension Savings Fund (draft by MOF) – MOF suggests the plan that the new scheme should be cover those who are outside GPF and SSF. The difference between (4) and (5) is the scope of coverage.

### Activities of other donors and international organizations

Community welfare is regarded as a crucial alternative source of social protection for people in rural area. In 2006 the National Economic and Social Development Board introduced a pilot project in six areas of three provinces in the Central, Northern and Southern part of Thailand with the support of UNDP. The salient features of the community welfare are the savings groups and community enterprises. ADB supports technically to MOF in order to introduce fully funded scheme among non-covered population. The project 'Pension System Design' was conducted from 31 December 2003 till 31 December 2007. ILO provides actuarial support periodically and SSO takes into consideration ILO's input seriously. Especially recent financial re-evaluation of Social Security Fund was done by ILO and the result gave a significant impact on the scheme administrators.

## Issues and Policy Options of Thai Pension Scheme

There are 8 key criteria to talk about Thai Pension Scheme as follows;

- (1) Speed of ageing
- (2) Poverty in Old-age
- (3) Financing Pension Scheme
- (4) Extending Coverage
- (5) Pensionable Age
- (6) Indexation by wage and price
- (7) Pension Scheme Administration
- (8) Competent Authority

Among these criteria, 'Extension of Coverage' is the top issue to be tackled since only 36 per cent of working population enjoys the pension scheme.

## Prospects for Thai-Japan Cooperation

The interviews conducted to Social Security Office revealed that there is a need for training in terms of scheme administration at SSO Provincial Office level.

There is no provision for survivors' benefit, and income security for survivors will be a significant issue in Thailand. In order to introduce such benefit, technical inputs are required and there Japan may provide technical assistance.

Pension schemes are administered by different competent authorities. Record keepings are done differently. The administration cost is relatively high. As an initial action to seek the possibility of cooperation, a workshop needs to be organized.

Capacity development of policy makers in terms of scheme design, financing and administration would be important. For this reason, there are some spaces to cooperate with SSO in terms of providing trainings in Japan

## 4. Health Security

### Overview of Health Security

There are several different schemes of health security each of which covers a different group of the population. The high-income populations tend to be covered by the private insurance schemes. Civil Servant Medical Benefit Scheme (CSMBS) and the respective public pension funds cover the public employees. The private sector employees are covered by Workmen's Compensation Scheme (WCS) and Social Security Scheme (SSS, see previous section). The farming populations, self-employed, and other informal sector workers (75% of the population), are covered by Universal Coverage Health Care Scheme (UC) that had been introduced in 2002. There is no uncovered person, at least in theory, and realized 100% coverage.

The population that are covered by Universal Coverage Health Care Scheme (UC) outnumber the population covered by the other schemes. It is also clear that they are concentrated in non-municipal (rural area). UC users consist of many different levels of income groups. They are not only poor people but also some self-employed people with high incomes such as lawyers. UC is 100% financed by the Government budget with capitation system to limit the amount to pay. Per capita government expenditure for UC is 2200 baht (2008).

The private sector employees that are covered by SSS are concentrated in Bangkok and Central Region (almost 80% of them) and 80% are of the first or second highest income groups. This reflects the fact that formal sector companies are concentrated in these regions. SSS has capitation system to limit the amount to pay. Per capita government expenditure for SSS is 579 baht (2008).

The population that are covered by CSMBS also consist of higher income groups. They are not so concentrated in Bangkok and Central Region (about 50%) as in case of SSS. CSMBS is 100% financed by the Government budget without capitation system. Especially for out-patients, it is paid by fee-for-services without any limits. As a result, per capita government expenditure for CSMBS is very large at 12100 baht (2008).

#### Priority in Health Security/ Insurance

Thailand is working on methods of moving the three schemes towards similar payment mechanisms for similar services. It is one of the priorities to reform the payment mechanism of CSMBS in order to control its rapid cost escalation. A standard fee schedule, systematic adjudication processes, utilization review, and medical auditing systems are being considered for implementation across schemes. In the longer term, there are currently many collaborative efforts going on among the three main implementing offices (CGD, NHSO, and SSO). Regarding contents of medical services, the new periodic health examination has been started as a risk stratification tool. There is “HA: Hospital Accreditation” system that is used as a complementary system to ensure minimum standard of quality of services paid by health security/insurance schemes. Given the fact that the population is aging and contents of medical services are getting more costly, In the future, it will be required to reexamine financial sources for health security. At least, minimum copayments should be examined.

#### Donor Project

On behalf of the European Commission, GTZ International Services is assisting Thailand in the reform of its health care system. The counterparts on Thai side include NHSO and Health Insurance System Research Office under MoPH. JICA also has been working with Thailand in the area of health security. The recent projects are summarized in Diagram below. Among JICA’s cooperation projects, it is noted that “The Project on the Assistance of Public Health Insurance Information System. Development in the Kingdom of Thailand” contributed a lot to enhance operational capacity of Universal Coverage Healthcare (UC).

### Prospects for Thai-Japan Cooperation

Regarding health security/ insurance, systemic expansion of coverage had been already completed by introduction of UC. A remaining issue of coverage is to reaching the non-registered population in remote areas in Thailand often close to the borders. This issue is very important but may not match available schemes of technical cooperation.

On the other hand, other Asian countries are interested in the experiences of UC in Thailand. It is quite useful for such countries to have opportunities to share Thai experiences that are more similar to their socioeconomic context than those in developed countries. In this regard, international workshops or seminars for Asian countries could be good options to consider as Thai-Japan cooperation activities.



## **1. General**

### **1.1 Survey Objectives**

#### **(1) Objectives of the Survey are,**

- (a) To collect basic information on Social security in Thailand with special emphasis on “Unemployment Insurance” and “Pension System”, and
- (b) To identify key issues and problems in social security in Thailand that shall be the starting points of future Thailand-Japan cooperation in the respective field of development.

#### **(2) Expected outputs of the Survey are,**

- (a) A collection of up-to-date (year 2000 and later) basic data and information on social security in Thailand and of current key issues in the field,
- (b) A collection of explanations of current policy priorities and measures taken by Royal Thai Government against the key issues,
- (c) A collection and reviews of results of recent cooperation projects by donor countries and international agencies in the field of social security in Thailand, especially those by Japan, and,
- (d) Identification of long-term priority issues, areas, and potentially applicable resources of cooperation by Japan.

### **1.2 Background**

#### **Development of Social Security in Thailand**

Development of a full-scale social security system in Thailand started in 1990 when the Social Security Act 1990 came into force. The Act started Social Security Scheme (SSS) for private sector employees along with establishment of Social Security Office (SSO). Since then, coverage of SSS has been expanded to include smaller establishments and added more benefits with phased introduction of a comprehensive social security program. In 1998, old-age pensions and child allowance were introduced. The most recent achievement is the introduction of unemployment insurance in 2004.

In addition to the extension of social security coverage to private formal economy workers, the Government has made efforts to provide health care for the rest of the population. Thailand introduced the Universal Health Care Scheme in 2002 that covers those who had been outside of any public health security scheme. The scheme is totally financed from general tax revenues.

#### **Further Challenges**

In spite of rapid and desirable developments in the extension of social security coverage in Thailand, it is essential for the present system to be administratively and financially sustainable in the future.

Regarding the administrative side, there are emerging challenges by expanding scope of work of social security schemes through out the country. It is needed to start full-scale harmonization of all concerned administrative entities including SSO (Ministry of Labour), Department of Employment (MoL), Ministry of Health, NHSO, Department of Local Administration (Ministry of Interior), Ministry of Finance, Ministry of Social Development and Human Security, and NESDB.

In the long-term, on the other hand, further improvements should be carried out to reach the non-covered population, such as farmers, fishermen, self-employed small business workers, or unpaid family workers, and provide additional benefits for other contingencies that remain non-covered. It is important to identify sustainable financing sources (e.g. tax, contributions) to improve and extend the coverage of social security. Given the fact that Thailand is experiencing very rapid transition to “aging society”, it is “Pension System” where these issues in extension of coverage and financial sustainability are matters of grave concern.

### **1.3 Target Groups and Areas of the Survey**

#### **(1) Interview Survey**

There are five target groups of interview survey.

<b>Target Groups</b>	<b>Target Organizations</b>
RTG organizations directly in charge of social security:	Ministry of Labour, Social Security Office, Ministry of Public Health, National Health Security Office, Ministry of Social Development and Human Security
RTG organizations in charge of national policies:	Ministry of Interior, Ministry of Finance, National Social and Economic Development Board.
Other Thai organizations:	Experts from TDRI, Universities
International Organizations:	ADB, ILO, World Bank
Bilateral Donor Agencies and NGO:	EU, GTZ, USAID, Plan International

#### **(2) Survey Areas**

##### **Survey in Bangkok:**

Most data and information shall be collected through interviews with organizations located in Bangkok area.

##### **Survey in Province:**

The survey team visited a provincial office of SSO and Employment Office in Pathum Thani on March 29th. Purposes of the visits were to understand 1) roles and functions of local offices of SSO, 2) issues in day-to-day operation, and 3) roles of Local Government Unit in financing and provision of social security related services.

## 1.4 Survey Framework- Task Items and Target Subject Matters

The Survey framework consists of four major tasks and three subject matters.

Subject Task	Social Security in General	Unemployment Insurance	Pension
<b>Task 1: Collection of Data and Information</b>	<ul style="list-style-type: none"> <li>• Advice from experts in Japan</li> <li>• Data collection from MOL, SSO, MoPH, NHSO, MoSDHS, MoI, MoF, NESDB</li> <li>• Updating existing reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Advice from experts in Japan</li> <li>• Data collection from MOL, SSO.</li> <li>• Analysis of data and identification of current issues in Employment Insurance..</li> </ul>	<ul style="list-style-type: none"> <li>• Advice from experts in Japan</li> <li>• Data collection from MOL, SSO.</li> <li>• Analysis of data and identification of current issues in Pension System..</li> </ul>
<b>Task 2: Identification of RTG's Priority Issues/ Areas and Measures taken</b>	<ul style="list-style-type: none"> <li>• Interview MoPH/NHSO, MoL/SSO, MoL/Dept. of Labour Protection and Welfare, MoF, NESDB</li> <li>• Interview Thai Experts</li> <li>• Local Offices of SSO</li> </ul>	<ul style="list-style-type: none"> <li>• MoL/SSO</li> <li>• Interview Thai Experts</li> <li>• Local Offices of NHSO/SSO</li> </ul>	<ul style="list-style-type: none"> <li>• MoL/SSO, MoF</li> <li>• Interview Thai Experts</li> <li>• Local Offices of NHSO/SSO</li> </ul>
<b>Task 3: Review of Donor Projects</b>	<ul style="list-style-type: none"> <li>• Review reports/ documents</li> <li>• Interview donor agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Review reports/ documents</li> <li>• Interview donor agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Review reports/ documents</li> <li>• Interview donor agencies</li> </ul>
<b>Task 4: Priority of Thai-Japan Cooperation</b>	<ul style="list-style-type: none"> <li>• Identification of Japanese resources for cooperation in the field of social security.</li> <li>• Identification of long-term priority issues, areas, and potentially applicable resources of Thai-Japan cooperation.</li> </ul>		

### Task 1: Collection of Data and Information

- To collect and review up-to-date data and information of social security in Thailand, including demographic and economic data, trends of government budget for social security, and numbers of persons insured and received benefits. Regarding overviews of social security, current information shall be compiled in a form of updating an existing report of “Study on Social Security Schemes in Thailand, JBIC, 2002”.
- To review overall policies and development plans related to social security, and to identify how social security is placed and promoted in the whole picture of Thai development policy.
- To sort out existing policies, operational plans, and organizations related to social security. Roles of local offices of SSO and Local Government Units, if any shall be reviewed.
- Regarding Unemployment Insurance, focuses shall be put on financial viability and operational capacity.
- Regarding Old Age Pension, focuses will be put on the long-term financial balance and foreseen impacts of rapid aging of the population in Thailand.

#### Task 2: Identification of RTG's Priority Issues/ Areas and Measures taken

- To identify and sort out current major issues in social security based upon information and data collected.
- To identify and sort out perceptions of officials of RTG's regarding current priority issues/ areas in social security. In cases where there are different opinions among them, different viewpoints and positions shall be compared.
- Regarding Unemployment Insurance, focuses are put on to review concrete measures in order to improve administrative capacity. The policy measures to improve capacity, including effectiveness of existing training programs shall be reviewed. Socioeconomic conditions of the unemployed persons (such as mobility of labor market) shall also be reviewed as background information to sort out desirable forms of unemployment insurance.
- Regarding Old Aged Pension, it makes a significant difference in operation of pension scheme whether it is based on "unfunded plan" or on "funded plan". Extension of insured population is also a big issue. Socioeconomic conditions of the advanced age persons (such as economic, health, and living conditions) shall also be reviewed as background information to sort out desirable forms of pension scheme.
- Details of the contents of interview survey are as written in questionnaire forms prepared for the respective organizations to visit.

#### Task 3: Review of Donor Projects Including Japan

- To review and sort out approaches, outcomes, and lessons of various donor projects in social security. Identify elements of social security, if any, that had been introduced through Japan's cooperation projects including the followings
  - Concepts (institution and operation),
  - Institutional design/ Operational System
  - Criteria, verification, and benefit.
  - Day-to-day operational knowhow.
- To review results and progress of the current and recent Thai-Japan cooperation projects. More specifically to review, "Enhancement of Comprehensive Network System on Employment Service in Thailand (2004-2005)", "Support of health insurance operational system development, implementation, and related administration (2003-2006)", and "The Project on the Development of a Community Based Integrated Health Care and Social Welfare Services Model for Older Persons (CTOP) (2007-2011)".
- To collect information of cooperation projects by the other donor countries and agencies.

Task 4: Priority of Thai-Japan Cooperation in Social Security
---

- Collected information through Task 1 to 3 shall be organized by categories of schemes. Organized information shall also be analyzed in cross-scheme points of view. And then priority of Thai-Japan Cooperation shall be examined.
- Priority will be primarily based upon priorities of Thailand. Given these priorities, applicable resources on the side of Japan shall be sorted out in terms of effectiveness, relevancy, and comparative advantage.
- It should be noted that experiences of Japan in the past could be useful for Thailand even more than the present social security scheme in Japan. The past experiences of Japan show the future challenges and options of policy measures that Thailand may eventually face in the future. Given some fundamental differences in socioeconomic conditions between Thailand at present and Japan in the past, however, Japanese's experiences may not be directly applicable in Thailand.
- A failure in policy making should be sorted out as much as a success in Japan. There might be a policy decision that eventually resulted in serious issues at present (such as high-cost structure and fiscal illusion in the pension schemes)



## 2. Implementation of the Survey

### 2.1 Overall Work Items

Work items of the Survey are as listed as the following table.

#### List of Work Items

<b>[1] Work in Japan (1)-Preparatory work (March 3rd – 14th, 2010)</b>	
[1-1]	Review of existing reports and data
[1-2]	Preparation of survey framework
[1-3]	Preparation of Survey in Thailand (1)
[1-4]	Preparing Inception Report
<b>[2] Survey in Thailand (1) (March 15th – April 8th)</b>	
[2-1]	Implementation of Survey in Thailand (1) Focus on “Social Security in General” and “Employment Insurance”.
[2-2]	Reporting the results of Survey in Thailand (1) in Thailand.
<b>[3] Work in Japan (2) (April 9th – 27th)</b>	
[3-1]	Reporting the results of Survey in Thailand (1) to JICA HQs
[3-2]	Compilation of the results of Survey in Thailand (1)
[3-3]	Preparation of Survey in Thailand (2)
<b>[4] Survey in Thailand (2) (April 28th – May 26th)</b>	
[4-1]	Implementation of Survey in Thailand (2) Focus on “Pension System” and follow-up the first survey.
[4-2]	Preparation of Draft Final Report
[4-3]	Presentation of the contents of Draft Final Report in Thailand
<b>[5] Work in Japan (3) (May 27th – June 18th)</b>	
[5-1]	Presentation of DFR in JICA HQs
[5-2]	Preparation of Final Report

## 2.2 Steps and Method of Survey

Steps and method of the Survey were as listed as the following table.

[1 Work in Japan (1)-Preparatory work (March 3rd – 14th, 2010)]
---

[1-1] Review of existing reports and data
---

The team reviewed existing reports and literatures about social security in Thailand. Regarding the overall reviews, “Study on Social Security Schemes in Thailand, JBIC, 2002” was the starting point. Regarding the structure of the issues in social security, “Thematic Guideline: Social Security, JICA, March 2009” provided foundation. Survey method, approach, target organizations, and plan of operation were prepared. In addition, other available and relevant data and information were collected.

[1-2] Preparation of survey framework
---------------------------------------

Method of the Survey was interviewing concerned officials and experts in Thailand. Questionnaires were prepared to cover necessary data and information. Questionnaire forms were as attached. The items and targets of interview were adjusted in the process of the survey in accordance with the process of compilation of findings in Thailand.

[1-3] Preparation of Survey in Thailand (1)
---

Set the schedule and prepare for the first Survey in Thailand. JICA Thailand was in charge of arranging appointments for the first round. In order to set appointments with most relevant organizations and experts, the study team kept close communication with JICA Office in Thailand.

[1-4] Preparing Inception Report
----------------------------------

Prepared Inception Report as a compilation of preparatory works up to this point. Comments of JICA Thailand and other experts in Japan were incorporated.

[2 Survey in Thailand (1) (March 15th – April 8th)]
---

Based upon outputs of the Survey up to this point, the Team visited Thailand and started interview. In the first survey in Thailand, the Team put focus on “Social Security in General” and “Employment Insurance”. The Team put focus on “Pension” in the second survey in Thailand. Some basic data related pension, however, such as number of insured persons and financial data of funds, were collected in the first survey.

## [2-1] Implementation of Survey in Thailand (1)

---

The Team started interview survey following appointments made by JICA Thailand. The Team arranged additional appointments as it acquired up-to-date information and better insights of the issues through the first round of interview survey. Target organizations for interview survey were as the followings.

- RTG organizations directly in charge of social security: Ministry of Labour, Social Security Office, Ministry of Public Health, National Health Security Office.
- RTG organizations in charge of national policies: Ministry of Interior, Ministry of Finance, National Social and Economic Development Board.
- Other Thai organizations: Experts from TDRI, Universities
- International Organizations: ADB, ILO.
- Other Development Partners

Records of interview were summarized and shared among the concerned parties. Interview was done following the attached questionnaire forms. Collected data information and data were sorted out and used for analysis.

On March 29th, SSO in Pathum Thani, one of the provinces surrounding Bangkok, was chosen to visit. In the first survey period, focuses were put on “Unemployment Insurance” on top of overview of social security in general. “Unemployment Insurance” is, by its nature, for formal sector workers. It was thus considered to be appropriate to visit a province and the respective SSO and employment office in one of the areas where majority of formal sector employees are concentrated.

## [2-2] Reporting the results of Survey in Thailand (1) in Thailand

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At the end of the first survey in Thailand, the Team reported the results of survey to JICA Thailand and concerned parties.

[3 Work in Japan (2) (April 9th – 27th)]
--

## [3-1] Reporting the results of Survey in Thailand (1) to JICA HQs

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The team reported the results of survey to JICA HQs in Japan. The Team also asked for comments on the results from the experts in social security in Japan.

## [3-2] Compilation of the results of Survey in Thailand (1)

---

Compiled results of the first survey, comments from JICA, and experts in Japan and prepared preliminary version of draft final report. Make sure necessary data and information were already collected.

### [3-3] Preparation of Survey in Thailand (2)

---

Prepared the second survey in Thailand. “Pension” was a focus of the survey. Some additional data or information were needed for general overviews of social security or employment insurance, and thus identified where we could get them and include interviews with additional targets as part of work items of the second survey in Thailand.

[4 Survey in Thailand (2) (April 28th – May 21st)]
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### [4-1] Implementation of Survey in Thailand (2): Focus on “Pension System”

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The second survey followed the same method as the first survey. Focuses of survey were in depth data collection and analysis of pension schemes.

### [4-2] Preparation of Draft Final Report

---

On top of analysis of pension schemes, the first version of Draft Final Report was prepared compiling the results of both the first and second survey period.

### [4-3] Presentation of the contents of Draft Final Report in Thailand

---

It had been planned to report to JICA Thailand and concerned parties in Thailand about the results of the survey and contents of the first version of Draft Final Report at the meeting set on May 25th, and get their comments on them. The team, however, had to leave Bangkok earlier in the evening of May 20<sup>th</sup> due to security problems caused by a large-scale demonstration rally occupying the center of Bangkok, likewise the meeting was cancelled. Instead, the preliminary draft report was submitted for consideration. These comments were incorporated in preparation of Final Report.

[5 Work in Japan (3) (May 22nd - June 18th)]
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### [5-1] Presentation of DFR in JICA HQs

---

Reported to JICA HQs and concerned experts in Japan about the results of the survey and contents of the first version of Draft Final Report, and get their comments on them. These comments shall be incorporated in preparation of Final Report.

### [5-2] Preparation of Final Report

---

Prepared Final Report by incorporating comments on Draft Final Report and submit it to JICA.

### **3 Outline of Survey Results**

#### **3.1 Overview of Social Security in Thailand**

##### **3.1.1 Background of Social Security in Thailand**

###### **(1) Development of Social Security in Thailand**

Except for the Workmen's Compensation Scheme (WCS, started in 1974), there was no other social security provision for private formal economy workers until the time when the Social Security Act 1990 came into force. The Act started Social Security Scheme (SSS) for private sector employees along with establishment of Social Security Office (SSO). Since then, coverage of SSS has been expanded to include smaller establishments and added more benefits with phased introduction of a comprehensive social security program. In 1998, old-age pensions and child allowance were introduced. The most recent achievement is the introduction of unemployment insurance in 2004.

In addition to the extension of social security coverage to private formal economy workers, the Government has made efforts to provide health care for the rest of the population. Thailand introduced the Universal Coverage Health Care Scheme (UC) in 2002 that covers those who had been outside of any public health security scheme. The scheme is totally financed from general tax revenues and managed by National Health Security Office (NHSO).

###### **(2) Further Challenges**

In spite of rapid and desirable developments in the extension of social security coverage in Thailand, it is essential for the present system to be administratively and financially sustainable in the future.

Regarding the administrative side, there are emerging challenges by expanding scope of work of social security offices through out the country. It is also needed to establish much closer cooperation between several different departments and Ministries in charge of Social Securities. For example, different departments are using separate databases reflecting the fact that Thailand has been preserving its pluralistic approach in administrative system.

It is however pointed out by ILO that Thailand must take one step forward for integration of fragmented operation in order to enter the next phase of social security development.<sup>1</sup> For example, proposed options of "National Savings Fund for Old Age Pension", intended to include non-covered population, can be viable only when all concerned central government agencies and local administrative organizations share same information base of the whole populations and work together systematically.

---

<sup>1</sup> This view was expressed in the interview meeting at ILO, Bangkok. The same line of thoughts were also found in various articles including, H. Yamabana, "New approaches to extending social security coverage: Overview and challenges of social security coverage: Country examples in East Asia" (a seminar series paper of Maastricht University, 23 March 2006).  
[http://www.governance.unimaas.nl/training\\_activities/seminar\\_series/archives\\_downloads/Hiroshi\\_Yamabana.pdf](http://www.governance.unimaas.nl/training_activities/seminar_series/archives_downloads/Hiroshi_Yamabana.pdf)

In the long-term, on the other hand, further improvements should be carried out to reach the non-covered population, such as farmers or self-employed small business workers, and provide additional benefits for other contingencies that remain non-covered. It is important to identify, firstly, 1) social security needs (perceptions of social security) of non-covered population, and secondly, 2) sustainable financing sources (e.g. tax, contributions) to improve and extend the coverage of social security.

Given the fact that Thailand is experiencing very rapid transition to “aging society” that will result in rapid increase in old-age dependency ratio, it is “Pension System” where these issues in extension of coverage and financial sustainability are matters of grave concern.

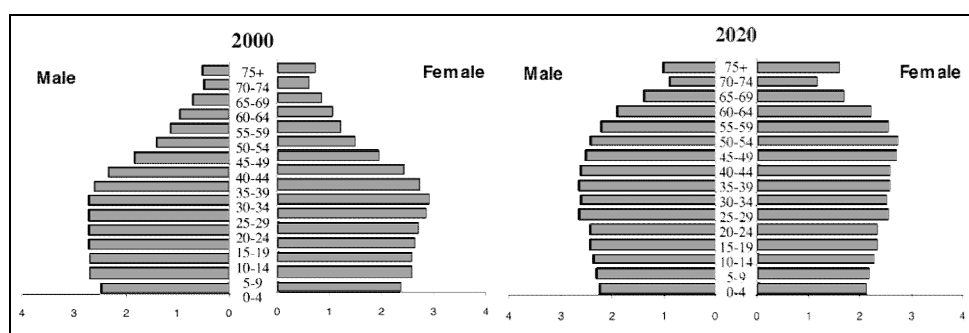


Diagram 3.1.1: Population Projection by Age Group 2000-2020 (1000 Persons)

Diagram 3.1.2: Population Aged 60 or more and Dependency Ratio, 1980-2020

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

Source: Chandoevitt (2003).

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

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

### (3) Regional Socio-Economic Profiles of Thailand

There are some regional differences in patterns of covered and non-covered population. As background information, regional socio-economic profiles are summarized in the following section.

Thailand could be divided into 5 geographical groups, namely, Bangkok Metropolis, Central (or Central Plain) Region, North Region, Northeast Region, and South (or South Plain) Region.

The Central Region covers the broad alluvial plain of the Chao Phraya River. It is separated from Northeast Thailand (Isan) by the Phetchabun mountain range, and another mountain range separates it from Myanmar to the west. In the north it gently changes into the hillier Northern Thailand. The area was the heartland of the Ayutthaya kingdom, and is still the dominant area of Thailand.



Diagram 3.1.3: Regional Map

The region's eastern coastal location has helped promote the Eastern Seaboard industrial development, a major factor in the economy of the region. The region has very strong agricultural sector as well. For example, upper-central (north of Bangkok) holds the highly productive irrigated farmlands for rice production. Most of rice for export is produced there. In addition, the Region surrounds the Thai capital of Bangkok. This proximity to the capital attracts any kinds of economic investments. Central Region including Bangkok is the second populated region with the highest concentration of non-agriculture sectors of economy in the country. In contrast, the North Region, Northeast Region, and South Region are mostly agricultural areas.

In the North, much of the area's territory is mountainous, making it relatively cool compared to Central Thailand. Villages usually have generations of histories and ties among community members are close and strong. Farmlands for agriculture in the North are mostly for small-scale production. At the same time, it is characterized with its diversity utilizing traditional irrigation and cooler climate.

In the Northeast, agriculture is also the main economic activity. The region holds the largest population followed by Bangkok and the Central Region. Due to the socio-economic conditions and hot, dry climate, and mostly rain-fed farmlands, output lags behind that of other parts of the country. The Northeast is Thailand's poorest region. The Northeast had long been a frontier open for those who did not have their farmlands. Villages and communities are rather new in comparison with the North and Central. The region is culturally different from the neighboring Central.

The South is covered with tropical dense rainforests. There are two rainy seasons in the region. With varied topography ranging from basin areas for cultivation of paddy vegetables, and other plantation of tree crops such as rubber. Average agricultural output per household is higher than the North and the Northeast.

Diagram 3.1.4: Gross Domestic Product By Region in 2008 at Current Prices (Million Baht)

	Bangkok and Vicinities	Central	North-eastern	Northern	Southern	Thailand Total
Agriculture	46,411	245,034	191,580	231,000	342,813	1,056,838
Non-Agriculture	3,698,964	2,365,695	781,713	612,244	560,040	8,018,655
Gross Regional Product (GRP)	3,745,376	2,610,728	973,293	843,244	902,853	9,075,493
Per Capita GRP (Baht)	327,321	233,968	42,968	69,773	98,743	136,511
Population 2008 (1000 persons)	11,443	11,158	22,652	12,086	9,143	66,482

Source: NESDB, Database 2008.

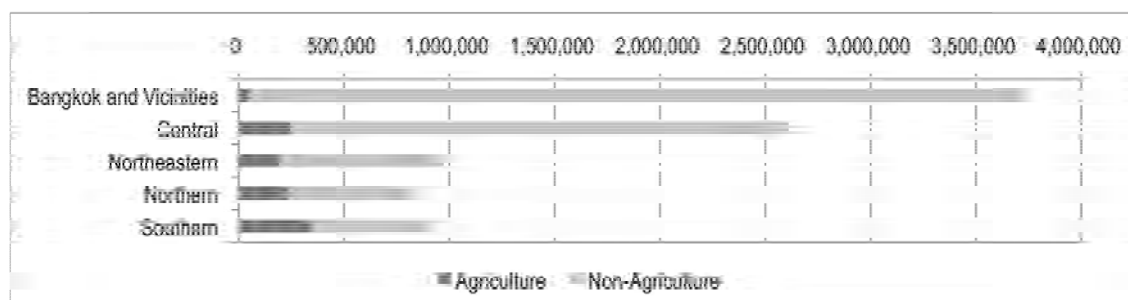


Diagram 3.1.5: Gross Domestic Product By Region in 2008 at Current Prices (Million Baht)

Source: NESDB, Database 2008.

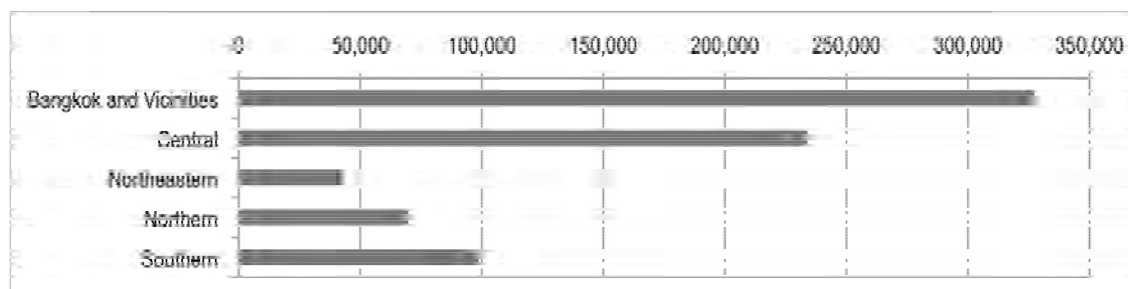


Diagram 3.1.6: Per Capita GDP By Region in 2008 at Current Prices (Baht)

Source: NESDB, Database 2008.

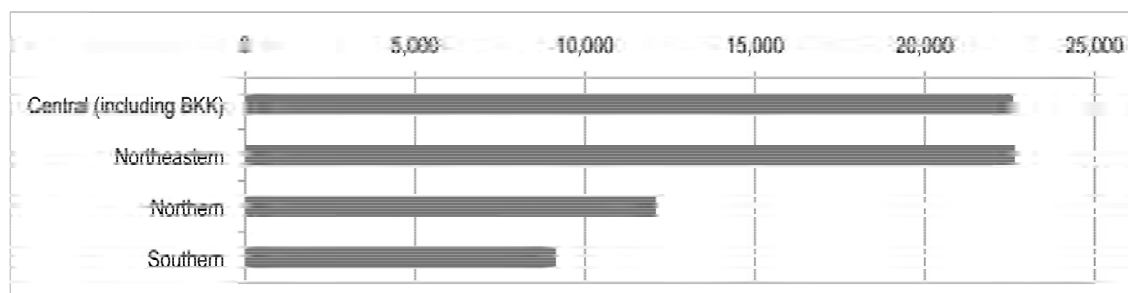


Diagram 3.1.7: Population By Region in 2008 (1000 persons)

Source: NESDB, Database 2008.

### **3.1.2 Social Security Coverage in Thailand**

#### **(1) Definition of Social Security and Non-Covered Population in Thailand**

##### Definition of Social Security:

In this report, “social security” refers to statutory social security schemes for income security and against ill-health, “social assistance” refers to statutory social welfare programs financed by general tax or other tax sources without contribution, and “social protection” refers to a whole set of policies and mechanisms against economic adversity and ill health including social security, social assistance, and other protection mechanisms such as provisions with regard to education, agriculture, housing, and natural disaster.

##### Definition of Non-covered population (people without social security coverage):

In this report the non-covered population are the ones without social security coverage, which is defined as the following.

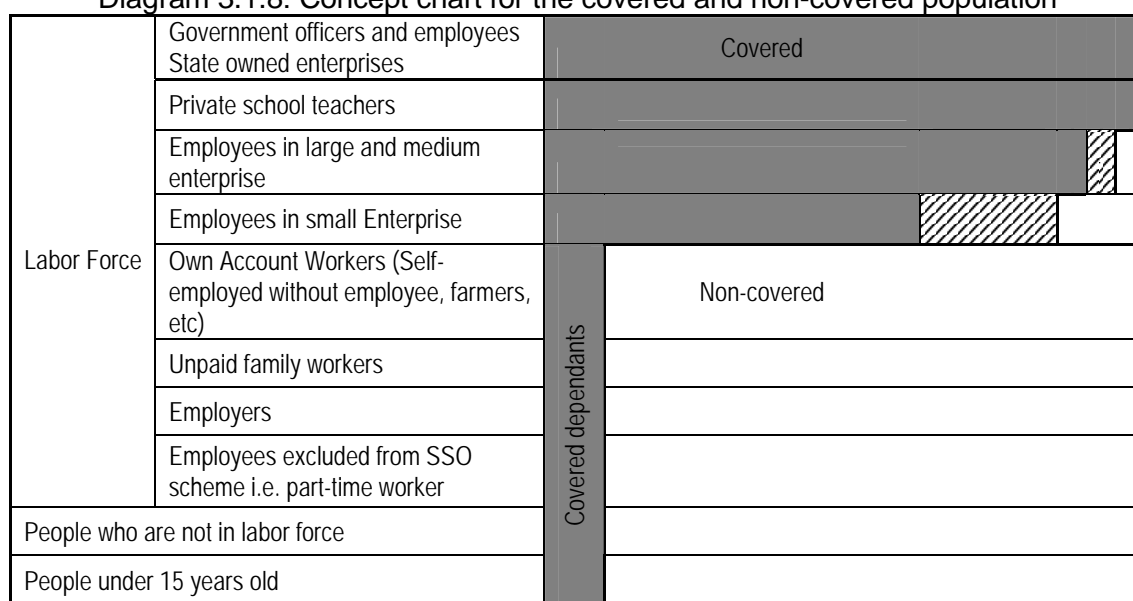
“A person who is not covered as a member nor as a dependant by one of the social security schemes which include,

- 1) Civil Servant scheme (CS scheme), including Civil Servant Medical Benefit Scheme (CSMBS) and non-contributory pension scheme and Government Pension Fund (GPF),
- 2) State Owned Enterprise schemes (SOE scheme),
- 3) Private School Teacher Welfare Fund (PSTWF or PS scheme), and
- 4) Social Security scheme for private employees (Social Security Office (SSO) scheme).”

In Thailand, a term “informal economy” or “informal sector” is used to represent “non-covered population”. There are, however, some differences between “informal sector” population and “non-covered population”. One of the main differences between the general concept of informal economy and the non-covered population is that the “informal economy” does not include people who are not in the labor force, although those non-covered and not in the labor force (e.g. elderly, housewives and children) are some of the major targets of the extension of social security. Another difference is that “informal economy” does not include those employed by formal enterprises without social security coverage i.e. the non-covered population due to non-compliance of their enterprises. Diagram below shows the concept of the non-covered population in this report.

In case of health insurance, however, there is no “non-covered” population. Theoretically speaking, everyone in Thailand is “covered” after introduction of “Universal Coverage Healthcare Scheme” (so called “UC”) that provides health security for everyone who is not covered by above mentioned four statutory social security schemes. As far as “coverage” is concerned, this report focuses on the aspects other than health security.

Diagram 3.1.8: Concept chart for the covered and non-covered population



■ Covered

People covered by social security schemes.

▨ Non-covered due to non-compliance

The non-covered due to non-compliance of their enterprises to social security.

□ Non-covered

The non-covered by social security.

## (2) Characteristics of Covered and Non-covered Population

### Classifications of covered and non-covered population

In Thailand, about 20% (about 13 million) of the population has social security coverage including dependants of the Civil Servant, State Enterprise and Private School schemes, and about 80% (about 51 million) do not have social security coverage.

Diagram 3.1.9: Classification of the covered and non-covered population (million persons, survey in 2004)

	Independent Labor Force	Dependants in Labor Force	Dependants not in Labor Force or LT 15yrs old	Total	%
Covered population	8.75	1.11	2.96	12.83	20.0%
Civil service scheme	1.75	1.02	2.64	5.41	8.4%
State Owned Enterprise scheme	0.28	0.08	0.29	0.65	1.0%
Private School Scheme	0.05	0.01	0.03	0.10	0.2%
Social Security Scheme	6.67	-	-	6.67	10.4%
Non-covered population	25.71	-	25.60	51.31	80.0%
Total population	34.46	1.11	28.56	64.14	100.0%

Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

The Civil Servant scheme and the SSO scheme provide social security to most of the covered population (42% and 52% of the covered respectively).

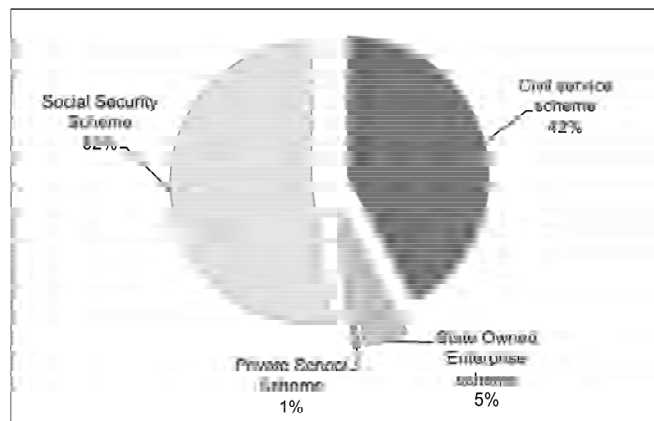


Diagram 3.1.10: Shares of Covered Population by 4 Schemes  
Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

### Regional Difference in Coverage

The coverage rates of Bangkok and Central area are about 28-38%, which is higher than the coverage rates of around 12-17% in other areas. Northeast region holds the largest non-covered population close to 1.9 million.

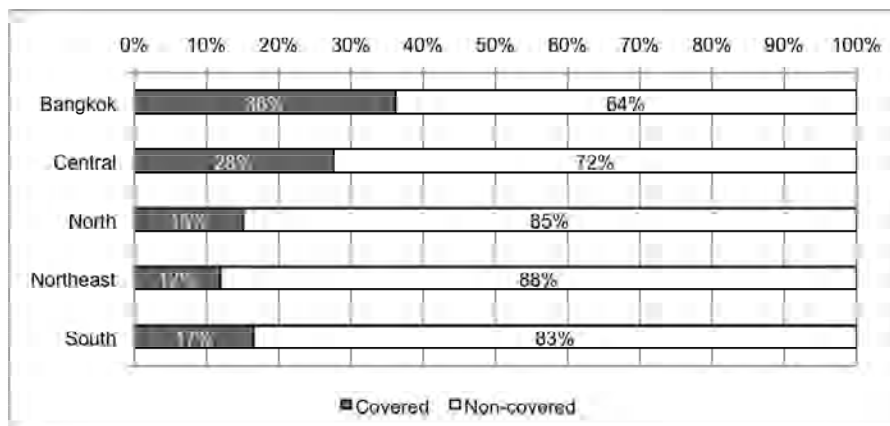


Diagram 3.1.11: Shares of Covered Population by Regions  
Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

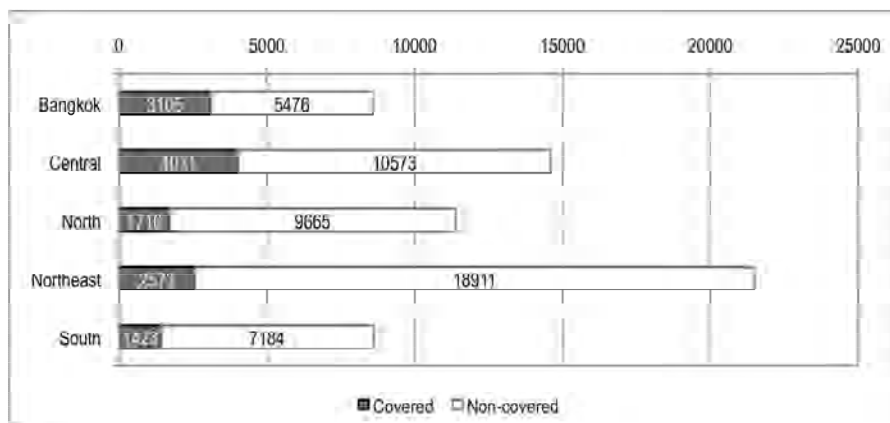


Diagram 3.1.12: Covered and Non-covered Population by Regions (000 persons)  
Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

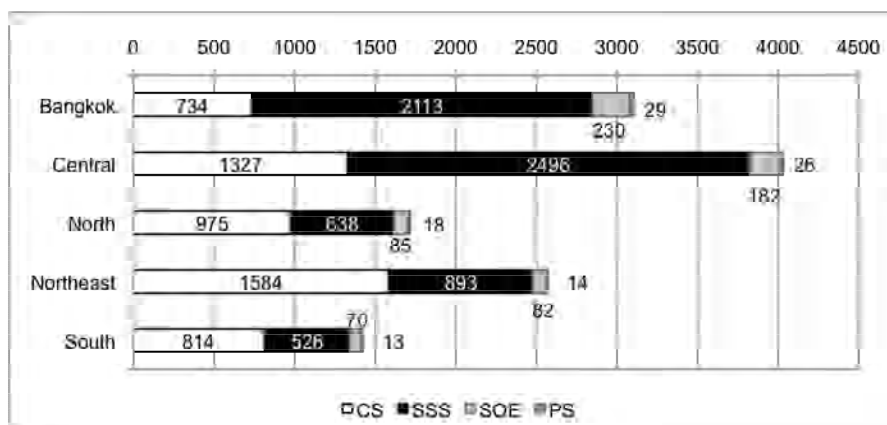


Diagram 3.1.13: Covered Population by Schemes and Regions (000 persons)  
Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

### Labor status of non-covered workers

Sixty-eight (68) percent of non-covered workers are comprised of about 10 million self-employed workers and about 7 million unpaid family workers.

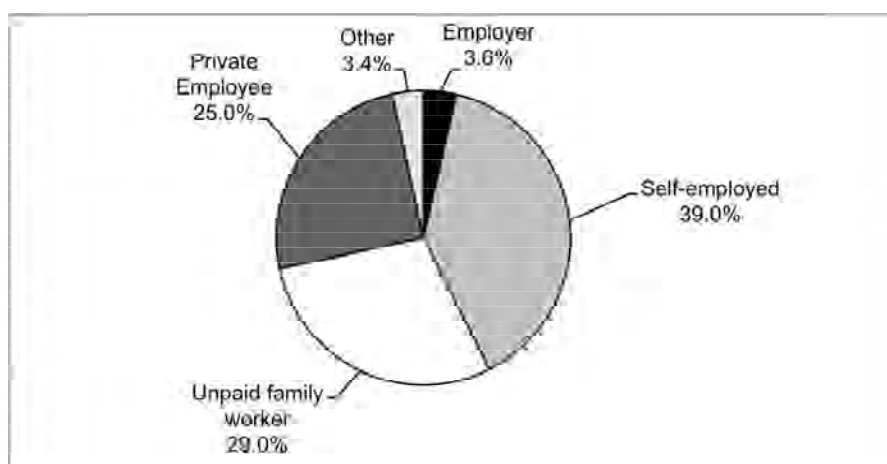


Diagram 3.1.14: Composition of Non-Covered Workers by Labor Force Status  
Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

About 59% of self-employed and 73% of unpaid family workers are engaged in agricultural activity. In total, 56% of non-covered workers are farmers or fishermen.

There are about 6 million non-covered private employees, including 4 million employees who are not engaged in agricultural activity and are in theory obliged to join the SSO scheme. According to the survey in 2004, about 11% of employers did not pay contribution intentionally did not register their enterprise with the SSO.

Diagram3.1.15: Ratio of farmers and fishermen of Non-Covered Workers by Labor Force Status

Labor status of non-covered workers	000 persons			%		
	Farmers and fishermen	Non-farmers & fishermen	Total	Farmers and fishermen	Non-farmers & fishermen	Total
Employed or active	13,615	11,268	24,883	55%	45%	100%
Employer	13	924	938	1%	99%	100%
Self-employed	5,922	4,077	9,999	59%	41%	100%
Unpaid family worker	5,418	2,039	7,457	73%	27%	100%
Private Employee	2,256	4,180	6,436	35%	65%	100%
Other	5	48	53	10%	90%	100%
Unemployed or seasonally inactive	828	-	828	100%	-	100%
Total	14,443	11,268	25,711	56%	44%	100%

Source: ILO, "Thailand Social Security Priority and Needs Survey 2004"

### Social security coverage by age group

Working generations (20 to 59 years) have relatively high coverage rates of around 21-34%. On the other hand, younger and older generations have low coverage rates of between 7 and 20%. Extension of the SSO scheme to provide benefits to the non-covered dependants of members, as in other social security schemes, will contribute to fill the coverage gap between working generations and other generations.

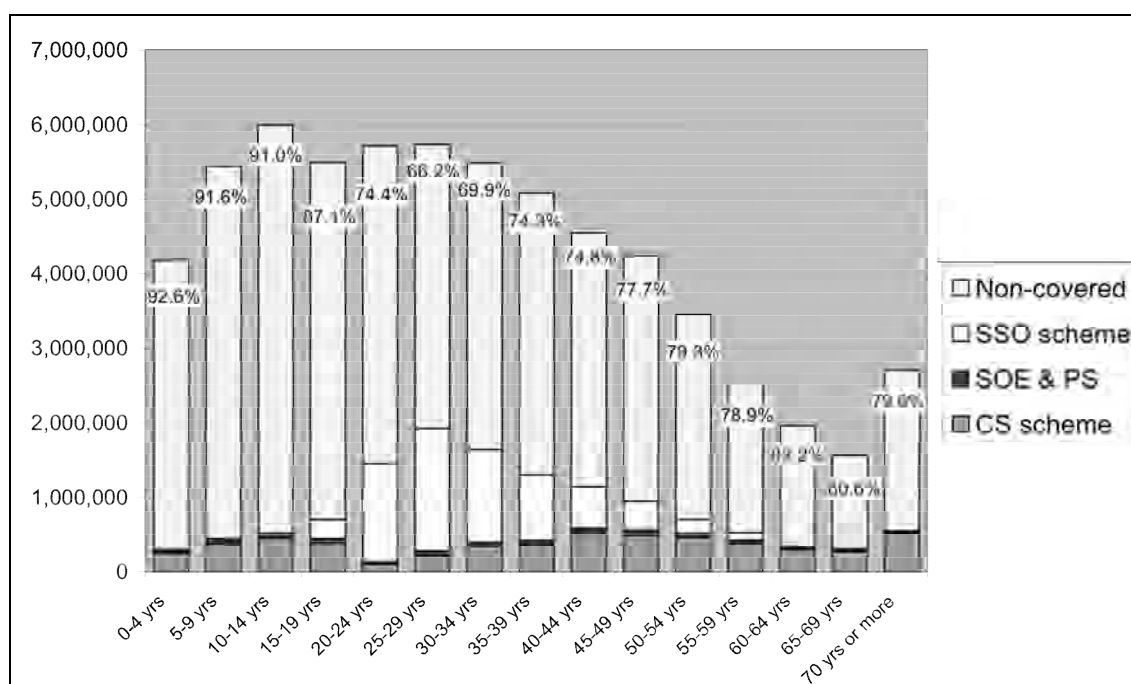


Diagram 3.1.16: Social security coverage by age group

\* Percentages indicate percentage of non-covered population for each age category.

### Social security coverage by income level

There is a significant difference in coverage according to the level of monthly household income. The largest income group of the non-covered population is 2,500-4,999 Baht in comparison to 10,000-14,999 Baht for the covered population. Households with monthly

income less than 15,000 Baht have low coverage, especially households with less than 5,000 Baht whose coverage rate is around 3-13%, whereas the coverage rates of households in higher income than 15,000 Baht are around 41-51%.

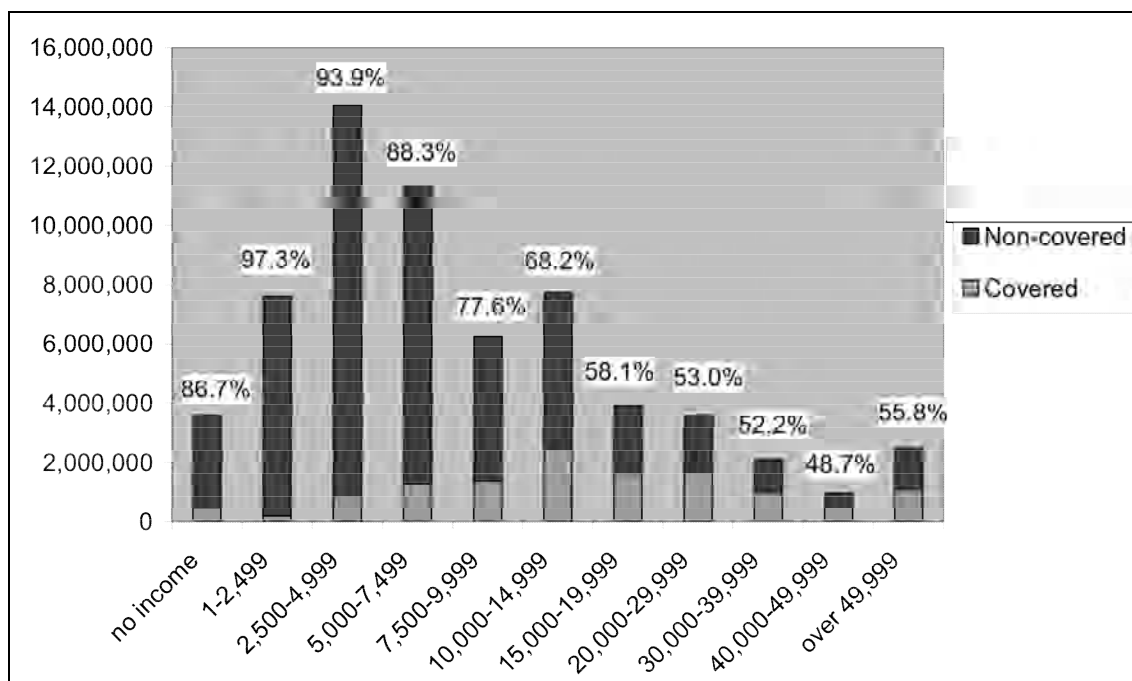


Diagram 3.1.17: Number of covered and non-covered people according to household monthly income level (Baht)

\* Percentages indicate percentage of non-covered population for each household income category

Among the specific groups in the non-covered population with high non-coverage ratio, large groups are “Agriculture and fishery workers” with about 14 million people, “Low income household members” with about 11 million people, “Self-employed” with about 10 million people, and “The elderly” (more than 55 years old) with about 7 million people which includes about 2 million elderly widow/ers. The non-covered population of other specific groups such as construction workers, home workers, domestic workers, and street vendors is less than 1 million people.

Diagram 3.1.18: Non-coverage ratio of specific groups in the non-covered population (000persons)

Specific groups	Covered population	Non-covered population	Total population	Non-coverage ratio
Agriculture and fishery workers	628	13,615	14,243	96%
Low income household members	682	10,523	11,205	94%
Self employed w/o employees	754	9,999	10,753	93%
The elderly	1,732	7,031	8,770	80%
Elderly widow/ers	385	2,115	2,502	85%
Construction workers	122	800	922	87%
Street vendors	38	716	753	95%
Home-workers	71	701	772	91%
Domestic workers	20	171	191	90%

### 3.1.3 Overview of Existing Social Security System in Thailand

Policies of social security in Thailand consist of three major categories. These are, 1) Social Insurance (requiring contributions from beneficiaries) including pension, health, and unemployment insurance, 2) Public Health Security including free medical services, health promotion, and prevention of infectious disease, and 3) Social Welfare including provision of welfare services for the aged, the handicapped, and the poor and needy.

#### (1) Recent Changes in Social Security System in Thailand

There have been several major changes in social security system in Thailand after 2000. These changes include the followings.

Diagram 3.1.19: Recent Changes in Social Security System in Thailand

Year	Changes	Description
2002	Reorganization of Ministries in charge of social security	<u>Ministry of Labor and Social Welfare</u> was separated into <u>Ministry of Labor</u> and <u>Ministry of Social Development and Human Security</u> . SSO stays under MoL as one of its ministerial departments.
2002	Establishment of Universal Coverage Health Care Scheme (UC)	<p>UC was introduced as a pilot in 2001 and became a nationwide scheme in 2002 under the National Health Security Act B.E. 2545 (A.D. 2002). First universal health care scheme to cover the non-covered population. Required a nominal copayment of 30 Bahts by a user per visit to clinics.</p> <p>Under the National Health Security Act (2002), the National Health Security Office (NHSO) was established to manage the provision of funds for universal health care to Thai citizens as well as the National Health Security Fund. This new office is a <u>public organization</u> (i.e., staff are not civil servants) governed by the National Health Security Board chaired by the Minister of Public Health.</p> <p>The former Medical Welfare Scheme (MWS) and Voluntary Health Card Scheme (HCS) for farmers or self-employed were transferred from the MoPH to the NHSO and merge into a new scheme for all population which is the present UC.</p>
2002	Expansion of SSS coverage	Started to cover employees working in all the registered private business with one or more employees. Until this change, SSS had covered only those with 10 or more employees.
2004	Expansion of SSS benefits	Unemployment Insurance was started.
2006	Modification of Universal Health Care Scheme (UC)	The scheme was modified to require no copayment of 30 B.
2007	Modification of Civil Servant Medical Benefits Scheme (CSMBS)	Introduced DRG to its payment system for IP replacing the former fee-for-services. This is to limit cost escalation of public health expenditure.

## (2) Existing Schemes of Social Security

There are several different schemes of social security each of which covers a different group of the population and/or different areas of social security. The high-income populations tend to be covered by the private insurance schemes. Civil Servant Medical Benefit Scheme (CSMBS) and the respective public pension funds (Government Pension Fund, Government Permanent Employees' Fund, and State-owned Enterprises' Provident Fund) cover the public employees. Workmen's Compensation Scheme (WCS) and Social Security Scheme (SSS) cover the private sector employees.

Except for those covered by the private schemes, it is only public employees and their families (9% of the population) and formal private sector employees themselves (15% of the population) that are covered by comprehensive social security schemes. The farming population, self-employed, and other non-registered small business workers that amount for almost 75% of the population are left non-covered except for health services of Universal Coverage Health Care (UC) and some minimum services of social welfare.

Characteristics	Workmen's Compensation	Invalidity Benefit	Child Allowance	Maternity Benefit	Sickness Benefit	Death Benefit	Old-age Pension	unemployment
High income class	Private Insurance							
Public Employee, Military Personnel, Employee of State-owned Enterprise, and their family	Civil Servant Medical Benefit Scheme: CSMBS					Death grant	GPF, GPEF, SEPF	
Private Employee (principal)	WCS	Social Security Scheme: SSS (compulsory)				Private Sector Provident Fund		
Self-employed worker, Worker for Agriculture, Floristries, and Fisheries Industry, (principal)	Social Security Scheme: SSS (voluntarily)							Public Assistant (Monthly Subsistent Allowance)
Family of Private Employee, Worker for Agri., Floristries and fisheries Industry, and Self-employed worker	Public Assistant				Universal Health Care Scheme: UHCS			
Lower income class, Poverty group								

Diagram 3.1.20: Framework of Social Security in Thailand

The issues in social security in Thailand are, firstly to establish or expand schemes to cover farmers, self-employed, and other non-registered workers that are 75% of the population, and at the same time, to make the schemes financially and administratively sustainable. As the schemes become more matured, it becomes unavoidable for the population to pay more for social security either in forms of contributions or taxes.

It is obvious that long-term economic growth is a precondition to expand the coverage and to keep levels of services of social security. In addition, it is needed to examine further how to include those non-covered population, such as farmers and informal sector workers often most vulnerable to decreases in incomes due to unemployment, illness, or natural disasters. This will involve all aspects of institutional design, financial viability, and good governance of social security schemes.

Diagram 3.1.21: List of Social Security Schemes in Thailand

Kind of Benefits	Name of Scheme	Entitlement Benefits/Feature	Administration Authority	Target Group
Health	CSMBS (1980)	<ul style="list-style-type: none"> <li>- Free access for IP (inpatient) service:</li> <li>- Fee -for-service for IP (inpatient):</li> <li>- Redemption Payment for OP (outpatient) clinic.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Finance, Comptroller General Department</li> </ul>	Civil Servants
	UC (2002)	<ul style="list-style-type: none"> <li>- Capitation and performance-related:</li> <li>- Advanced registration of available medical institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• National Health Security Office</li> <li>• Ministry of Public Health</li> </ul>	People not insured by either CSMBS or SSS.
	WCS (1974)	<ul style="list-style-type: none"> <li>- Work injure insurance:</li> <li>- Free access (Government budget):</li> <li>- Redemption Payment:</li> <li>- Covering rehabilitation.</li> </ul>	<ul style="list-style-type: none"> <li>• SSO, Ministry of Labour</li> <li>• Department of Labour Protection and Welfare, Ministry of Labour</li> </ul>	All employees working in registered private business
	SSS (1990)	<ul style="list-style-type: none"> <li>- Advanced registration of available medical institutions:</li> <li>- No self pay burden at receiving IP and OP:</li> <li>- Covering Maternity, Death, and Invalidity benefit.</li> </ul>	<ul style="list-style-type: none"> <li>• SSO, Ministry of Labour</li> </ul>	All employees working in registered private business
Old Age Pension	PAYGO (1951 Government Pension Act)	<ul style="list-style-type: none"> <li>- The retiree must have at least 25 years of service or</li> <li>- The retiree must have at least 10 years of service with the termination of service in under these following conditions: old age (over 50 years), permanent disability, and work abrogation.</li> </ul>	<ul style="list-style-type: none"> <li>• Government budget reserved in GPF.</li> </ul>	Government Official, Military Personnel employed before 1997.
	Local Government Officials' Pension (1951)	<ul style="list-style-type: none"> <li>- Similar to PAYGO (1951) system.</li> <li>- The system is a partial funded system with contributions coming from 1% of fiscal local government budget every year. This fund is managed by the Ministry of Interior</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Interior</li> </ul>	Local Government Officials.
	GPF (1997, revision of Government Pension Act 1951)	<ul style="list-style-type: none"> <li>- Having made contributions to not less than 25 years:</li> <li>- Contribution rate is 3-5% of the salary from both of employee and the government.</li> </ul>	<ul style="list-style-type: none"> <li>• GPF: Government Pension Fund</li> </ul>	Government Official, Military Personnel employed after 1997.
	GPEF (1987)	<ul style="list-style-type: none"> <li>- Contribution rate is around 3% of the salary from both of employee and the government:</li> <li>- Defined contribution pension.</li> </ul>	<ul style="list-style-type: none"> <li>• GPEF: Government Permanent Employees' Fund</li> </ul>	Government Employee other than government officials.
	SEPF (1987)	<ul style="list-style-type: none"> <li>- Contribution rate is around 3-15% of the salary:</li> <li>- Lump sum payment:</li> <li>- Defined contribution pension.</li> </ul>	<ul style="list-style-type: none"> <li>• SEPF: State-owned Enterprises' Provident Fund</li> </ul>	Employee of 74 State-owned Enterprises
	PSPF (1987)	<ul style="list-style-type: none"> <li>- Voluntary defined mutual benefit provision based on agreement between employers and employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Private Sector Provident Fund</li> </ul>	Private Employee
	SSS (1998)	<ul style="list-style-type: none"> <li>- Pay –as –you- go pension with having made contributions to not less than 180 months:</li> <li>- Is entitled to receive some constant rate of average of 60 months' wages received for it.</li> </ul>	<ul style="list-style-type: none"> <li>• SSO, Ministry of Labour</li> </ul>	All employees working in registered private business
	Retirement Mutual Fund: RMF (2001)	<ul style="list-style-type: none"> <li>- Defined contribution pension like 401(k) of the US:</li> <li>- Contribution rate is up to 15% of the salary and the minimum charge is 5,000Bath:</li> <li>- Contribution will be exempted from taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• Private Financing</li> </ul>	Self-employed worker

Public Assistant for Age	Old Age Cash Allowance (1993)	- Is entitled to receive the benefit of 500 Baht per month and receive through bank account remittance from MOI: - No contribution (government budget).	• Ministry of Interior, DLA	Since 2009, all aged 60 or older. Until 2008 limited for aged person certificated as disadvantaged.
Public Assistant	Other Public Assistant	- Is entitled to receive the family allowance of up to 2,000 Baht at one time and up to three times per year: - Is entitled to receive the allowance for disabled people, child, and other dependent family member of 500 Baht per month.	• Ministry of Social Development and Human Security, Department of Social Development and Welfare	Person to be certificated to need obliged supporters
Unemployment	SSS (2004)	Having made contributions to not less than 180 days out of the previous 15 months: In case of involuntary, the replacement rate is 50% of the highest 3-month average wages in the last nine months. The maximum duration to receive the benefit is 180 days. In case of voluntary, the replacement rate is 30% of the highest 3-month average wages in the last nine months. The maximum duration to receive the benefit is 90 days.	SSO, Department of Employment (Ministry of Labour)	All employees working in registered private business

Source: Thailand Health Profile 2005-2007. Annual Report 2008, SSO. Niwat Kanjanaphoomin, GPF, "Pension Fund, Provident Fund and Social Security System in Thailand, 2004". JBIC "Report for the Survey on the Social Security System in Thailand 2002".

In Thailand, social security is managed by several different government agencies according to different schemes or to specificity of services.

SSS is managed by Ministry of Labour and SSO. Measures of social welfare are managed by Ministry of Social Development and Human Security. Public health is under Ministry of Public Health. Universal Health Care Scheme is managed by National Health Security Office.

### (3) Social Insurance: Social Security Scheme (SSS)

Social Security Scheme (SSS) is the only public social insurance (requiring contributions to get benefits) mechanism for ordinary private citizens in Thailand. SSS is a comprehensive scheme including 7 different kinds of benefits. SSS is managed by Social Security Office (SSO), one of the departments under Ministry of Labour. It is compulsory for all employees (age 15-59), working in registered private business, to be members of SSS. Number of insured persons under compulsory membership is 8.78 million (2008).

Diagram 3.1.22: Number of Insured Persons in SSS

Year	Registered Private Enterprises	Compulsory Article 33 (persons)	Voluntary Total (persons)	Total Insured (persons)	Employed population (million)	Insured pop as % of employed pop	Total Pop (million)	Insured pop as % of total pop
1997	90,656	6,084,822	23,712	6,108,534	31.9	19%	60.5	10%
1998	93,093	5,418,182	47,223	5,465,405	30.1	18%	61.2	9%
1999	100,360	5,679,567	70,354	5,749,921	30.7	19%	61.8	9%
2000	107,228	5,810,140	89,380	5,899,520	31.3	19%	62.4	9%
2001	110,814	5,865,208	118,233	5,983,441	32.1	19%	62.9	10%
2002	301,518	6,900,223	147,419	7,047,642	33.1	21%	63.5	11%
2003	324,079	7,434,237	175,141	7,609,378	33.8	22%	64.0	12%
2004	346,935	7,831,463	200,305	8,031,768	34.7	23%	65.1	12%
2005	362,559	8,225,477	241,933	8,467,410	35.3	24%	65.1	13%
2006	375,705	8,537,801	322,382	8,860,183	35.7	25%	65.3	14%
2007	381,506	8,781,262	400,905	9,182,170	36.3	25%	65.7	14%
2008	382,170	8,779,131	514,469	9,293,600	37.0	25%	66.4	14%

Source: Social Security Office "Annual Report 2008" and "Annual Report 2005".

SSS, however, insures only employees themselves and their families are non-covered. The number of insured persons among farming population, self-employed, and other non-registered small-scale business workers who can participate in SSS on voluntary basis is quite small and amounts only 401 thousand (2008). As a result, SSS covers only 14% of the total population, or 25% of employed population. There is, however, a plan to expand medical coverage of SSS over to spouses and children of formal sector workers. A draft of new law is planned to be ready in August 2010.<sup>2</sup>

On the other hand, Civil Servant Medical Benefit Scheme (CSMBS) and the respective Public Pension Funds cover the public employees and their families who amount to 9% of the population. Thus, in total of CSMBS and SSS, public social security schemes cover less than one fourth of the population.

In SSS, there are three different categories of insured persons: 1) compulsory insured persons who are currently working in formal sector under article 33, 2) voluntary insured persons who are former employees under article 39, and 3) voluntary insured persons under article 40. These three categories of insured persons pay different sets of contributions and, thus, get different packages of benefits respectively as shown in the following table. Those under article 33 get all 7 benefits, those under article 39 get 6, and those under article 40 get only 3 benefits from SSS.

<sup>2</sup> This expansion coverage of SSS is expected to reduce total public expenditure for health. Currently, UC that is 100% financed by the government budget, pays for medical services for spouse and children of SSS beneficiaries. According to Health Insurance System Research Office of MoPH, SSF has rooms to finance these services for them instead of UC.

Diagram 3.1.23: Comparison of Benefits in SSO Schemes Under Different Articles (as of March 2010)

Characteristics		Under Article 33	Under Article 39*	Under Article 40
Coverage		Employees working for enterprise with one or more employee	Formerly insured under Section 33	Those not eligible under Section 33 or 39, including the self-employed
Participation		Compulsory	Voluntary	Voluntary
Contribution	Insured person	5.0% of salary	432 baht per month	3,360 baht per year**
	Employers	5.0% of salary	-	-
	Government	2.75% of salary	120 baht per month	-
Current Members (2008)		8,779,131	514,422	47
Benefits package	Sickness	○	○	-
	Maternity	○	○	○
	Invalidity	○	○	○
	Death	○	○	○
	Old-age pension	○	○	-
	Child allowance	○	○	-
	Unemployment	○	-	-

Source: SSO.

\* Persons insured under Article 39 have to pay contributions as if they were both employee and employer. The base salary of member workers for Section 39 are fixed at 4,800B per month and the insured pays 9.0% and the government pays 2.5% for all benefits except unemployment.

\*\* Contribution for persons insured under Article 40 is a lump sum of 3,360 baht per annum.

### Compulsory Insured Persons Under Article 33:

The SSO collects the contributions of compulsory insured persons to Social Security Fund to provide 7 types of benefits for the compulsory insured persons (Article 33): sickness, maternity, invalidity, death, child allowance, old-age pension and unemployment. The employers and the insured persons under article 33 pay contributions equally at the total rate of 5% of wages. For the first four types of benefits (sickness, maternity, invalidity and death), the contribution rate is 1.5% of wages, 3% of wages for two types of benefits (child allowance and old-age pension), and 0.5% of wages for unemployment benefit from employers and employees. The government pays contribution at the total rate of 2.75 of wages; 1.5% for the first four types of benefits, 1% for two types of benefit and 0.25% for unemployment benefit.

### Voluntary Insured Persons Under Article 39:

In cases of the voluntary insured persons who are ex-formal sector workers and want to stay in SSS (Article 39), the SSO collects the contributions at the amount of 432 baht per month for six types of benefits: sickness, maternity, invalidity, death, child allowance and old-age pension. For the first four types of benefits (sickness, maternity, invalidity and death) the contribution is 144 baht and 288 baht for two types of benefits (child allowance and old-age pension). The government paid contribution for them 120 baht per month. There are two types of people who want to stay within SSS after they become self-employed, farmers, or other informal sector workers.

- People who need or prefer to have medical cares from the private hospitals or clinics, mostly the ones live in urban areas. For those who do not need private medical services, UC is free and a good enough alternative, and thus have no reason to keep paying for SSS.

- People who have two or more children under 6 years old. They can get 350 bahts of children allowance per child per month (700 bahts per month in total). This amount of allowance exceeds monthly contribution of 432 bahts.

#### Voluntary Insured Persons Under Article 40:

The insured persons under article 40 pay contributions to Social Security Fund at the amount of 3,360 baht per year for only three types of benefits: maternity, invalidity and death. At present, there are only 47 insured persons under article 40 (as of 2008). It is widely known that a present benefit package under article 40 is not attractive at all for most Thai people.<sup>3</sup>

Diagram 3.1.24 Composition of Insured Persons in SSS

Year	Compulsory article 33	Voluntary		Number of Insured Persons
		article 39	article 40	
2003	7,434,237	175,131	10	7,609,378
2004	7,831,463	200,298	7	8,031,768
2005	8,225,477	241,929	4	8,467,410
2006	8,537,801	322,379	3	8,860,183
2007	8,781,262	400,905	3	9,182,170
2008	8,779,131	514,422	47	9,293,600

Source: SSO "Social Security Statistics 2008", "NSO "Core Social Indicator Of Thailand 2008".

There is a proposed plan to revise a benefit package of article 40 to include "Sickness Allowance"<sup>4</sup> and "Lump Sum Retirement Payment". A draft is now under review of the Prime Minister's office (March 2010).

<sup>3</sup> For example, according to an SSO official, there is a man who registered under article 40 lives in a foreign country where he needs a "social security number" of his home country (Thailand) to get a certain position of a job. He registered and paid for a social security number, not for a benefit package.

<sup>4</sup> According to SSO, it is proposed to pay "Sickness Allowance" of 1000 baht per sick leave, maximum twice a year. "Lump Sum Retirement Payment" shall take a form of provident fund.

Diagram 3.1.25: Criteria and Benefits of SSS

Kind of Benefits	Criteria	Entitlement Benefits
Injury or Sickness	Having made the contributions for not less than 3 months within a period of 15 months.	The insured shall be entitled to compensation up to half of the receiving wage according to actual number of days of leave; but not exceeding 90 days and 180 days in one year for loss of income in the course of being admitted for medical treatment at the recommendations of the attending physician. In case of chronic sickness, compensation for loss of income shall be entitled to not exceeding 365 days.
Maternity	Verification of the making of contributions to full 7 months prior to childbirth.	Childbirth can be given anywhere; the conclusion for paying medical service cost shall be on a lump sum basis, for instance, in child delivery, at the rate of 12,000 Baht per childbirth.
Invalidity	Having made the contributions for not less than 3 months within a period of 15 months before the date the Medical Board to declare the insured as a disabled person	Cost of medical treatment: Can be collected as actually incurred but not more than 2000 Baht per month. Compensation benefit for loss of income: The benefit can be collected at the rate of 50 percent of monthly wage throughout life; the cost of artificial organs/equipment/therapeutic equipment.
Event of Death	Having made contributions on the part of death for not less than 1 month within a period of 6 months.	Is entitled to receive the funeral benefit of 30,000 Baht. Is entitled to assistance benefit in the event of death as follows: The Insured having made contributions for upward of 3 years but less than 10 years shall be entitled to assistance benefit equal to the average 1.5 months of wage. The Insured having made contributions for upward of 10 years shall be entitled to assistance benefit equal to the average 5 months of wage.
Child Allowance	The insured having made contributions towards child benefit for not less than 12 months within a period of 36 months prior to the month in which the insured is entitled to the benefit pursuant to Section 33 or Section 39.	The child assistance benefit for legitimate child aged not more than 6 years old shall be limited to not more than 2 children for the entitlement; ( the said legitimate child shall exclude an adopted child or the child being adopted by other person). The insured shall be entitled to the child assistance benefit exclusively for the child under 6 years old except the insured is a disabled person or the insured has died at the time the child is aged under 6 years shall continue to be entitled to the child benefit until the child reaches full 6 years of age.
Old Age Pension	Having made contributions to not less than 180 months whether or not a period of 180 days will be consecutive. The applicant reaches the age of full 55 years old. The status of being an insured has terminated.	Entitled to old age pension benefit on monthly basis at the rate of 15 percent of last 60 months of average wage, which is used as a basis for calculation of the contribution before the status of being the insured terminates. In the case of making contributions for over 180 months, the rate of old age pension benefit pursuant to Clause 1 shall be increased at the rate of 1 percent per every 12 months of making the contributions for a period of making contributions exceeding 180 months.
Unemployment	Having made contributions towards unemployment for not less than 6 months within a period of 15 months prior to unemployment.	In case of termination of employment: Unemployment benefit for not more 180 days per year at the rate of 50 % of the wage calculated on the basis of maximum contributions of 15,000 Baht. In case of resignation: Unemployment benefit for not more than 90 days per year at the rate of 30 percent of the wage calculated on the basis of maximum amount of contributions but not more than 15,000 Baht shall be payable.

Source: Annual Report 2008, SSO (<http://www.sso.go.th/wpr/eng/benefit.html>).

### Financial Indicators of Social Security Fund (SSF)

The SSF accumulates more assets of 609 billion baht as of 2008. In the first year of its existence, the SSF raised assets of 2.3 billion baht, of which 97 per cent were from tripartite contributions.

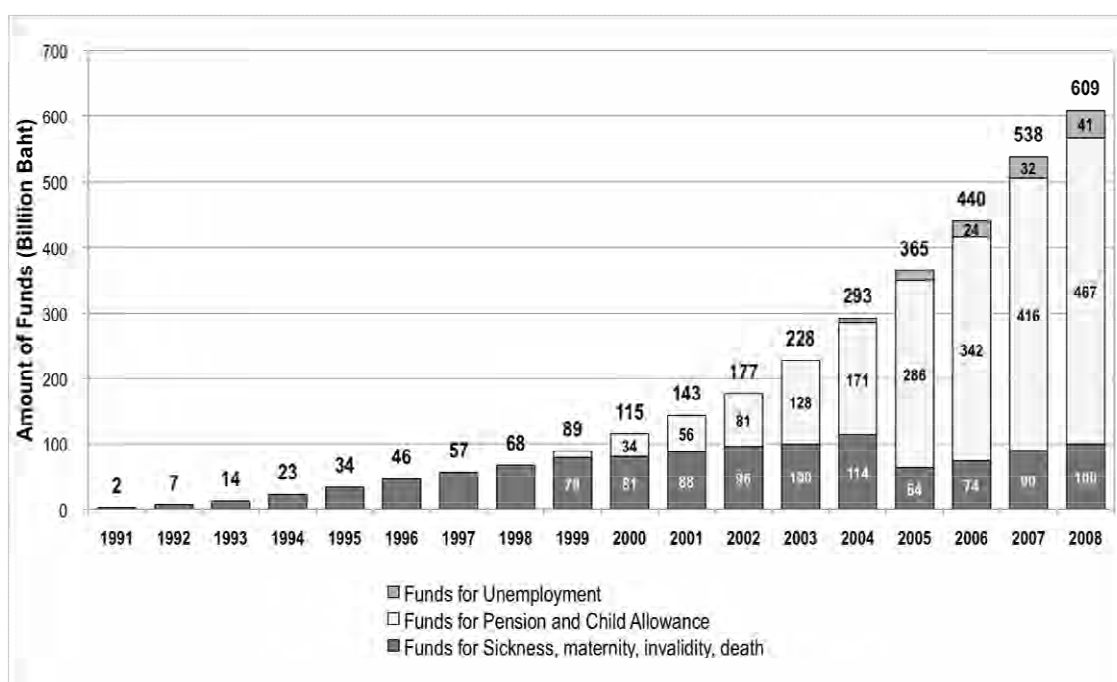


Diagram 3.1.26: Accumulation of Social Security Funds (SSF)  
Source: SSO Annual Reports of 2003-2008

Contributions to old-age benefit increased the size of the social security fund largely because it is currently in accumulation phase and very few members will be qualified for pension benefits within the next ten years. It is, however, pointed out that the pension funds will peak out around in 2030 and sooner or later fall into insolvency unless rates of contributions are increased.

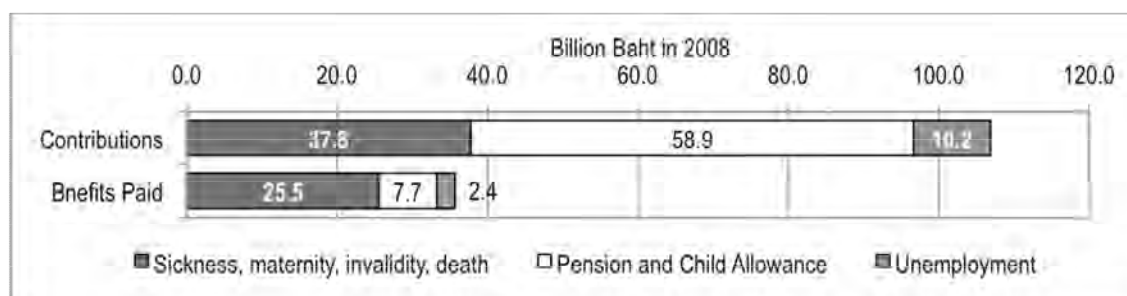


Diagram 3.1.27: Contributions and Benefits of Social Security Funds (SSF) in 2008  
Source: SSO Annual Reports 2008

Diagram 3.1.28: Number of beneficiaries and amount of benefits of SSS in 2008

Type of Benefit	Number of Beneficiaries		Benefit paid	
	Cases	%	Million Baht	%
Sickness	28,467,919	94.38%	18,528	52%
Maternity	295,455	0.98%	5,746	16%
Invalidity	5,766	0.02%	263	1%
Death	18,567	0.06%	1,011	3%
Child Allowance	1,212,359	4.02%	5,440	15%
Old-Age Pension	89,519	0.30%	2,266	6%
Unemployment	71,951	0.24%	2,436	7%
Total	30,161,536	100.00%	35,691	100%

Source: SSO "Annual Report 2008".

The annual growth rate of SSF revenues in 1996 was 20 per cent. It fell drastically to -35 per cent in 1998 due to economic crisis. Although the number of employee contributors was lower in 1999, the SSF was able to achieve higher revenues and fund accumulation in 1999 than in 1997 owing to a higher contribution rate because of an extension of the type of benefit. Since 2000, the Government share of contributions has been smaller.

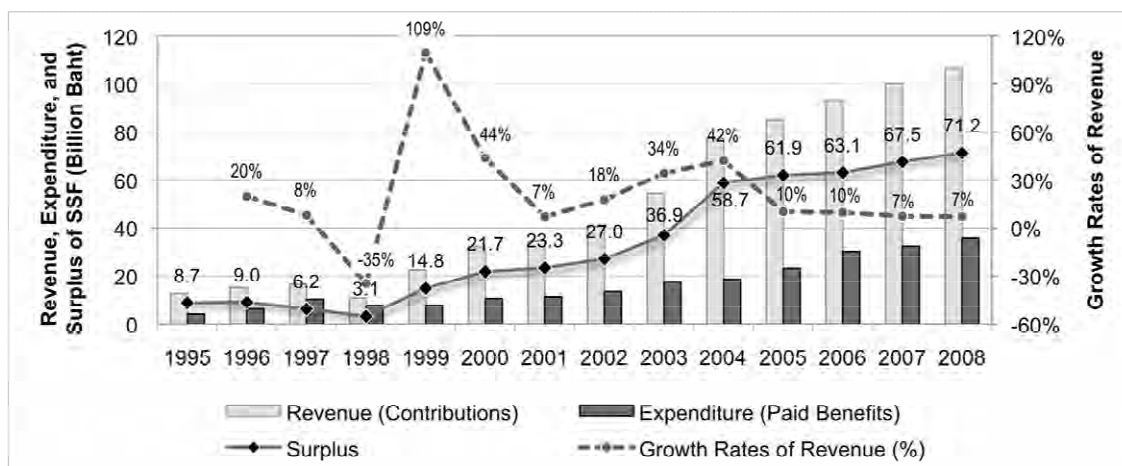


Diagram 3.1.29: Current Account Balance of Social Security Funds (SSF)  
Source: SSO Annual Reports of 2003-2008

Diagram 3.1.30: Rates of contribution to the SSF (% of insured earnings)

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

Source: Social Security Office.

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

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

When the old-age benefit and child allowance were granted at the end of 1998, the total contribution rate for both benefits was 1 per cent in 1999. The contribution rate for the old-age benefit and child allowance later increased to 2 per cent in 2000 and to 3 per cent (the maximum set by the law), in 2003.

#### (4) Workmen's Compensation Scheme (WCS)

WCS provides benefits to insured persons who are injured or sick for work-related reasons. WCS has its own fund (WCF) and is managed by SSO.

WCS was the first social protection fund for private-sector employees founded in 1974 by the announcement No. 103 of the Revolutionary Council in 1972. Its main objective was to provide social security to workers injured or sick because of work-related activities. WCS was administered by the Department of Labour in the Ministry of Interior up to 1990, when the SSO was established. WCS is now provided for under the Workmen's Compensation Act, 1994.

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

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

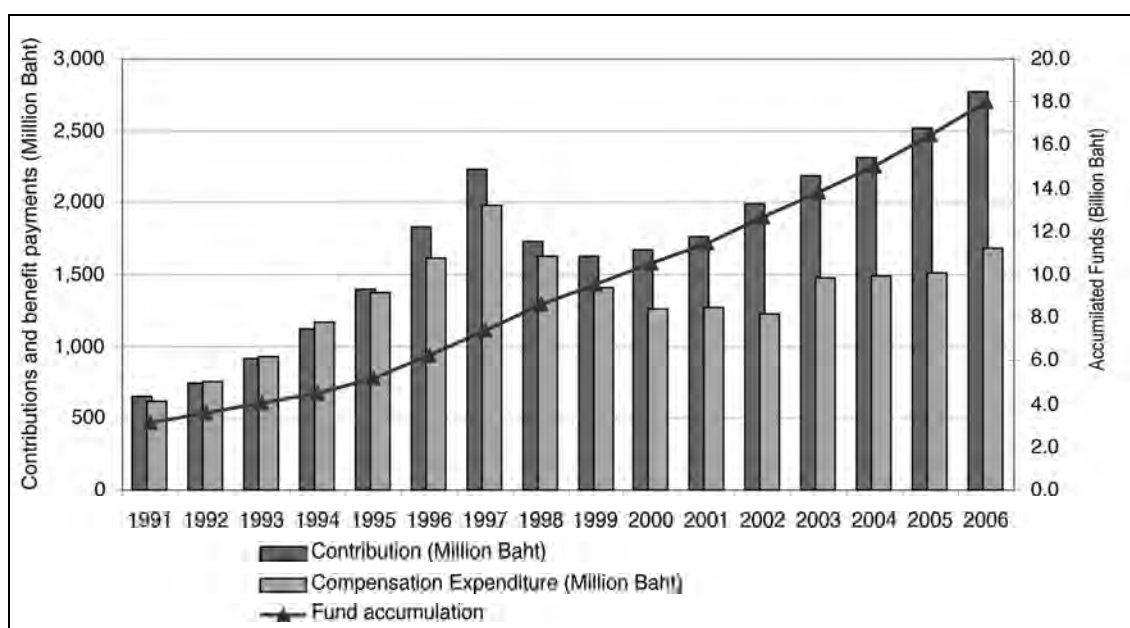


Diagram 3.1.31: Contributions, Compensation Expenditure, and Fund Accumulation of WCF  
Source: SSO Data

### 3.1.4 Overview of Priority Issues in Social Security

As have been described so far, social security schemes in Thailand are relatively advanced in comparison with many other developing countries. It is the most significant achievement for Thailand to have established UC in 2002 to cover all the population.

On the other hand, the coverage of social security, other than health security, is concentrated on 20% of population that are either civil servants or private sector employees living in Bangkok areas or Central Region. Around 80% of the rest of the population are non-covered population. More than half of them are farmers or fishermen. It is safe to say that this disparity in coverage of social security is the disparity between urban and rural sectors.

In general, there are three levels of development in social security.

- Level 1: Preparation phase
- Level 2: Establishment phase of social security for employees
- Level 3: Stabilization and expansion phase

In case of Thailand, development level of social security is somewhere on the way from Level 2 to Level 3. More specifically, UI and pensions are in the level between 2 and 3 (expansion of coverage, revision of laws and regulations, improvements of operation and management), and health security is in the level of 3 (advanced more than the other areas of social security).

Diagram 3.1.32: 3 Levels of Development in Social Security

Level	Description
Level 1: Preparation phase	<ul style="list-style-type: none"> <li>- Social security is often not yet a priority.</li> <li>- There is no law and regulation.</li> <li>- Capacity of staff of public social security agencies are very low.</li> <li>- Population are not interested in social security.)</li> </ul>
Level 2: Establishment phase of social security for employees	<ul style="list-style-type: none"> <li>- Basic social security laws and regulations are present.</li> <li>- Coverage is still limited to formal sectors.</li> <li>- Approaches to include informal sector population are important issues including community based social security schemes.</li> <li>- Financial viability and database management are sometimes instable.</li> <li>- Urban and rural disparity is prevailing.</li> </ul>
Level 3: Stabilization and expansion phase	<ul style="list-style-type: none"> <li>- Schemes of pensions and health security are established. Issues are now how to improve them.</li> <li>- Coverage is expanding. Likewise a scale and complexity of operation is growing. Organizations of social security must upgrade their operational efficiency and accuracy to the same levels of those found in developed countries</li> <li>- Issues of aging population are prevailing, especially in urban areas. Long-term policy measures for aging society are needed.</li> <li>- Social welfare services are not yet well established.</li> </ul>

In the long term, it is one of the largest issues for Thailand to include the present non-covered population into public social security. This issue has its root in the issue of large income disparities between urban and rural sectors. Thus, it is needed to establish efficient and effective administrative mechanism to include non-urban sectors.

At the same time, in some areas of social security such as a pension system, it has come to the point where organizations of social security must upgrade their operational efficiency and accuracy to the same levels of those found in developed countries. For this purpose, it is required to establish sustainable and stable system of operation. A good example of Thai-Japan cooperation project was “The Project on the Assistance of Public Health Insurance Information Development in the Kingdom of Thailand 2002-2006”.

A preliminary framework of Thai-Japan cooperation is as summarized in the following diagram. It should be noted that further discussion is needed to formulate development projects. More concrete prospects of Thai-Japan cooperation are described in respective sections of this report for areas of UI, pension, and health security.

Diagram 3.1.33 : Development Level of Social Security and Strategic Goals in Thailand, and Resources of Cooperation

Areas of SS	Development Level	Strategic Goal	Issues	Required knowledge and technology	Possible cooperation resources
Pension UI	Level 2: Establishment phase of social security for employees - Basic social security laws and regulations are present. - Coverage is still limited to formal sectors. - Financial viability and database management are sometimes instable. - Urban and rural disparity is prevailing.	Strategic Goal Level 2:  Designing of SS ▪ Stabilization ▪ Approaching rural areas and low income population	Deepen basic knowledge and information of SS.	<ul style="list-style-type: none"> <li>Knowledge of history and experiences of SS in other countries.</li> <li>Knowledge of history and experiences of SS in Thailand.</li> </ul>	<ul style="list-style-type: none"> <li>Scholars</li> <li>Consultants</li> </ul>
			Laws and regulations	<ul style="list-style-type: none"> <li>Knowledge of Laws of public administration, public finance, and SS.</li> </ul>	<ul style="list-style-type: none"> <li>Experts in public laws and SS</li> <li>Experienced government officials of SS</li> <li>Consultants</li> </ul>
			Basic design of SS	<ul style="list-style-type: none"> <li>Knowledge of actuaries</li> <li>Knowledge of social and health issues in Thailand.</li> </ul>	<ul style="list-style-type: none"> <li>Experienced government officials of SS</li> </ul>
			Development of devices to meet each issue	<ul style="list-style-type: none"> <li>Experiences in</li> <li>Data and information management</li> <li>Technique of fiscal control</li> <li>Technique to take contributions from informal sector population.</li> </ul>	<ul style="list-style-type: none"> <li>Scholars</li> <li>Consultants</li> <li>Experienced experts in public health insurance schemes in Japan.</li> </ul>
Pension UI Health	Level 3: Stabilization and expansion phase - Schemes of pensions and health security are established. Issues are now how to improve them. - Organizations of social security must upgrade their operational efficiency and accuracy to the same levels of those found in developed countries	Strategic Goal Level 3:  Strengthen Operational Capacity ▪ Upgrade operational capacity to the levels of developed countries	Infrastructure development for improving operation	<ul style="list-style-type: none"> <li>Experiences in designing operational system</li> <li>Knowledge in computer system development</li> </ul>	<ul style="list-style-type: none"> <li>Experienced experts in public health insurance schemes in Japan.</li> <li>System engineer</li> <li>System consultants</li> <li>Experienced officials of local governments</li> </ul>
			Capacity development for improving operation	<ul style="list-style-type: none"> <li>Experiences in operational management</li> <li>Skills in designing capacity development</li> <li>Skills as trainers of training to improve basic capacity in operation.</li> </ul>	<ul style="list-style-type: none"> <li>Experienced operation experts in public health insurance schemes in Japan.</li> <li>Private organizations for skill training, consultants</li> <li>Social welfare service providers.</li> </ul>

## 3.2 Unemployment Insurance

### 3.2.1 Overview of Unemployment Insurance (UI)

#### (1) Trend of Employment in Thailand

Agricultural sector is large but decreasing:

Thailand has a labor force of about 38 million in 2009<sup>5</sup>. The agricultural sector has been traditionally essential industry in Thailand; its share of labor force is around 40%. The industrial structure of labor force, however, has been gradually shifted. The share of employment of agricultural sector has been decreasing. In contrast, non-agriculture sector has been constantly increasing.

One pull factor to shift shares of employment out from agriculture is growing demand for labor force by non-agriculture sector. On the other hand, the agricultural sector itself requires less labor force than before. For example, there is a trend of decreasing intensity of agriculture production especially in northeast part of Thailand. These areas have low agricultural productivity and loose competitive edges in domestic market of Thailand against much more productive regions such as upper-central regions.

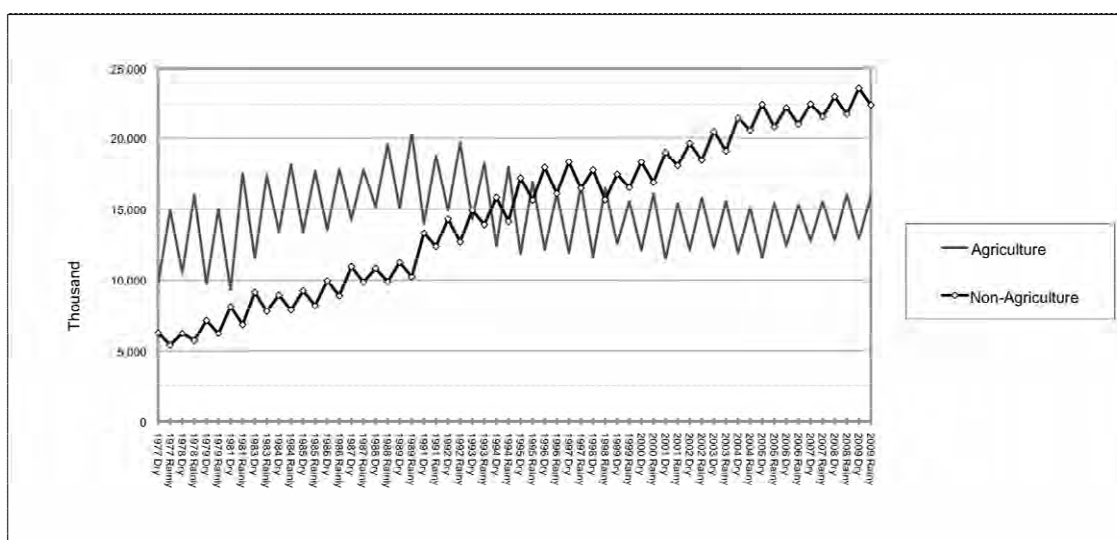


Diagram 3.2.1 Seasonal Changes in Employment in Thailand 1989-2009T

Source: NSO, Labour Force Survey.

The other reason is generation transition. In the 1970s to 80s, it was common for agricultural workers to work as seasonal labor in urban area. They had come and gone seasonally. After mid-1990s, however, younger generation of labor force from rural areas come not only to work but also to settle down in urban area. They have had better education than their parents and, thus, more chances to work in factories and other non-agricultural sectors on permanent bases in urban area. Hereby they didn't need to return to rural area.

<sup>5</sup> Labour Force Survey (quarter 4, 2009).

Labor force is moving in a cycle between different sectors:

Thai labor market is segmented into formal and informal sector. Generally agricultural employer and agricultural workers, self-employed, and unpaid family workers are regarded as workers in informal sector. They are obliged to live in unstable work environment and not covered by sufficient social security schemes. The average share of workers in the informal sector has been around 60% since the 1990's and gradually decreased.

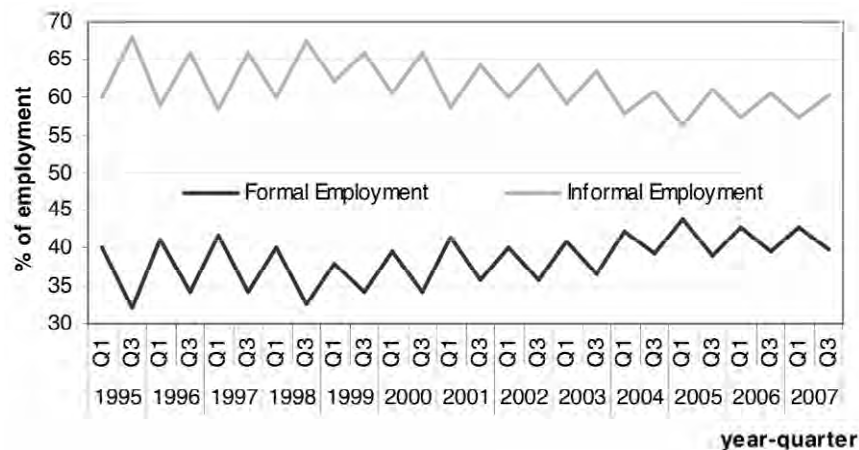


Diagram 3.2.2 Share of Informal and Formal Sectors

Source: NSO, Labour Force Survey (quarter) 2009

As a matter of fact some of workers go back and forth between the formal sector and the informal sector seasonally and/or according to the economic situation in urban area. The typical pattern of seasonal move of labor is related to the harvest season of agriculture. The number of workers employed in private enterprises fluctuates between the first and third quarter. Workers in both markets can easily move between two sectors, since the unskilled and agriculture labor markets are not so competitive and free-entry markets. However, the fluctuation between seasons has reduced over the past ten years. It is pointed out that more and more of the workers who withdrew from the agriculture sector tend to stay working permanently in the non-agriculture sector once the families had settled in the city area.

Unemployment rates have been kept low:

These features of employment environment in Thailand have an effect on its unemployment rates. The Thai unemployment rates have been low over past 20 years, even during the economic crisis. This is because the large informal sector always absorbs large amount of unskilled workers. The third quarter of the year always shows a lower unemployment rate than the first quarter because of the harvest season.

The average unemployment rate in 1990–97 was 2.3%, and it went up to 3.8% during the economic crisis in 1998–2001. The number of unemployed reached its peak in the first quarter of 1999. That time the rate of unemployment was 5.2% and 1.7 million workers were out of work. After the crisis the average unemployment rate in the period 2002–09 was 1.6 per cent.

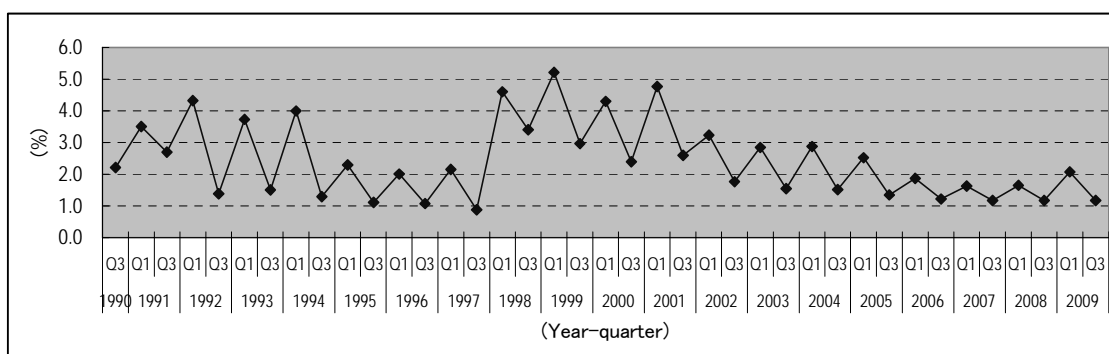


Diagram 3.2.3 Unemployment rate in Thailand  
Source: NSO, Labour Force Survey (quarter) 2009

## (2) Background of Introduction of Unemployment Insurance (UI) after 1997's Crisis

The Unemployment Insurance (UI) in Thailand has started in 2004 after the economic crisis. It was specified in the Social Security Act (1990) without a starting date. UI had been paid less attention, while the other benefits schemes of SSS had already been implemented by the end of 1998. It was assumed that Thailand had regarded UI as costly scheme and feared negative effect especially on labor costs and employment. The other reason was its low unemployment rate historically.

The Thai government finally recognized the need to introduce unemployment insurance as social security scheme when the country was in the wake of the financial crisis in 1997. The Ministry of Labor and Social Welfare (MoLSW) <sup>6</sup> and other government organizations took various measures<sup>7</sup> to reduce negative effects of high unemployment rate. However, they had limitation on government budget. Since then, well-designed and feasible unemployment insurance scheme had been desired.

The Thai Government requested the ILO to conduct the study to assess the feasibility of introducing an unemployment insurance scheme in Thailand 1998. In the study the ILO examined the financial and administrative feasibility of UI and submitted three options of basic design based on assumptions regarding the macro-economic and labor market. The ILO study assessed that the Thai Government could introduce UI only by 2001, even provided that the decision-making and administrative process was initiated in 1998. Subsequently the CDP-SP (Country Development Partnership for Social Protection) supported by WB and other development partners took the simulation of insurance contribution of UI and proposed insurance contribution and benefits of the scheme. The Program also provided technical assistance to MoLSW directly. In the Review Workshop for CDP-SP in 2003 the proposal including the insurance contributions, benefits of the scheme, and organizational and administrative issues were presented.

<sup>6</sup> Ministry of Labor and Social Welfare was separated in to Ministry of Labor and Ministry of Social Development and Human Security in 2002.

<sup>7</sup> The Unemployment Mitigation Plan included "Thai help Thai", "Rural Employment Creation", "Repatriation of Illegal Workers", "Promotion of Thai workers working abroad", "Industrial Employment Promotion", Promotion of new agricultural theory", "Temporary employment of the graduates (The Candle Light Measure), and so on.

On the other hand the Thai Government established the Sub-Committee on the preparation of the UI under the Social Security Committee, consisting of representatives of employers, employees, relevant organizations, and extraordinary experts. Their roles were to study and set up appropriate operational guidelines, regulations, model and method to propose to the SSC and MoLSW. SSO also consulted with the ILO constitutionally and the ILO presented concrete ideas taking account of discussions among related organizations. Moreover, SSO hold seminars to discuss and get the feedback about the design of UI several times. In 2002 the research of TDRI funded by SSO showed that more than 70% of samples said they were ready to pay contribution for UI.

In the same year the last brainstorming seminar was held and participants finally made conclusion their opinion and submitted to the Cabinet. In next year, April 2003 the cabinet approved in principle the draft to incorporate UI into the Social Security Schemes as of January 1, 2004. But there was still argument over the contribution rate of Government side. On the 17<sup>th</sup> of June 2003 the Cabinet approved the UI with revision of contribution rate of Government from 0.5% to 0.25% because the government should subsidize in part of employment service and skill development for the insured persons.

Diagram 3.2.4 Major process of introduction of UI Scheme in Thailand

	Year	Content	Development Partners	Thai Relevant Organizations
1	Mar. 1998	Thailand: Assessment of the feasibility of introducing an UI scheme in Thailand; -The financial and administrative feasibility of UI was examined. -Three policy options were provided.	ILO	SSO of MoLSW
2	July 2001	CDP-SP: Thailand Country Development Partnership for Social Protection; -Insurance contribution was simulated. -Technical assistance to MoLSW was provided regarding planning UI implementation. -Pilot planning was implemented to test administrative capacities.	WB ILO, UNICEF Others	SSO and MoLSW departments
3	Dec. 2000-	Establishment of Sub-Committee on the preparation of the UI under the Social Security Committee (SSC) to study and set up appropriate operational guidelines, regulations, model and method to propose to the SSC and MoLSW.	-	SSO
4	2001 -2002	SSC hold seminars to discuss and get the feedback about the design of UI several times.	-	SSO
5	Dec 2001- Apr 2002	Research/Survey/Seminar for reactions by employers and trade unions; - The result of research showed that more than 70% of samples said they were ready to pay contribution for UI.	TDRI	SSO
6	Apr 2003	The Cabinet approved the draft.	-	Cabinet
7	June 2003	The Cabinet approved the UI scheme.	-	Cabinet
8	2004	In January, contribution collection started. In July, provision of benefit started.	-	Cabinet

### (3) Outline of Unemployment Insurance (UI)

#### Covered Place of Work and Coverage of UI<sup>8</sup>

By the introduction of UI in 2004, SSS realized implementation of all 7 benefits schemes that had been stipulated in the law 1990. Since then the amount of benefited persons has been increased year by year. This is because the benefit of UI has been realized. As mentioned in the previous sub-section, the unemployment rate of Thailand was low even during the economic crisis in 2008-2009. In this period the rate was kept under 3.0 % (Diagram 3-2-3). At the same time the beneficiaries of UI have rapidly increased (Diagram 3-2-6). This is the reason that UI is recognized that it functioned effectively as bailout measure for unemployed persons<sup>9</sup>.

UI in Thailand is build in the SSS and applied in an integrated fashion. For this the covered place of work of UI is the same as of SSS. The covered place of work of SSS is the workplace with one or more employees that registers to Ministry of Commerce. They should register for affiliation of SSS at SSO and pay the contribution of employer and employee together.

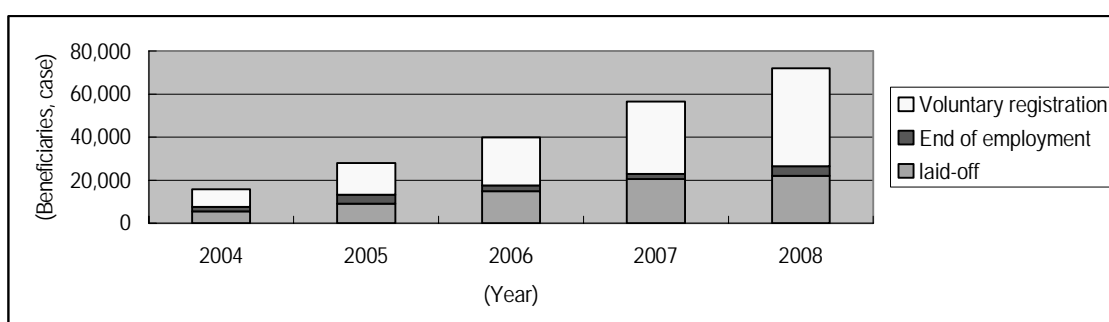


Diagram 3.2.5 Number of Beneficiaries of UI from 2004 to 2008

Source: SSO "Social Security Statistics 2008".

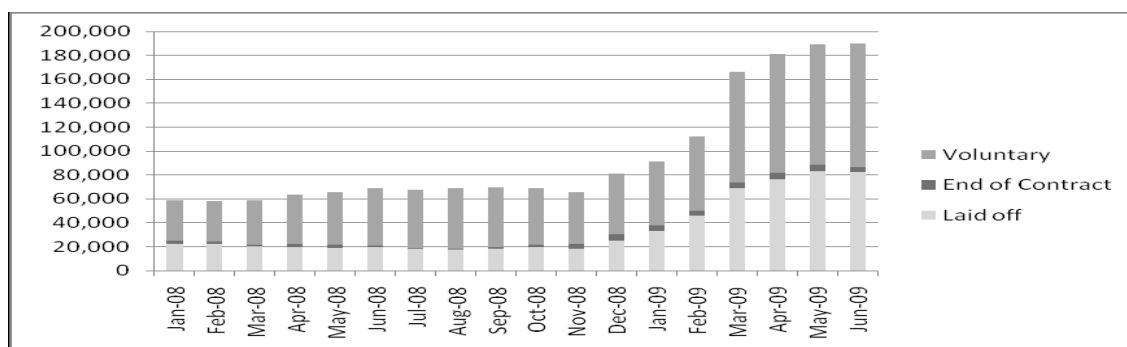


Diagram 3.2.6 Number of Beneficiaries of UI from Jan 2008 to Jun 2009

Source: SSO "Social Security Statistics 2008".

<sup>8</sup> In the Social Security Act "unemployment" means an insured person ceases to work resulting from cessation of legal relations between an employer and an employee under hire of services contract.

<sup>9</sup> TDRI, "Employment impacts in Thailand's trade and tourism sectors from the global economic crisis", AD B edit 3 Dec 2009, for 3<sup>rd</sup> China-ASEAN on Social Development and Poverty Reduction, 4<sup>th</sup> ASEAN+3 High-Level Seminar on Poverty Reduction, and Asia-wide Regional High-Level Meeting on the Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific.

The coverage of UI, however, is less than 30% of total labor force in Thailand because the coverage of SSS itself is the same as of UI. The main reason of low coverage rate is that the covered place of work is confined to the enterprises that register to Ministry of Commerce. Moreover, according to the survey in 2004 by ILO, there are about 4 million non-covered private employees who are in theory obliged to join the SSO scheme, and about 11% of employers did not pay contribution intentionally did not register their enterprise with the SSO.

The coverage is different by industry. Manufacturing coverage is highest, marks around 70%. On the other hand Construction coverage is low, around 15% and Agriculture is lowest, less than 5%.

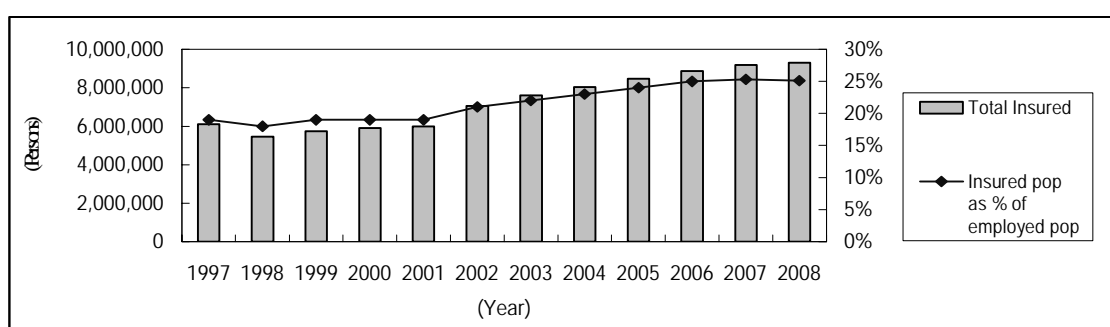


Diagram 3.2.7 Number of Beneficiaries and Rate of Coverage of SSS/UI  
Source: SSO "Annual Report 2008" and "Annual Report 2005".

### Qualification Requirements and Contribution Rate of UI

To get benefit, the person must have made contributions for at least 6 months during the 15 months prior to being made unemployed. According to the Section 78 of Social Security Act, the qualification requirements of UI are as follows;

- 1) being able to work, being ready for suitable job as provided, having no objection to job training and having been registered with the Government Employment Service Office at which his or her presentation is frequently required for not less than once a month ;
- 2) the unemployment of an insured person is not caused by the termination as the result of mal-performance of duty, or intentionally committing a criminal offence against the employer, or intentionally causing damage to the employer, or violating material rules or work regulations or lawful order of the employer, or neglecting duty for seven consecutive days without justifiable reason, or causing serious damage to the employer as the result of negligence or being imprisoned by the final judgment to imprisonment except for an offence committed through negligence or petty offence ;
- 3) being untitled to the old-age benefits of SSS.

Amount of one percent of salary contributions will be paid fifty-fifty (0.5% each) by employers and employees. The government also pays 0.25% of salary.

### Entitlement Benefit and Termination of Benefit of UI

Unemployment benefit shall be issued with following provisions.

In case of resignation, Unemployment benefit for not more than 90 days per year at the rate of 30 percent of the wage calculated on the basis of maximum amount of contributions but not more than 15,000 Baht shall be payable. In case of termination of employment, Unemployment benefit for not more 180 days per year at the rate of 50 % of the wage calculated on the basis of maximum contributions of 15,000 Baht shall be payable.

If in the duration of 1 year, there was more than 1 application for the unemployment benefit, the counting of the unemployment benefit receiving period in total shall not exceed 180 days; the compensation benefit for loss of income shall be paid on monthly installment basis by crediting to the Bank Account as notified by the Insured.

An insured person shall be entitled to unemployment benefits on and after the eighth day as from the date of becoming unemployment with the last employer in accordance with the rules and rates prescribed in the Ministerial Regulations. However, the insured persons who do not register with the Public Employment Office within 30 days since the date of becoming unemployment shall be entitled to unemployment benefit since the date of registration.

Benefit payment will stop when the beneficiaries, 1) return to work, 2) refuse job or refuse job training without suitable reason, 3) do not report at the Public Employment Office without suitable reason.

### Features of UI

UI of Thailand has three major features. Diagram 3.2.8 shows them and also the features of Employment Insurance of Japan for reference.

The first one is infant accreditation criteria. The targeted persons of Thai UI are not categorized by employment status like Japan. Insured persons in Thailand are all entitled to basic unemployment allowance, through leaving reason become a determining factor for the type of benefit. In contrast, there are four types of category of targeted persons in Japan; 1) general applicant for a position, 2) elderly person (65 years old more), 3) short term employee (incl. seasonal employee), and 4) day labor (less than 30 days employee). Among them only the persons categorized as general applicant for a position are entitled to basic unemployment allowance. The other categorized persons can receive only limited allowance based on each category. Furthermore, a general applicant will be assessed for qualification based on the leaving reason and the benefit should be changed according to the evaluation result.

The second one is limited type of allowance for insured persons. UI of Thailand has only one type of allowance. In Japan there are various financial compensations like Education and Training Allowance, Promotion of Job Seeking Allowance, and Continuance Employment.

Diagram 3.2.8 Outline of Unemployment Insurance in Thailand and Employment Insurance in Japan

	Thailand	Japan
Relevant law	Social Security Act (1990)	Employment Insurance Act (1975) (Unemployment Insurance Act, 1947)
Applicable place of business	Having one and more employee	Having one and more employee
Type of Benefit		
<b>Type 1: Unemployment Allowance</b>		
Basic Unemployment Allowance	(1) Unemployment Insurance of SSS to unemployed persons ( <i>with no categorization</i> ); 1) To applicant for a position	(1) Unemployment Allowance to unemployed persons categorized by employment status; 1) To general applicant for a position
	<i>No regulation for short term employee and day labor</i>	2) To elderly person (65 years old more) 3) To short term employee (incl. seasonal employee) 4) To day labor (less than 30 days employee)
Other Allowance	<i>No regulation for other allowance</i>	(2) Promotion of Job Seeking Allowance
		(3) Education and Training Allowance
		(4) Continuance Employment Allowance
Finance	Insured person:0.5% of salary Employee:0.5% of salary Government: 0.25% of salary	Insured person:06% of salary Employer:06% of salary (2010-) Government:: one fourth of allowance to applicant for a position, one third of allowance to day labor
Qualification	Having made contributions towards unemployment for not less than 6 months within a period of 15 months prior to unemployment.	1) In case of General Applicant for a position: Having made contributions towards unemployment for not less than <u>12 months within a period of 24 months</u> prior to unemployment. (There is Special measure*.)  2) In case of sort term employee: Having made contributions towards unemployment for not less than <u>6 months within a period of 12 months</u> prior to unemployment.
Benefit	For applicant for a position; In case of termination of employment: Unemployment benefit for not more <u>180 days per year at the rate of 50 %</u> of the wage calculated on the basis of maximum contributions of 15,000 Baht. In case of resignation: Unemployment benefit for not more than <u>90 days per year at the rate of 30 %</u> of the wage calculated on the basis of maximum amount of contributions but not more than 15,000 Baht shall be payable.	1)In case of General Applicant for a position Not more than <u>1 year at the rate of 45~80%</u> of the wage calculated on the basis of within 6 months salary in total prior to unemployment.  2) In case of sort term employee: Only <u>lump-sum payment at the amount of 30 days of wage</u> calculated on the basis of within 6 months salary in total prior to unemployment.

Type 2: Employment Insurance		
Employment Insurance	<i>No regulation for allowance of Employer</i>  - Employment Insurance is not included in UI Scheme of SSS.  - MoL provides employment promotion service and skill development program through the different scheme.	Employment allowance to employers
Finance		Insured person: no contribution Employee: 0.3 % of salary Government: no contribution
Benefit		(5) Employment stabilization (6) Skill development

The third one is lack of allowance for employers. Thai UI doesn't include employment insurance like Japanese employment stabilization program and capacity development program for the insured enterprises. Instead Ministry of Labor provide employment promotion service and skill development program through the different scheme. In Japan the employment insurance for employer is financed by the contribution of only employer with 0.3% of the salary of employee. Variable subsidy systems related to employment are implemented using the reserve fund of employment insurance. "Employment Adjustment Subsidy" and "Employment Stabilization Subsidy" for SME well function as positive measures of unemployment prevention.

#### Entitlement Process of UI

The process of entitlement of UI in Thailand is shown in Diagram 3.2.9. The steps of procedure are as follows.

##### Step1: Unemployment Registration at Employment Office

Firstly, unemployed person should go to Employment Office under DoE of Ministry of Labor to register unemployment. Unemployed person can go to any Employment Office in the nation that allocated in every province and Bangkok. For the registration he/she fill up the registration form (Appendix 3-3) and submit to Employment Office. The form includes personal data (name, birthday, address, ID number, etc.), academic history, work experience, skill, and so on.



Job Information at Employment Office

Front-line of Employment Office

#### Step2: Job Placement and Recommendation at Employment Office

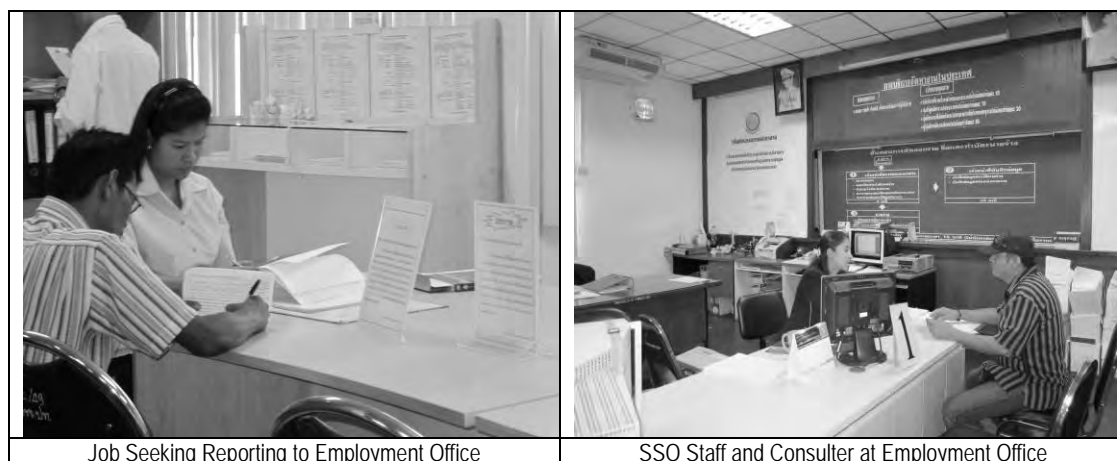
Registered unemployed person should explore job possibility. Employment Office consults with his/her and provides job-search service based on his/her job experience and working skill.

#### Step3: Recommendation of Skill Development Training at Employment Office

If Employment Office recognizes that he/she needs skill training to get new job, the office recommends it and presents to him/her. He/She can apply subsidies for training, if he/she takes the training that the office recommends to him/her.

#### Setep4: Reporting on Job Seeking to Employment Office

Registered unemployed person should report his/her job search situation once per month to Employment Office along with the predefined reporting form (Appendix 3-4). He/she makes appointment with the officer of Employment Office for the interview in advance. The reporting form of jog seeking includes the way of job seeking, the date of interview with introduced enterprises, proposed positions, the result of interviews, and so on. At the interview with Employment Office they review his/her activities of job seeking and/or skill development and confirm the present status of employment/unemployment.



#### Step5: Application for Unemployment Insurance at SSO

If registered unemployed person cannot find new job despite of job placement and skill development supported by Employment Office, he/she should go to SSO office and apply unemployment insurance responding to the recommendation of Employment Office. Unemployed person can go to any SSO Office in the nation that allocated in every province and Bangkok. He/She fills up the application form (Appendix 3-5) and submits to SSO together with information of bank account.



#### Step6: Inspection of situation of dismissal/turnover and payment record at SSO

After receiving application form SSO inspects employment history of unemployed person's and his/her situation of dismissal or turnover. SSO also review the record of payment of UI allowance to his/her in the last one year to avoid duplicate payment as well as his/her record of contribution toward unemployment insurance. Moreover, SSO checks his/her job seeking reporting and skill training for career changing.

#### Step7: Accreditation and Payment of Unemployment Insurance at SSO

Based on the results of inspection SSO accredits the qualification as a recipient of unemployment insurance of SSS. If SSO approve qualification of unemployed person, SSO notice him/her and remit the allowance.

If SSO assesses he/she is not entitled to unemployment insurance of SSS, SSO will not pay the allowance. In this case he/she can claim and negotiate with SSO. If he/she cannot accept the result of accreditation of SSO, he/she can arbitrate and file his/her claim to Labor Court.

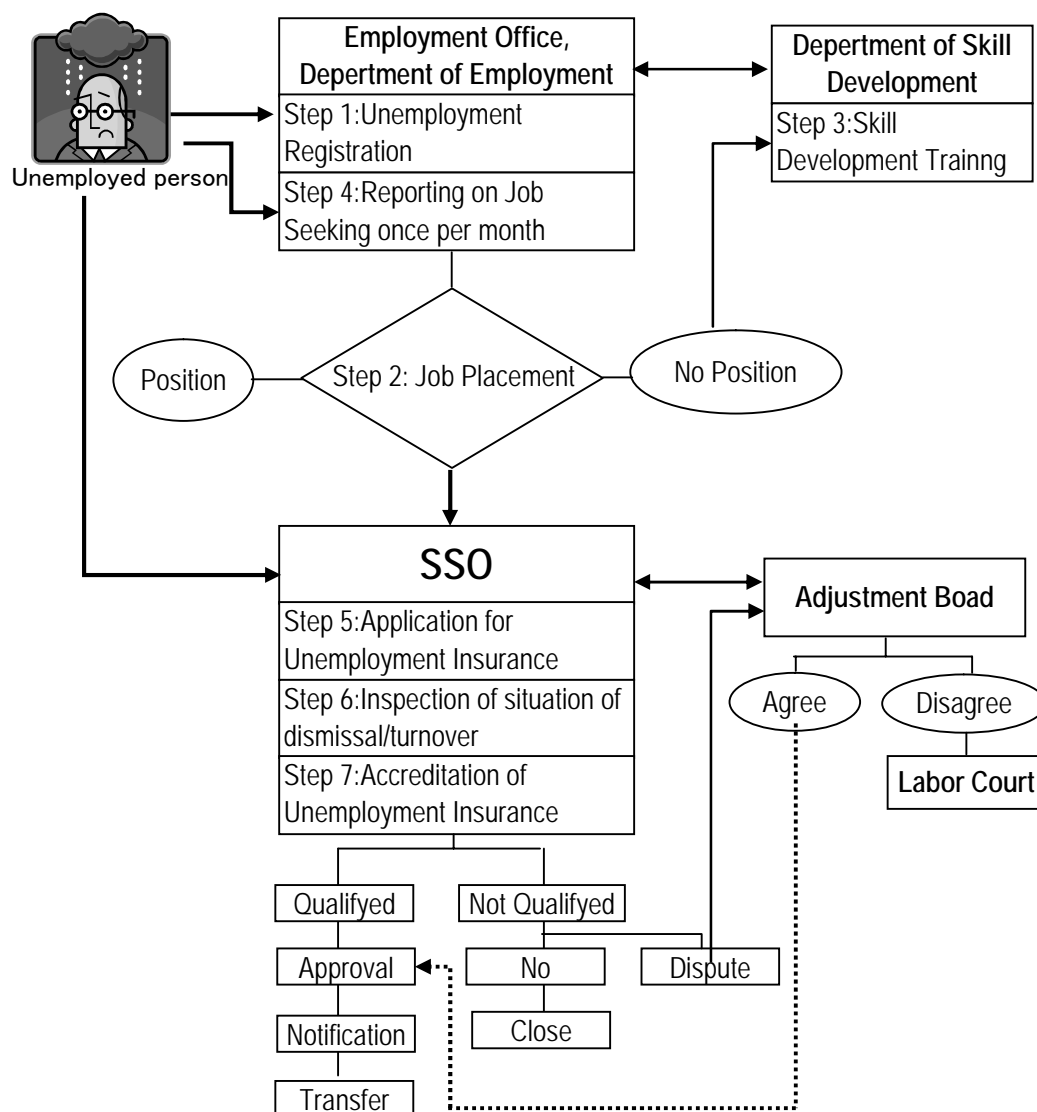


Diagram 3.2.9 Process of Entitlement of Unemployment Insurance in Thailand  
Source: SSO Pathum Thani Provincial Office, "Operational Report 2009".

Diagram 3.2.10 shows the actual example of number of unemployed person, approved unemployment, and payment of SSO Pathum Thani Provincial Office in 2009.

Diagram 3.2.10 Number of unemployed person and approved unemployment

Month	Unemployed Person (person)	Approved Person (person)	Amount of Payment (Baht)
1	5,544 (2,494)	2,315	28,994,370.00
2	4,722 (2,214)	2,748	33,175,328.40
3	7,203 (3,616)	2,626	33,366,049.85
4	2,430 (1,021)	3,441	56,649,328.25
5	3,350 (1,129)	2,873	38,923,099.60
6	2,295 (486)	1,862	21,601,062.50
7	2,224 (580)	1,403	18,585,661.65
8	1,845 (383)	1,082	12,331,667.10
9	1,785 (311)	1,225	12,635,255.35
10	1,828 (408)	1,099	14,360,622.05
11	1,633 (314)	1,035	10,780,589.50
12	1,315 (339)	2,521	23,140,560.35
Total	36,174 (13,295)	24,230	304,543,594.60

Source: SSO Pathum Thani Provincial Office, "Operational Report 2009".

Note: Parenthetic figures show unemployed persons by lay-off.

### Financial Aspect

In the financial aspect the cost of UI benefits has increased, but it has gone no further than 25% of the amount of contribution and become stable. The financial sustainability of the UI Fund has not been viewed with suspicion among relevant parties at present.

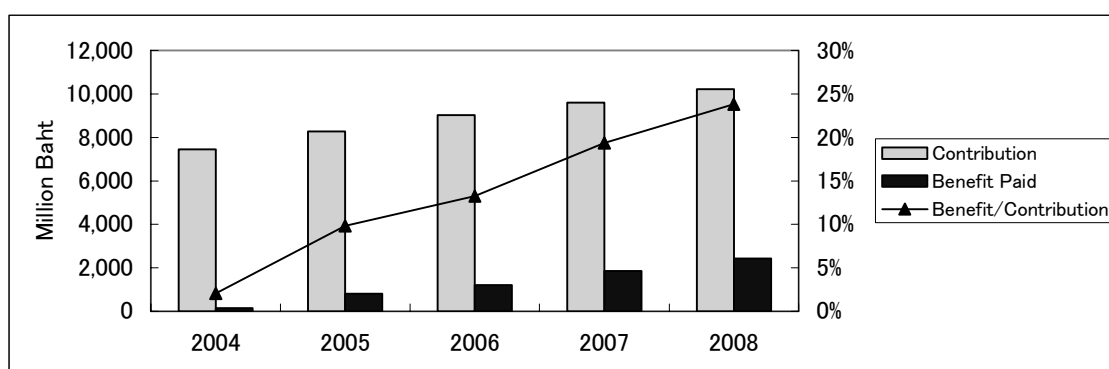


Diagram 3.2.11 Contributions and Benefits of UI Funds

Source: SSO "Social Security Statistics 2008".

### Operation of UI

Regarding operational of UI, SSO and Department of Employment (DoE) under the Ministry of Labor play key role. The major activities of SSO are collection and record of contribution, reception of claim, examination of employment history and termination, accreditation of qualification of UI allowance and payment of benefit. DoE has responsibility for job placement for unemployed persons. DoE allocates one Employment Office in each Provincial. Moreover, Department of Skill Development considers skill development for unemployed persons and suggests them the necessary training. Department of Labor Protection and Welfare also play in checking industrial disputation between employers and employees in case of unfair lay off.

On the other hand, Japan has taken “one-stop system”. Public Employment Security Office (also called "Hello Work") in Japan plays both role of SSO and DoE. Unemployed persons need to visit only “Hello Work” for registration of job seeking, application of Unemployment insurance, and consultation about skill development. “Hello Work” is subordinate organization of Labour Department of Ministry of Health, Labour and Welfare. The Ministry allocates one Labour Department in every prefectural and city government. Each local government has several “Hello Work” based on the situation of number of labor force and geographical area; for instance, 22 offices in Tokyo, 37 offices in Hokkaido, 16 offices in Kanagawa, 9 offices in Ishikawa, and 4 offices in Tottori<sup>10</sup>. In total there are around 550 Hello Work in Japan.

In Thailand SSO has 11 Area offices in Bangkok, 8 Provincial Offices around Bangkok, and 1 Provincial Office in each Provincial. In total 94 operational office of SSO in Thailand<sup>11</sup>. The SSO personnel consist of 5,719 staff members including 2,002 government officials, 308 permanent employees, 15 government employees, and 3,394 SSO employees. Out of them 40% are in the central and 60% are in the region. There is no delegation of authority and transfer of power in UI operation from central government to local government at present.

Diagram 3.2.12 Operational front line of Unemployment Insurance in Thailand and Employment Insurance in Japan

and Employment Insurance in Japan		
	Thailand	Japan
Registration of Unemployment	Department of Employment (one office in each Province)	Hello Work (one and more office in every prefectural and city, in total around 550)
Job Placement		
Skill Development		
Application for Unemployment Insurance	SSO (one and more office in each Province, in total 94)	
Accreditation		
Payment		
Coverage Rate of workers by SSO/Hello Work	400,000 person	120,000 person <sup>12</sup>

SSO Pathum Thani Provincial Office, which we visited in March 2010<sup>13</sup>, seemed to have sufficient staff for the UI operation. The other operational section especially Sickness allowance was crowded with many applicants, however, Pathum Thani Province Office has introduced electronic bulletin board service, the office staff can manage well and applicants can wait without stress.

<sup>10</sup> Web site of Ministry of Health, Labour, and Welfare.

<sup>11</sup> SSO, Annual Report 2008.

<sup>12</sup> The total number of labor force in Japan is around 65million (Labour Force Survey by Statistical Office in 2010).

<sup>13</sup> The Survey Team planed to conduct countryside survey in two places; one is satellite city of Bangkok with many enterprise which register SSS in March 2010, the other is rural city in May 2010. However, the second survey in rural area was compelled to cancel because of the conflict situation in Thailand. This survey was conduced under this constrain.

In Pathum Thani Province, SSO Provincial Office and Employment Office are nearby located in the same area. Two offices have good relationship because the governor of Pathum Thani seeks active involvement among relevant organizations in the Province. For these in Pathum Thani they can operate UI smoothly with “quasi-one-stop system”.

According to the operational report of Pathum Thani Provincial Office in 2009/10, there were some operational problems as follows;

- 1) Lack of coordination among concerned organizations at department level and province level;
- 2) Lack of common guidelines and regulation among concerned organizations;
- 3) Some of unskilled staff members of each organization;
- 4) Technical problems of networking system among concerned organizations.

Lack of coordination, common guidelines and regulation among concerned organizations causes inefficient operation. Effective service for unemployed persons also cannot be provided. In the report they endeavor to solve these problems by clarification of each role of department and close communication at provincial level.

In the Annul Report 2006, SSO mentioned that some operational officers who didn't follow SSO operation guidelines. It sometime resulted in inadequate procedure and qualification. In order to prevent them SSO makes efforts to strengthen its personnel capacity according to the 5-year Security Strategic Plan (2005-2009). Its objective is to develop the SSO personnel on knowledge and skills together with moral support. Through it the SSO expect to become Learning Organization by organizing the training courses and meetings seminars.

Regarding the networking system SSO have developed social security information system by transforming the close system architecture into the open system architecture. This system is expected to be completed at the end of 2009. SSO also has project to develop e-Social Security System (e-SSS) which includes administration system of SSO Computer Center and will be ended in December 2012. Its objectives are to provide tools and modern work system to support integrated information for efficient and effective service delivery to the insured persons and employers. In addition, the information system and communication of the SSO will be able to connect and exchange data with the same standard among other organizations by using Web Services Standard.

As mentioned above, implementation of UI is generally well managed in Pathum Thani Provincial Office. However, it is not clear the other provincial offices especially in rural area can implement adequately when the number of insured persons will increase in future.

#### Other employment related measures and concerned departments

Thailand had developed labor work environment in the past. The following are the concerned law and regulation related labor and employment. Regarding the labor protection, Department of Labor Protection has responsibility. The regulation of

dismissal for protection of workers is laid down in Worker Protection Rule. The employers have to compensate dismissal allowance according to the rule.

Diagram 3.2.13(1) Concerned law of Labor/Employment and Social Security

	Thailand
Basic human rights	Constitution (1997)
Labor Protection	Worker Protection Rule (1998)
Labor Relations	Labor Relations' Law (1975)
Occupational accident	Workmen's Compensation Act (1994)
Social Security	Social Security Act (1990)

Diagram 3.2.13(2) Concerned regulation of dismissal

	Thailand
Regulation of dismissal	Worker Protection Rule Labor Relations' Law
Advance notice	Worker Protection Rule
Dismissal allowance	Worker Protection Rule

At the same time DoE play a role for employment promotion. DoE holds job placement seminar called “DoE’s Job Festival” in corporation with private job-placement company. Recently Ministry of Labor has promoted capacity development of labor in informal sector (like agricultural workers, self-employed, and unpaid family workers) and reviewed “Informal Labour management strategy”. Department of Skill Development (DoSD) has responsibility for providing international standard training utilizing the skill training database system and promoting “Skill Development Fund”.

#### **(4) Main Measure for Economic Crisis in 2008 to 2009**

Thai Government has been taking stimulation measures after the economic crisis; Stimulus Package (SPI) in Jan. 2009 and Stimulus Package (SPII) in Mar. 2009 (Appendix 3-1, Appendix 3-2). NESDB took initiative for planning of these Packages.

SP1 included the employment creation program with the budget of 27,560 Mil-Bath. It can be evaluated as big political judgment, but it took four months until the program had been started. If there was special fund like Employment Adjustment Subsidy in Japan, more speedy action might be taken by the government.

SSS assumed the role of changing the benefits of unemployed persons. For protection of laid-off insured persons who were unemployed during 1 December 2008 to 31 December 2009, the payment duration was extended from not exceeding 180 days to not exceeding 240 day. The contribution rate of SSS also was revised as below table from 15 June 2009 to 31 December 2009. Both conditions were taken as temporary measure and they have been brought back from January 2010.

Diagram 3.2.14 Decrease of Contribution Rate of SSS

Type	Defrayer	Before	After
Sickness, maternity, invalidity, and death benefits	Government	1.5	1.5
	Employer	1.5	0.5
	Employee	1.5	0.5
Child allowance and old-age benefit	Government	1.0	1.0
	Employer	3.0	2.0
	Employee	3.0	2.0
Unemployment insurance benefit	Government	0.25	0.25
	Employer	0.5	0.5
	Employee	0.5	0.5
Total	Government	2.75	2.75
	Employer	5.0	3.0
	Employee	5.0	3.0

SSS also implemented “3 decrease” program to decrease lay-off, labor movement, and cost of living.

#### “3 decrease program”

1) To decrease lay-off (Prevention of unemployment): Project of Loan for laid-off reduction through SME Bank (Small & Medium Enterprise Development Bank:

The Project aims to provide loan to the enterprise under the SSS to retain the employment status and to promote employment. The enterprises shall submit application until 31 December 2010. They will have right to pay as an installment system with the lowest interest rate until 31 December 2014. The total budget of the Project is 6,000 million.

2) To decrease labor movement: Thai Labour Back to Hometown Project

The Project aims to provide loan through BAAC (Bank for Agriculture and Agriculture Cooperative) to the self-employment under the SSS to decrease movement (from rural area to city area) and to increase career option (in rural area). The self-employment shall submit application until 31 December 2010. The interest rate is lower than the market rate. The total budget of the Project is 4,000 million.

3) To decrease living cost: “save the nation” cahier cheques

The Project aims to assist the living cost; to pay Bath 2,000 cheques, and to boost domestic spending for the insured persons who earn less than 15,000 bath a month through the Government Program.

### **3.2.2 Priority in UI**

#### **1)Integratin of Information System**

It became clear that SSO and DoE has developed their database individually and they have not been linked at the moment. The process of entitlement of UI in Thailand is mostly same as Japanese system. Unemployed persons need job seekig before they claim and receive benefits of UI. The linkage between DoE and SSO database related to unemployed persons might be usefule for more efficienct administration of UI scheme.

Front management of UI in Thailand has not been “one-stop system” like Japanese “Hello Work”. If the locations of Province office of SSO and Employment Office are not nearby, smooth operation is not easy for SSO and DoE. Additionally it’s not easily accessible for the unemployed persons.

SSO now goes forward to develop the information system in SSO, however it still takes time to complete it. In the meantime SSS should make efforts to integrate of frontline management to communicate with DoE smoothly, for instance, through allocation of SSO staff in the Employment Office and establishment of SSO Office or/and Employment Office within reach when they will be newly set up.

## **2) Improve Efficiency: review of contribution rate of UI and other benefit**

The financial sustainability of the UI Fund has not been viewed with suspicion among relevant parties. The contribution rate of UI would rather been reviewed in the direction of decrement. The deduction rate should be appropriated the other benefit fund of SSS like old-age benefit considering the financial balance of the other fund.

## **3) Confirmation of Policy Implications of UI function**

There could be many different policy implications in unemployment insurance. The present UI in Thailand has just started in 2004 and its operational contents are still simple. This means that the present operation of UI is not yet fully differentiated to focus on specific groups of unemployed population and thus to meet specific policy goals of social security.

Insured persons of UI include many voluntary unemployed persons. This trend has continued since UI scheme had started in 2004. In December 2008 the share of voluntary unemployment reached to 63% of total insured persons. One of main reasons is seasonal movement between formal sector and informal economic sector. For example, a person work in agricultural sector for 6 months in harvest season and the same person engage in the formal sector as unskilled worker for the following 6 months. Such working style is typical one in Thai labor market, but the targeted persons of UI are not categorized by employment status nonetheless.

It is said to be a political consideration that the Government keeps UI as it is and expects UI to function as income security for low income agriculture population concentrated in the North and Northeast. In this sense, the current UI scheme contribute to this purpose to no small extent. UI scheme also plays a role to enable seasonal workers to stay in the rural area.

The Government, however, should confirm the strategy on the function of UI scheme. One concern is that UI as it is may have a risk to produce more and more voluntary unemployed persons. Given the present rules and circulation of labour force, they have less motivation to seek job during agricultural off-season or farming season because they can receive the benefit of UI if they made contributions more than 6 months within a period of 15 months. If these tendency spread and they recognize unintended merit from

UI scheme, primary purpose of UI can not be accomplished. Consequently it might cause moral hazard. There are some possible alternatives to prevent it. One countermeasure is tightening the contribution period from 6 months to 10 months. The benefit rate of wage also should be reviewed for reduction.

There might be some measures to solve these issues; 1) to set new category by employment status and set new benefit measured up to situation (e.g.: introduction of lump-sum payment), in case of carrying on existing system, 2) to extend payment period of contribution by voluntary unemployed person from six months to ten months, 3) to reduce benefit rate of unemployed allowance for voluntary unemployment, 4) to set restrictive period of benefit to voluntary unemployed person.

There is also some room to review the adjustment between unemployment allowance and dismissal allowance of the Worker Protection Rule.

#### **4) Strengthen of implementation structure and capacity of UI**

As mentioned above, implementation of UI is generally well managed in Pathum Thani Provincial Office. However, it should be necessary to strengthen the implementation structure and capacity of UI especially in rural area with increasing of the number of insured persons in future. Some possible challenges are as follows;

- 1) Reinforcement of corporation between SSO and DOE/Employment Office,
- 2) Applicable staff assignment based on the number of insured persons,
- 3) Preparation of common guidelines for adequate accreditation of unemployment,
- 4) Capacity building of SSO and DOE/Employment Office.

#### **3.2.3 Donor Project**

Thai Government has developed UI scheme in cooperation with development partners.

##### **1) ILO**

ILO has contributed in the theoretical and overall frame of UI and also supported to conduct Labour Force Survey and technical assistant for capacity development of statistical analysis related to social security. In 1998 ILO conducted the study, “Thailand: Assessment of the feasibility of introducing an UI scheme in Thailand”, to assess the feasibility of introducing an unemployment insurance scheme in response to the request from the Thai Government. In the study the ILO examined the financial and administrative feasibility of UI and submitted three options of basic design based on assumptions regarding the macro-economic and labor market.

In 2004 ILO conducted “Social Security Priority and Needs Survey” together with SSO and National Statistical Office. Based on these surveys ILO suggested how to expand social security to non-covered people in “Technical Note on the Extension of Social Security to the Informal Economy in Thailand”.

Besides the projects and programs, SSO always consult with ILO closely and review the contribution rate of SSS regularly.

## 2) World Bank

World Bank cooperated for implementation of UI as Social Protection through conducting simulation of contribution rate and pilot project in province in “CDP-SP: Thailand Country Development Partnership for Social Protection”. This Program also provided technical assistance to MoLSW (present MoL) directly. In the Review Workshop for CDP-SP in 2003 the proposal including the insurance contributions, benefits of the scheme, and organizational and administrative issues were presented.

## 3) JICA

JICA also contributed the preparation of introduction of UI scheme through dispatch of expert on Integrated Employment Policy and capacity development of DoE for implementation of UI scheme. On the basis of this program “Enhancement of Comprehensive Network System on Employment Service in Thailand” supported to strengthen the function of the network system on employment service. The output of this technical assistant included 1) revision of employment service system in DoE, 2) modification of revised employment service system, and 3) capacity development of staff members of DoE for smoothly introduction of UI nationwide.

Diagram 3.2.14 Major Donor Project related to UI

	Year	Type	Name	Development Partners	Thai Relevant Organizations
1	Mar. 1998	TA	Thailand: Assessment of the feasibility of introducing an UI scheme in Thailand	ILO	SSO of MoLSW
2	2000-2003	TA	Dispatch of expert on Integrated Employment Policy	JICA	MoLSW
3	July 2001	TA	CDP-SP: Thailand Country Development Partnership for Social Protection	WB ILO, UNICEF Others	SSO and MoLSW departments
4	2004-2005	TA	Enhancement of Comprehensive Network System on Employment Service in Thailand	JICA	DoE of MoL
5	2004	TA	-Thailand Social Security Priority and Needs Survey - Technical Note on the Extension of Social Security to the Informal Economy in Thailand	ILO	SSO, NSO

### **3.2.4 Prospects for Thai-Japan Cooperation**

Before mention of prospects for Thai-Japan Cooperation, Japanese experience of UI, comparative advantage and possible use of resource and knowledge of cooperation should be reviewed.

There are two precious experiences in Japan related to unemployment insurance. These experiences become Japanese comparative advantages for cooperation to Thailand.

One is the experience that Japan developed the system from Unemployment Insurance (established in 1947) to Employment Insurance (established in 1974). Japan was not leader when the Unemployment Insurance was started in Japan and had revised its own system based on the Japanese particular employment system and social and economic circumstances very flexibly. These Japanese experiences would be quite useful for Thailand because UI of Thailand is now in the stage of expansion of coverage, revision of laws and regulations, improvements of operation and management. Possible main cooperation resources are experts in public laws and Social Security, experienced government officials of Social Security and consultants.

The other long experience of Japan is organized employment service based on the integrated employment policy. Japan traditionally takes comprehensive and positive employment policy. Reflected in this policy Japan has good operation system of Employment Insurance since Japan has started the Unemployment Insurance in 1947. “Hello Work” is one of the typical methods to provide integrated employment service efficiency and effectively. Japan can take “one-stop system” nationwide as based around “Hello Work”. Japanese knowledge and experience in implementation of integrated employment measures might be useful for enforcement of their harmonization and capacity development of front-line service in Thailand. Possible main cooperation resources are experienced government officials of Social Security and Social welfare service providers, and consultants

The following are prospects of Thai-Japan cooperation in UI system.

#### **(1) Cooperation to Review of UI System based on the integrated employment policy**

The design of UI scheme would be changed according to the Government expectation of the UI function, for example, as income security for low-income workers, or as just unemployment allowance for seeking new job.

If the Government review and redesign UI for voluntary employed persons to prevent moral hazard in future, there might be some measures; 1) to set new category by employment status and set new benefit measured up to situation (e.g.: introduction of lump-sum payment), in case of carrying on existing system, 2) to extend payment period of contribution by voluntary unemployed person from six months to ten months, 3) to reduce benefit rate of unemployed allowance for voluntary unemployment, 4) to set restrictive period of benefit to voluntary unemployed person. If new category by

employment status will be introduced, the implementation capacity should be taken account.

The financial sustainability of the UI Fund has not been viewed with suspicion among relevant parties. The contribution rate of UI would rather been reviewed in the direction of decrement. The deduction rate should be appropriated the other benefit fund of SSS like old-age benefit considering the financial balance of the other fund.

If the Government takes different policy implication of UI, the Japanese experience of employment insurance for employer would be useful. Japan would contribute to assessment of actuarial science based on the integrated strategy of UI and employment measures, and comprehensive social security system in Thailand.

## (2) Cooperation to Improvement of Operation and Management of UI

### 1) Capacity development for concerned persons

It should be necessary to strengthen the implementation structure and capacity of UI especially in rural area with increasing of the number of insured persons in future. Japan can contribute the improvement of implementation capacity of UI through the following assistance;

- Reinforcement of corporation between SSO and DOE/Employment Office,
- Applicable staff assignment based on the number of insured persons,
- Preparation of common guidelines for adequate accreditation of unemployment,
- Capacity building of SSO and DOE/Employment Office.

### 2) Infrastructure development: Integration of Information System

Unemployment benefit program need to be closely integrated with labor market policies. In Thailand the coordination between SSO and DoE is still weak.

Japan traditionally takes comprehensive and positive employment policy. Reflected in this policy Japan has good operation system of Employment Insurance. “Hello Work” is one of the typical methods to provide integrated employment service efficiency and effectively. Japan can take “one-stop system” nationwide as based around “Hello Work”.

For enforcement of their harmonization and capacity development of front-line service in Thailand Japanese knowledge and experience in implementation of integrated employment measures might be useful. There are some possible measures; 1) development of comprehensive database, 2) integration of database and information between SSO and the other related organizations, especially DoE at policy level and Public Employment Office at operational level.

**Appendix 3-1: The First Stimulus Package (SP1)**

: 116,700 million Baht (3.33 billion US dollar) on **January 13, 2009**

The SP1 was designed to revive and stimulate short-run economy on timely basis. It is mainly comprised of income transfer measures and tax deduction that aimed to (i) stimulate private consumption expenditure by raising household income and reduce living cost; and (ii) inject liquidity into economic system by raising working capital of the SFIs in order to promote credit extension to SMEs. The SP1 was financed by the supplementary budget of FY2009. The key measures and its associated budget can be summarized as follows:

(i) Increase purchasing power and reduce living expenses, especially low-income earners and disables (total 59,380.50 Mil-Baht)

- One-off 2,000 baht cash handout for low income earner (18,970.32 Mil-Baht)
  - Create senior citizen assurance (9,000 Mil-Baht)
  - Free water, electricity for the poor and transport subsidy (11,409.13 Mil-Baht)
  - Ministry of Commerce's measures to reduce living cost (1,000 Mil-Baht)
  - Free education for 15 years (19,001.05 Mil-Baht)
- (ii) Create employment, income, and improvement of life quality (total 27,560 Mil-Baht)
- Build and improve water resources for agriculture (2,000 Mil-Baht)
  - Rural roads construction (1,500 Mil-Baht)
  - Small reservoirs construction (760 Mil-Baht)

### **Appendix 3-2: The Second Stimulus Package (SP2)**

The main concern over economic fundamental factors includes (i) aging population that will reduce labor efficiency and raise dependency ratio; (ii) sluggish investment expansion in 2006 and its contraction in 2009 that are likely to impede the process of capital accumulation; (iii) global warming that is likely to reduce productivity of agricultural production; (iv) deteriorating energy efficiency; and (v) lacking of basic infrastructure to support the development of knowledge base economy. In order to ensure the economic recovery in 2010-2012 and to enhance long-run potential growth, the government announced the Second Stimulus Package on **March 2009**. The SP2 comprised of investment project in 7 key areas which will be implemented in FY2010-2012. The purposes of investment and their associated budget in each area are summarized as follows:

(i) To enhance food and energy security, including increase productivity of agricultural and industrial sectors (230,645 Mil-Baht)

- Water Management
- Technology & Standard Improvement for Agricultural Sector

(ii) To upgrade public infrastructure for both economic and social services to improve economic competitiveness and quality of life (1,140,016 Mil-Baht)

- Transport & Logistics, Alternative Energy , Telecommunication, Tourism, Education , Public Health, Social Security, Science & Technology, Natural Resources

(iii) To improve income-generating capacity of tourism sector (6,637 Mil-Baht)

- Image Revival, Tourism Marketing, Creative Tourism Products, Tourism Site Recovery, Standard Improvement

(iv) To create new income-generating sectors in the Creative Economy (20,134 Mil-Baht)

- Cultural Heritage Conservation and Restoration, Arts and Cultural Town, Thai Handcraft Promotion, Creative Product Promotion, Thai software Industry Promotion, Design Industry and R&D Promotion

(v) To upgrade quality of education and holistically modernized learning system (60,145 Mil-Baht)

- Learning Community Building, Quality and Standard Improvement on Education and Learning System, Intellectual Infrastructures Improvement Plan and Center of Education in Sub-region and Region, Quality Improvement on Teachers and Education Reform

(vi) To raise quality of public health care system for all Thais (9,290 Mil-Baht)

- Production and Strengthening Capacity of Medical and Health Care Staff
- Research and Development of Medical Technology

(vii) To create job and increase incomes for people at community levels in order to improve their quality of life (100.00 Mil-Baht)

- Development Programs for 5 Provinces in Southern Thailand
- Investment Programs for Job Creation and Income Generation in Communities

Overall, the implementation of SP2 will inject liquidity by 70-84 billion baht each year and required debt financing of around 800 billion baht. Investment in public infrastructure accounted for the largest portion of 72.8 percent of total budget, followed by investment in water-grid system which accounted for 14.7 percent. The investment fund will be financed by; (i) government budget allocation (39.2 percent); (ii) debt financing (44.1 percent); and (iii) revenues of state enterprises and others (16.6 percent).

### Appendix 3-3: Registration Form of Job Seeking (Employment Office)


[illegible][illegible]

### Appendix 3-4: Reporting Form of Job Seeking (Employment Office)

[illegible][illegible]

Appendix 3-5: Application Form of Unemployment Insurance

สปส. 2-01/7



*Application Form*  
to SSC  
*for Unemployment Insurance*

ทวงทุนประกันสังคม  
แบบคำขอรับประโยชน์ทดแทน  
กรณีว่างงาน

สำนักงานประกันสังคม  
สาขาที่รับ  
วันที่รับ  
สาขา

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ใบสมัครรับเงินทดแทนกรณีว่างงาน

1. ข้าพเจ้า (นาย/นาง/นางสาว) ..... เลขประจำตัวประชาชน 9-11062 011709-42-7  
 ที่อยู่ปัจจุบันที่ชาวกรตักได้ เลขที่ 9/6 หมู่ที่ 1 ตำบล/แขวง ..... ซอย .....  
 ถนน ..... ตำบล/แขวง ..... อำเภอ/เขต ..... จังหวัด .....  
 รหัสไปรษณีย์ ..... โทรศัพท์บ้าน ..... มือถือ .....  
 2. ข้าพเจ้าขอรับเงิน .....  
☐ ผู้ประกันตนกรณีว่างงาน  
☐ ผู้มีสิทธิ เว้นผู้ซึ่งผู้ประกันตนกรณีว่างงาน  
 3. ขออนุญาตขอรับเงินทดแทนกรณีว่างงานที่ ..... บริษัท ไร่ ไร่ ไร่ .....  
 เลขที่บัญชีธนาคาร ..... เลขที่สาขาของธนาคาร .....  
 4. วัน เดือน ปีที่ออกเอกสารนี้ 22 มีนาคม 2553  
 5. สาเหตุการออกจากงาน ☒ ลาออก  
☐ ถูกเลิกจ้าง เนื่องจาก .....  
☐ ถูกเลิกจ้าง เนื่องจากสาเหตุที่ .....  
☐ อื่น ๆ เช่น .....  
 6. ข้าพเจ้าขอรับเงินทดแทนกรณีว่างงานที่ .....  
 เมื่อวันที่ 26 มีนาคม พ.ศ. 2553  
 ข้าพเจ้าขอรับรองว่าข้อความข้างต้นถูกต้องตามความจริงทุกประการ หากปรากฏว่าข้าพเจ้าได้รับเงินทดแทนโดยผิดสิทธิ  
 ข้าพเจ้า ขอรับรองว่าเงินที่ได้รับไปโดยผิดสิทธิจะคืนให้แก่สำนักงานประกันสังคมภายใน 30 วัน  
 นับแต่วันที่ได้รับเงินทดแทนกรณีว่างงานจากข้าพเจ้า หรือ ข้าพเจ้าจะยินยอมให้สำนักงานประกันสังคม  
 ขอคืนเงินทดแทนกรณีว่างงานจากข้าพเจ้า  
 ลงชื่อ ..... ผู้รับคำขอ  
 วันที่ 26 3 53

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เอกสารประกอบคำขอ

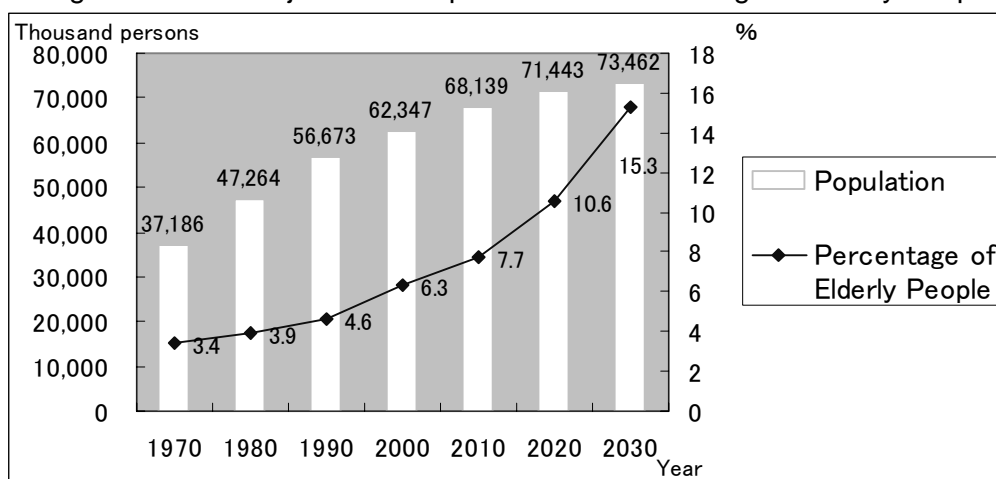
1. สำเนาบัตรประชาชน (ฉบับจริง) และสำเนาบัตรประชาชน (ฉบับจริง) และสำเนาบัตรประชาชน (ฉบับจริง)  
 2. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (สปส. 6-00)  
 3. หนังสือแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 4. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 5. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 6. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 7. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 8. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 9. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)  
 10. สำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง) และสำเนาใบแจ้งการออกจากงานของผู้ประกันตน (ฉบับจริง)

### 3.3 Pension System in Thailand

#### 3.3.1 Current Situation of Ageing Society in Thailand

Population structure of Thailand has been changing rapidly. This is caused by the two factors. One is decrease in a birth rate; the other is a lowered infant mortality rate and longer life expectancy due to the improved health care environment. This situation is expected to continue, and the speed of ageing will be rapid as indicated in the Diagram 3.3.1a.

Diagram 3.3.1a: Projection of Population and Percentage of Elderly People



Source : UN World Population Prospects 2009

Diagram 3.3.1b shows that the speed of ageing in Thailand is faster than other industrialized countries. The speed of ageing is even faster than Japan. Thailand reached ageing society in 2001 and it is expected to reach the aged society in 2023 having 22 years of period.

Diagram 3.3.1b: Comparison of speed of ageing in various countries

	Thailand	Japan	UK	France	Germany	Italy	Sweden
The year that the ratio of elderly population aged 65 and over reached 7% of total population	2001	1970	1930	1865	1930	1930	1890
	↓	↓	↓	↓	↓	↓	↓
	22 years	24 years	46 years	114 years	42 years	59 years	82 years
	↓	↓	↓	↓	↓	↓	↓
The year that the ratio of elderly population aged 65 and over reached 14% of total population	2023 (estimate)	1994	1976	1979	1972	1989	1972

Source : National Institution of Population and Social Security Research (Japan)

Thailand has reached an ageing society<sup>14</sup>. UN Population Prospects show that the percentage of elderly people is projected at 7.7 percent in 2010. It is expected to be an aged society<sup>15</sup> over 15 percent by the year 2030. The ageing has reached the level that calls for serious attention at policy level.

The traditional assistance system among family members does not contribute to tackle the issue of ageing society. The reason is that the family structure tends to change. Therefore, upon welcoming ageing society, how to secure the income of elderly people is one of the important policy issues. That is the reason that 'pension' often becomes the discussion point of issues.

The pension system is not the one that should be discussed in short time. Pension system should be designed based upon a clear understanding that the system requires long-term contribution, long-term record keeping and long-term investment of pension assets. Those components should be considered and transformed with appropriate way to adjust to the period or social/political conditions. The issue of pension should not be understood as the issue in the future, but the present issue to cope with the coming aged society.

'Ageing' itself is not an issue but the issue is that present policies do not meet to the needs of the elderly people. For example, under Social Security Scheme the payment of old-age pension benefit will be starting from year 2014. A number of reports demonstrated that the pension system under Social Security Scheme will not financially sustainable. There are no policy interventions such as increasing pensionable age or contribution rate for pension benefits.

According to the data provided by NESDB, while the population of working age will be gradually decreased, the ageing population will increase (See Diagram 3.3.2). Also, The research <sup>16</sup> conducted by Institute for Population and Social Research, Mahidol University Population in 2009 shows that population ageing is not only the issue of limited area of the country but the issue of whole country. It reveals that some states are already experiencing 'Aged Society' and many states are in 'Ageing Society' (See Diagram 3.3.4)

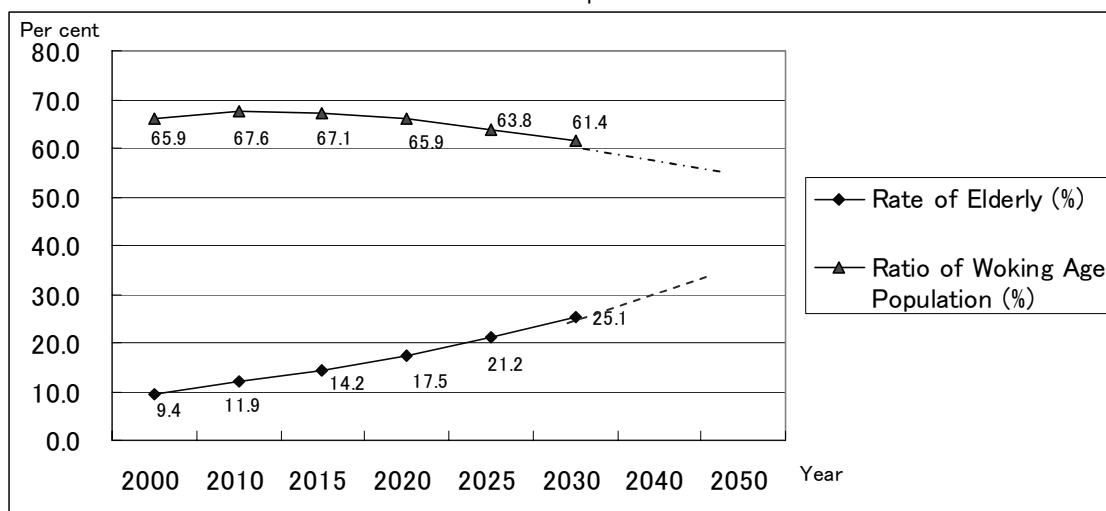
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<sup>14</sup> 'Ageing society' means the percentage of the elderly people aged 65 and over is between 7 and 14 percent.

<sup>15</sup> 'Aged society' means the percentage of the elderly people aged 65 and over is between 14 and 21 percent.

<sup>16</sup> This research focused on the elderly aged 60 and over. The trends of ageing could be observed from the map.

Diagram 3.3.2: Trend and Projection of the Ratio of the Elderly Population and Working Age Population in National Population



Source: NESDB

#### (1) Number of Working People Supporting One Elderly

Seven working people are supporting one elderly in 2010, but it will become 3.8 people in 2020 and 2.4 people in 2030 (see Diagram 3.3.5). These figures indicate that supporting the elderly people by using inter-generational support system may not work. In the same context, the current contribution rates of Social Security Scheme can not finance the amount old-age benefit since supporting with 2.4 people will requires reversal of the pension fund.

Diagram 3.3.4: Older Population in Thailand, 2005

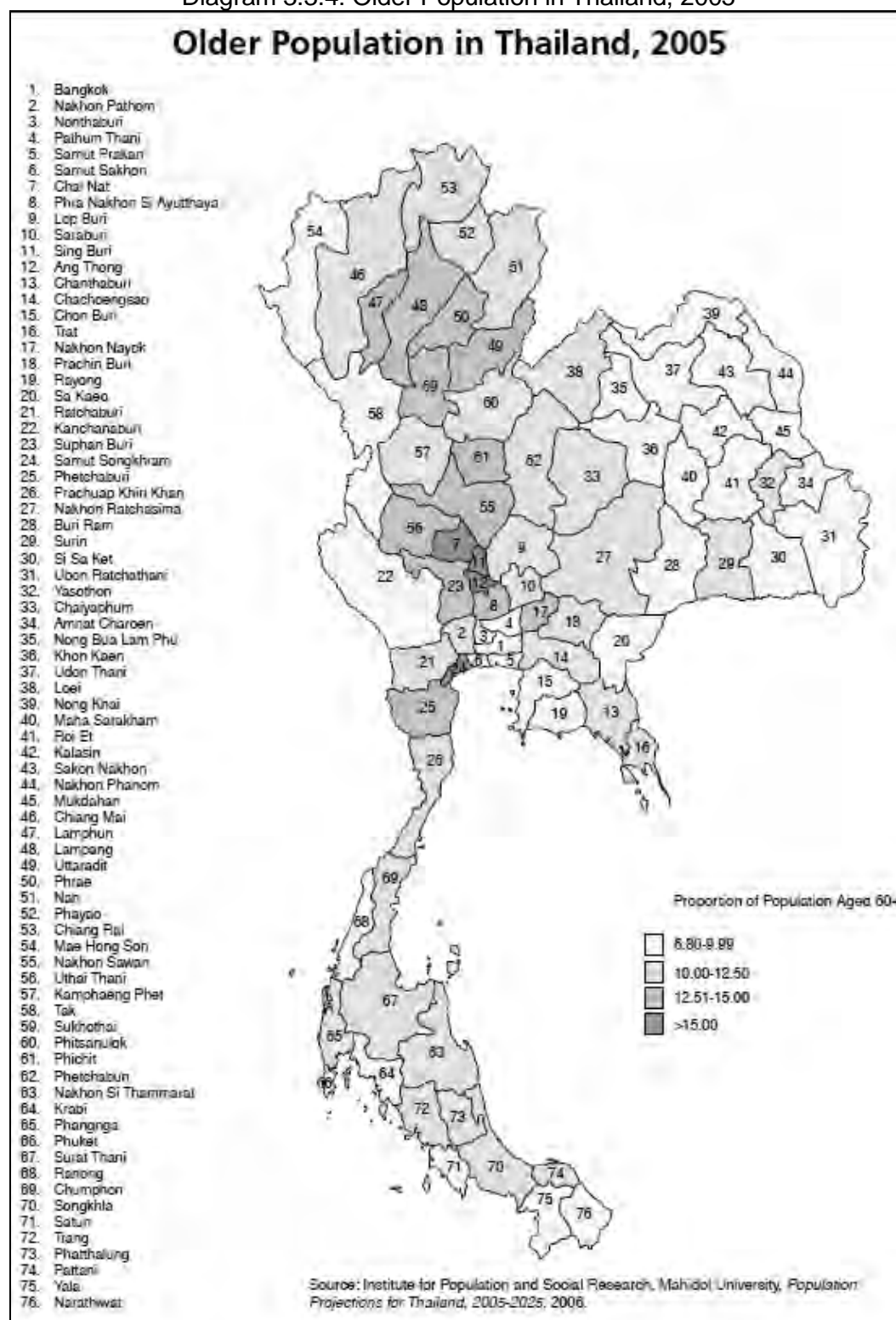
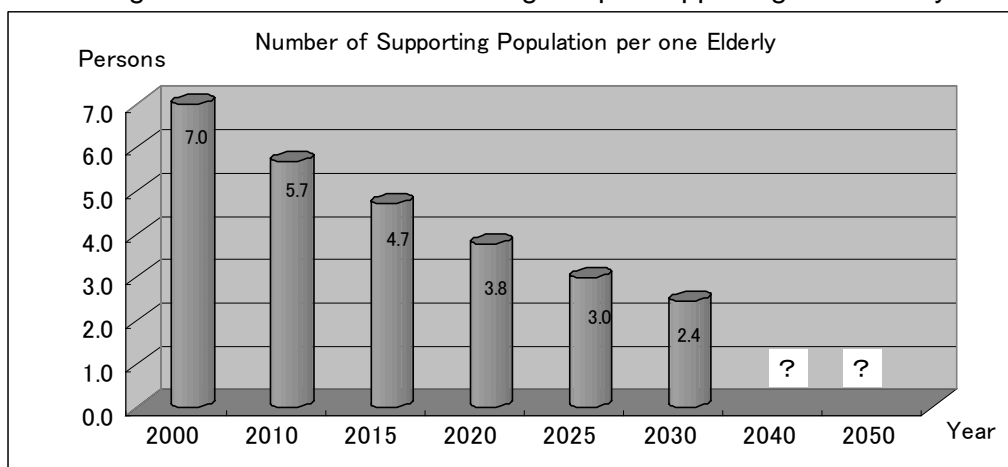


Diagram 3.3.5: Number of Working People Supporting One Elderly

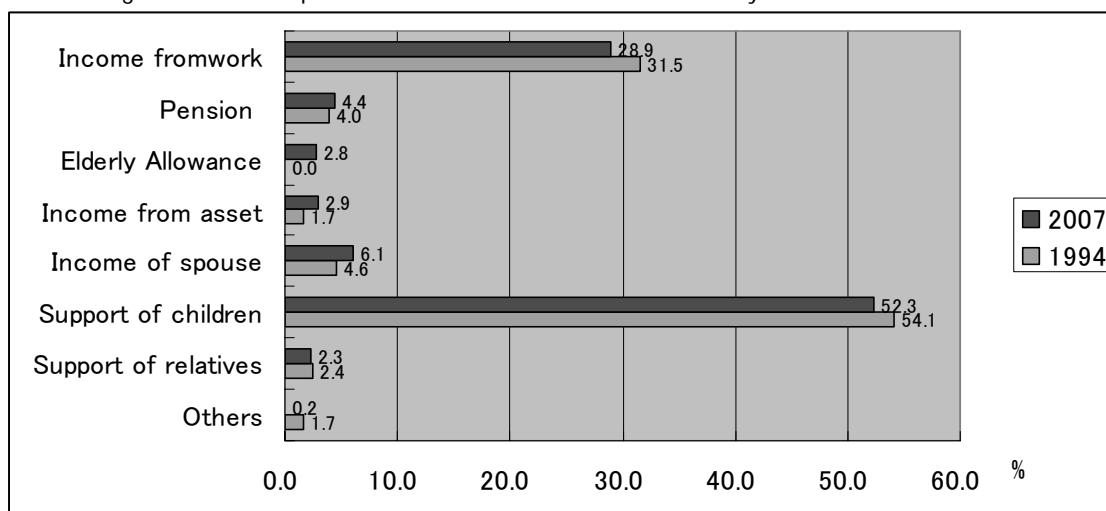


Source: NESDB

## (2) Income Resource of the Elderly

The comparison between the year 1994 and 2007 reveal that large proportion of the elderly still rely on the financial support from their children. The result of the research conducted by National Statistical Office shows 50 per cent of elderly people consider that the financial support from their children is the main income resource. As the number of working people supporting one elderly is decrease, such a traditional system may be destroyed due to the capacity of support.

Diagram 3.3.6: Comparison of Income Resources of the Elderly in the Year 1994 and 2007



Source: National Statistics Office

### (3) Poverty in Old-age

Poverty in old age is a significant issue among low-income households. Diagram 3.3.7 shows that about 46 percent of poor households had at least one elderly in their households in 2002. If old-age poor is defined those who live in poor households, and the percentage of old-age poverty lied between 11.7 to 15.5percent. (Worawan 2003). Since the Asian Currency Crisis occurred in 1998 worsened the old-age poverty rate from 13.61% to 15.51 percent, the financial crisis in 2008 must have given a negative impact on the old-age poverty rate.

Diagram 3.3.7: Old Age Poor in 1998-2000

	1998	1999	2000	2001	2002
No. of poor households	1,603,066	1,970,918	1,916,363	1,876,362	1,318,458
No. of poor population	8,056,806	9,696,531	9,612,788	9,231,230	6,360,441
Poverty Incidence (%)	13.15	15.66	15.38	14.66	10.02
Poverty line					
Baht per household per month	3,291	3,227	3,154	3,248	3,164
Baht per person per month	888	881	879	912	905
No. of poor household with old age	664,012	787,785	803,669	813,305	612,795
% of poor household with old age	41.42	39.97	41.94	43.34	46.48
No. of old age poor	919,598	1,108,854	1,130,555	1,143,805	875,032
Old age poverty incidence (%)	13.61	15.51	15.27	14.85	11.68

Source Social Economic Survey conducted by National Statistics Office

More than 90 percent of the poor households are in rural area. Poor households with the elderly can be observed in more in Northeast Thailand. In 2002, more than 50 percent of the poor households with the elderly lived in Northeast (See Diagram 3.3.8).

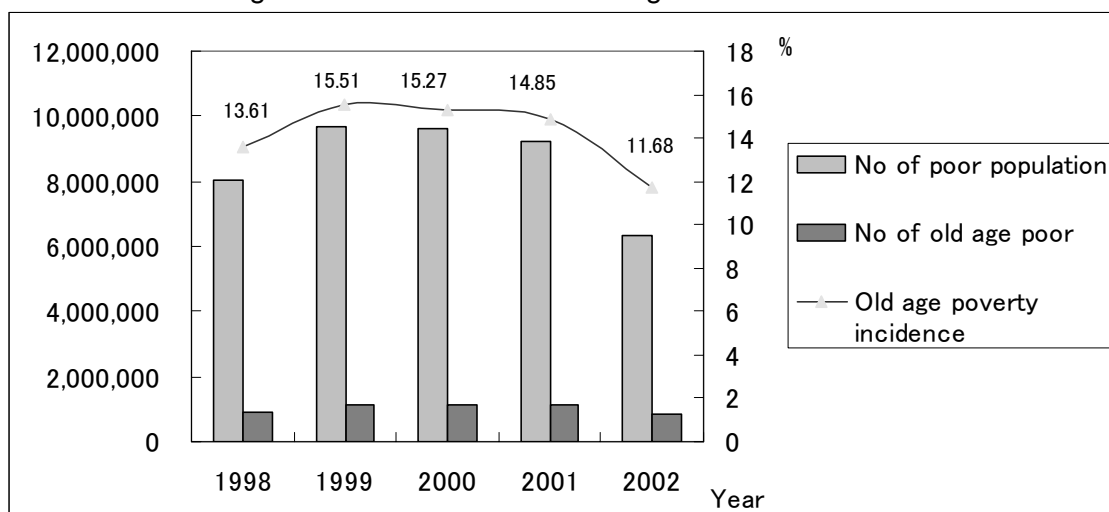
Diagram 3.3.8: Household with Old-age Persons by Region

	1998	1999	2000	2001	2002
No. of poor households with old age	664,012	787,785	803,669	813,305	612,795
By Region					
North (%)	148,521 (47.51)	188,227 (51.08)	191,974 (45.92)	165,142 (43.85)	174,616 (48.91)
Central (%)	32,389 (40.28)	51,958 (56.97)	45,602 (44.05)	39,698 (51.83)	42,995 (49.54)
Northeast (%)	411,508 (39.43)	479,837 (35.88)	481,860 (41.04)	512,328 (41.54)	346,573 (45.63)
South (%)	71,593 (43.01)	67,763 (39.01)	84,234 (38.15)	96,137 (50.61)	48,611 (42.20)
By area					
Urban (%)	49,378 (47.54)	56,494 (48.29)	61,194 (52.95)	86,377 (58.06)	41,406 (49.41)
Rural (%)	614,633 (41.00)	731,291 (39.45)	742,475 (41.23)	726,928 (42.08)	571,388 (46.28)

Source: Social Economic Survey conducted by National Statistics Office

Diagram 3.3.9 shows that the Old-age Poverty rate is decreased slightly in 2002 compared with previous years due to the economic performance recovery.

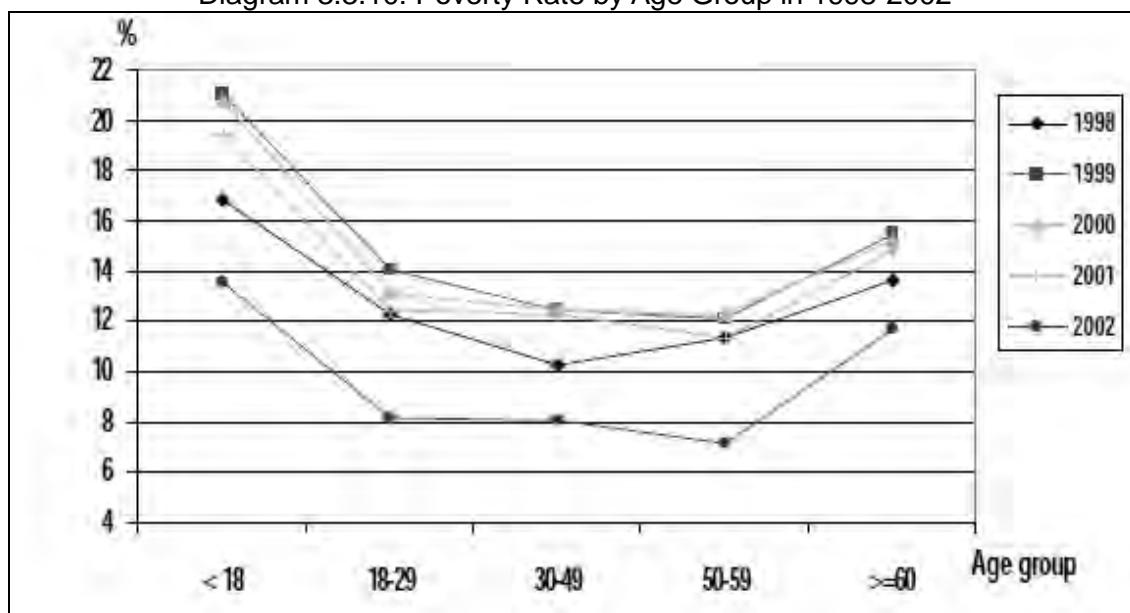
Diagram 3.3.9: Transition of Old-age Poor in 1998-2002



Source Social Economic Survey conducted by National Statistics Office

In Thailand the participation in the labor market of the elderly is usually low. Therefore the income of people diminishes with age. Diagram 3.3.10 shows that the poverty rates are higher in younger generation and older generation than the working population (Worawan 2002).

Diagram 3.3.10: Poverty Rate by Age Group in 1998-2002

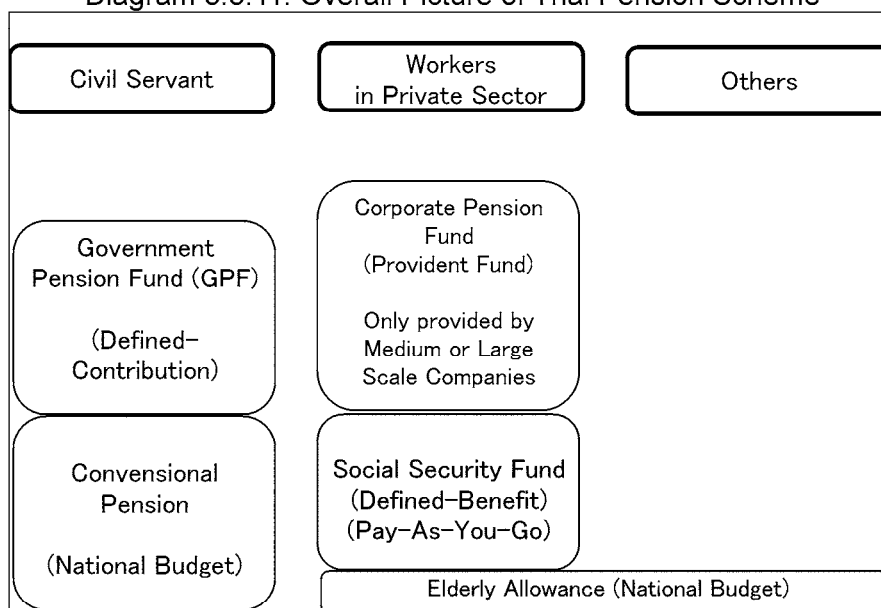


Source: Worawan Chandoevit 2003

### 3.3.2 Overview of Old-age Benefits

In Thailand, there are mainly three types of old-age benefits. These are (1) Social Security Scheme for workers in private sector, (2) pension schemes for the central government civil servants, and Elderly Allowance provided to the elderly aged over 60 (some exception applied). Other than these there are several schemes indicated in Diagram 3-3-12.

Diagram 3.3.11: Overall Picture of Thai Pension Scheme



Source: Created Survey Team

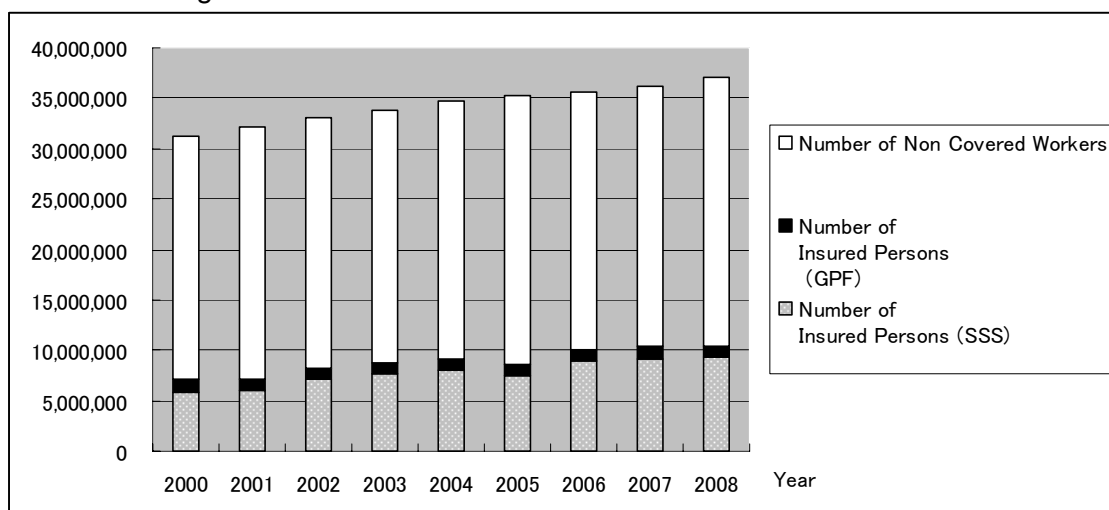
Diagram 3.3.12: Old-age Benefits in Thailand

	Name of the Scheme	Characteristics	Administrative Authority	Insured Persons
Old-age Benefit	Elderly Allowance	Social Assistance	Ministry of Interior, DLA	The Elderly aged 60 or over
	Social Security System (SSS)	Pay-As-You-Go System Defined-Benefit (DB)	SSO	All Employees in Private
	Government Pension Fund (GPF)	Pay-As-You-Go System Defined-Contribution (DC)	GPF	Government Official, Military Personnel, etc.
	Government Permanent Employees' Fund	Funding Defined Contribution (DC)	GPEF	Government Employees
	State-owned Enterprises' Provident Fund	Provident Fund	SEPF	Employees of State-owned Enterprises
	Private School Teachers' Welfare Fund (PSTWF)	Provident Fund	PSTWF	Private School Teachers
	Private Sector Provident Fund (PSPF)	Provident Fund	PSPF	Employees in Private Sector
	Retirement Mutual Fund (RMF)	Defined Contribution (DC): Similar to 401K in USA	Private Financing	Self-employed

Source: Created by Survey Team

As indicated in Diagram 3.3.13, only 36 percent of total working population is covered by either GPF or SSS while very limited number of people (only few percent of population) is covered by other pension schemes.

Diagram 3.3.13: Number of Covered and Non Covered Workers



Source: Information provided by Ministry of Finance

### 3.3.3 The Social Security Scheme (SSS)

Thai Social Security Scheme for workers in private sector is being implemented under the Social Security Act in 1990. The pension scheme was introduced in December 1998.

Concerning the pension scheme for workers in private sector, pension benefit is one of the benefits wide range benefits (invalidity benefits (health and income security), maternity benefits, old age benefits, disability benefits, death benefits, child allowances, unemployment benefits, occupational injury benefit). Contribution for the scheme is subsequently continued, since the eligibility for old-age pension is 15 years contribution period, beneficiaries of old-age pension will first appear in 2014<sup>17</sup>.

Social Security Fund, which contains pension components, targets workers in private sector aged from 15 to 60, and since year 2002, the compulsory coverage has been enforce to all private companies with more than one worker.

#### Historical Development of Coverage of SSS

1990	Social Security Act Introduced
1998	Pension Scheme and Child Allowance Intorduced Applied to workplaces with more than 10 workers (Whole Country)
2002	Applied to more than one workers (Whole Country)

<sup>17</sup> No provisions for pension benefit which offers transitional measures for those who contribute for less than 15 years.

There are three categories of insured persons:

Article 33: a compulsory insured persons who are 15-60 years old

The employee who has been over fifteen years of age and not more than sixty years of age, shall be insured person.

Article 39: a voluntary insured persons who are 15-60 years old

The employee who has left the workplace but wishes to continue to be an insured, upon submitting an application form, can become the insured on voluntary basis.

Article 40: a voluntary insured persons who are 15-60 years old

A person who is not applicable under Article 33, may apply for becoming an insured on voluntary basis.

Diagram 3.3.14: Contribution Rates and Amount of Contribution based on Articles Applied

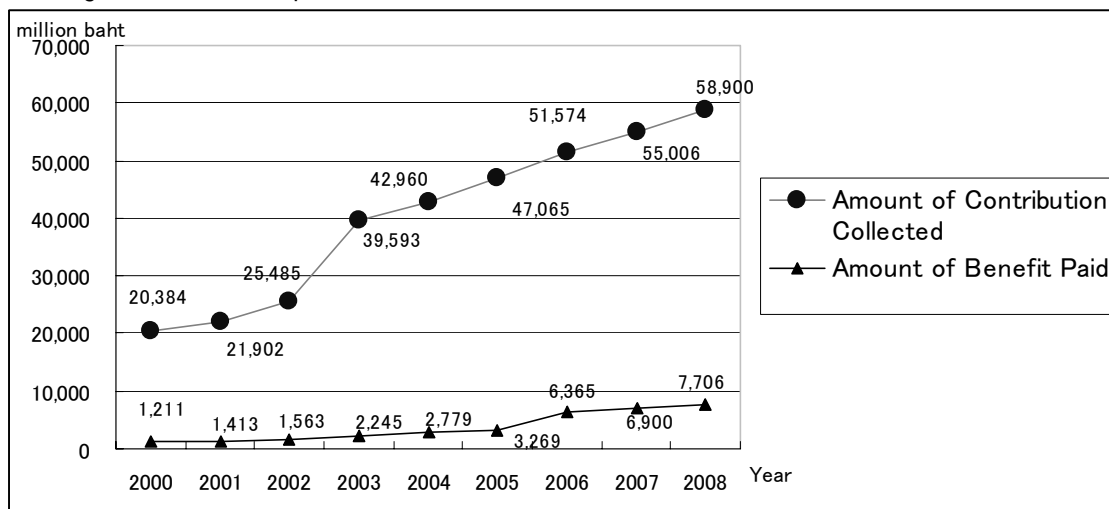
	Article 33			Article 39		Article 40
	Insured Person	Employer	Government	Insured Person	Government	
4 Types of Benefits (Benefits against Sickness, Maternity, Invalidity and Death)	1.50%	1.50%	1.50%	144 Baht/Month	72 Baht/Month	2,360 Baht/Year (excluding sickness benefit)
2 Types of Benefits (Child Allowance and Old-age Pension)	3%	3%	1%	288 Baht/Month	48 Baht/Month	–
Unemployment	0.50%	0.50%	0.25%	–	–	–
Total	5%	5%	2.75%	432 Baht/Month	120 Baht/Month	2,360 Baht/Year

Source: Social Security Office

Contribution rate is 10 percent equally shared between workers and employer (5 % each: 3% for pension and child allowance, 1.5% for health insurance, 0.5% for unemployment insurance). The Government also obliged to contribute to the scheme with the rate of 2.75 percent (1% for pension and child allowance, 1.5 % for health insurance, 0.25% for unemployment insurance). However, the based income for the contribution will be limited up to **15,000** baht. For in excess of this amount, the contribution cannot be imposed.

Social Security Fund, which contains pension components, targets workers in private sector aged from 15 to 60, and since year 2002, the compulsory coverage has been enforce to all workplaces with more than one workers.

Diagram 3.3.15: Comparison between Amounts of Contribution Collected and Benefit Paid



Source: Created by Survey Team based on data of SSO

#### Reference: Comparison between Employees' Pension Insurance of Japan and Social Security Scheme (only pension component) of Thailand

The following diagram shows the comparison of main features between Employees' Pension Insurance (EPI) and Social Security Scheme (only pension component) of Thailand. The upper age limit of EPI fixes at the age 70 while Thai system fixes at the age of 60. These age limits reflect their social and economic conditions such as situation of ageing and economic performance.

In case of Japan, from very early stage the scheme was designed to cope with rapid ageing based on financial re-evaluation by introducing revision of contribution rate, increasing pensionable age, etc. Considering the current situation of Thailand, in order to cope with rapid ageing society, similar policy interventions would be required.

The progress of ageing leads an additional issue that is income security of survivors. Under the current Thai Social Security Scheme there is no benefit for survivors. Therefore, the possibility of such benefit needs to be discussed.

#### Comparison between Employees' Pension Insurance of Japan and Social Security Scheme of Thailand

	Employees' Pension Insurance (JAPAN)	Social Security System (Thailand)
Applied Workplace	Workplace permanently employing more than 5 workers	Workplace employing more than 1 worker
Insured Person	Workers aged between 16 and 69	Workers aged between 15 and 59
Number of Insured Person	Approx. 38 million people	Approx. 9 million people
Contribution Rate	15.754% of monthly income (equally shared between employer and employee)	6.0% of monthly income (equally shared by employer and employee)
Kinds of Benefits Provided	Old-age, invalidity, survivors' benefits, etc.	Old-age benefit, etc
Pensionable Age	65 of age (Old-age; Currently transition measures applied. Therefore, beneficiaries may receive specially provided Employees' Pension benefit from 60 years of age. But the pensionable age will be gradually increased to 65 by 2025)	55 of age
Condition for Pension Benefit	25 years of contribution-paid period (including the exemption period under National Pension, etc.)	15 years of payment
Ageing Ratio	22.8% (2009)	7.7% (2010) estimate
Administrative Institution	Japan Pension Service	Social Security Office

Note: This diagram created for the reference purpose. Only typical cases are showing in the Diagram.

Source : Created by Survey Team

### **(1) Pension Calculation Formula**

In order to receive old-age pension, at least 180 months (15 years) contribution-paid period is required, and pensionable age is 55 year of age. The scheme does not require if the contribution paid-period is subsequently continued or not. Although 12 years have been passed, the scheme has not observed any person who meets the requirement of 180 months of contribution-paid period.

Old-age pension benefit is calculated based on the 60 months average income prior to their retirements. In case contribution-paid period is 180 months (15 years) 20 per cent of the 60 months average income prior to their retirements. If contribution-paid period is more than 180 months, then 1.5 % will be added for every 12 months. For example, if the contribution-paid period is 480 months, the benefit will be 57.5% (20% +37.5%). On the other hand, if the period is less than 180 months, the lump-sum benefit will be paid based on the following conditions:

- 1) Reach age 55, or become disabled or death of the insured
- 2) Not being the insured

The amount of the lump-sum benefit is:

- a) In case the contribution-paid period is less than 12 months, the sum of contribution paid (3% of income)
- b) In case the contribution-paid period is more than 12 months, the sum of contribution paid (6% of income) and interest defined in the articles 76 and 77 of Social Security Act 1990.

After beneficiaries submit application forms for Lump-sum Benefits to SSO Provincial Offices, the benefit will be paid through designated bank accounts.

### **(2) Investment of Pension Reserve Fund**

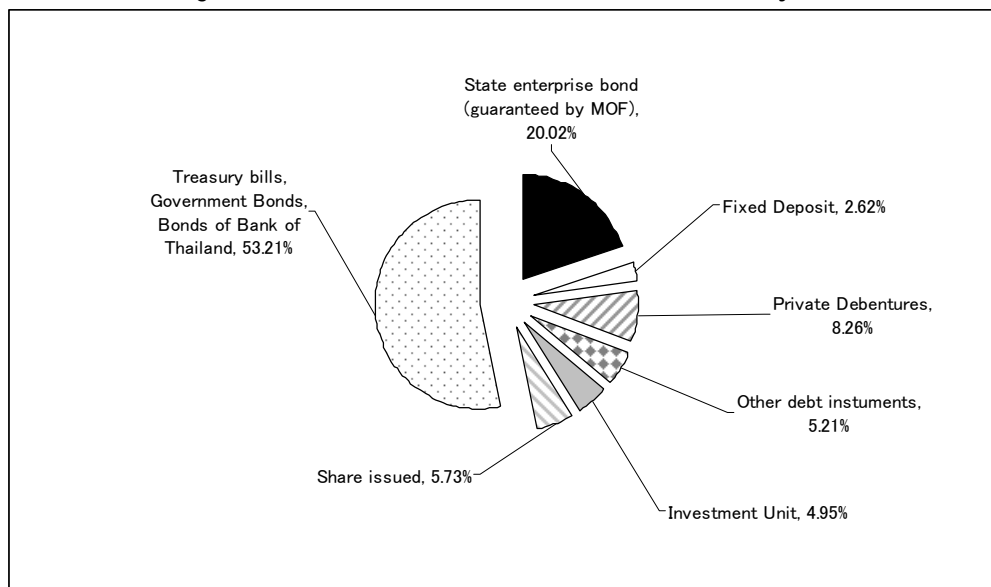
For investment policy under Social Security Fund, committees consisted of tripartite group (representatives of workers, employers and the government) are responsible for the monitoring and recommendation. The Ordinance of Ministry of Finance defines that 60 percent of funds should be invested into low risk products, and therefore, invested in to national bond, corporate bond and purely savings.

Investment of Social Security Fund is still carried out by SSO. GPF has achieved good performance for its investment, it is necessary to outsource the administration of fund. Since the further accumulation of fund is expected, flexibility of its operation is expected.

The investment of SSF complies with the Social Security Committee Regulations on investment of the Social Security Fund 2006. The regulation stipulated the scope to invest in highly secure assets at not less 60percent of the total amount of the fund and invest in risky assets at not more than 40percent of the total amount of the fund. The SSO performed the tasks in accordance with the Regulations on Investment of the Social Security Committee and annual investment plan under the approval of the Social Security

Committee. This plan will consider the investment returns, the risk of investment and the stability of the fund in the long run.

Diagram 3.3.16: Investment Portfolio of Social Security Fund

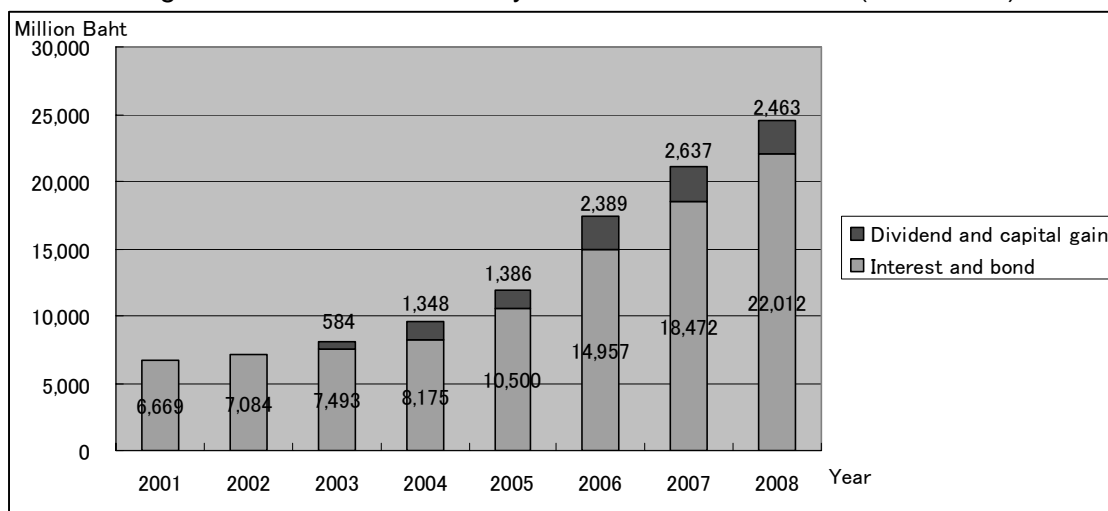


Source: Annual Report 2008, Social Security Office

According to the Annual Report of Social Security Office 2008, 84 percent of assets are highly secured and 16 percent of assets are risky.

In 2008, the Social Security Fund has investment return amounted of 24,475 million baht (consists of : interest income received from government bonds and corporate bonds of 22,012 million baht and the dividend and capital gain from sale of common stocks of 2,463 million baht) which was higher than that of last year at the amount of 21,109 million baht.

Diagram 3.3.17: Social Security Fund Investment Return (2001-2008)



Source: Annual Report 2008, Social Security Office

### **(3) Record Keeping**

The collection of contribution for Social Security is mainly undertaken by SSO Provincial Offices. However, the workplaces become applied workplaces after submission of application form. Data processing is done by officers of Data Processing Division of SSO Provincial Offices, and there are some cases that data is miss-recorded.

### **(3) Policy Options raised by Social Security Office**

According to the Annual Report of SSO of 2005, it is mentioned as follows:

(Projection of Pension Fund and Pension Scheme Financing)

“For the status of the old age pension fund, it was found by the result of the actuarial projection that if the contribution rate was still fixed at 3% of wages for both parties under the assumption of return rate at 6%, the old age pension could be paid from the fund after the year 2014 until 33 years that the fund would reach the shortfall. “

“Therefore, the result of actuarial valuation shows that the amount of the fund will be sufficient for pension payment until the year 2100 or 86 years after 2014 if the SSO increases the contribution rate in 2020 (the next 14 years). In every 10 years, the contribution rate should be increased at the rate of 3.2% each time (1.6% for each party). Until 2030, the contribution rate should be increased from 3% of wages each into 16% of wages each. Then, the fund in the year 2100 will be sufficient for pension payment for another five years. “

(Increasing Pensionable Age)

“In addition, another option for financial viability of the old age pension fund without increasing the contribution rate is to extend the retirement age from 55 years to 60 years and 65 years according to life expectancy of the population in future to extend the duration of contribution payment. To place emphasis on the investment for maximum rate of return is one of the important factors because the old age pension fund holds the large amount of saving, the investment return has critical impact to the financial viability of the fund.“

#### **3.3.4 Government Employees' Pension (GPF)**

The Government Employees' Pension was established in 1902 in Thailand, through the several experiences of reforms, since 1951, based on the Government Employees' Pension Act, benefits were paid by the government (if less than 25 years of working period, lump-sum benefits were paid according to the duration of work). In 1997, the government formed Government Pension Fund (GPF) as contributory pension scheme financed between workers (civil servants) and employer (the government). Therefore, old-age benefit for civil servant was reformulated tax-financed pension benefit based on the 60 months average income prior to the retirement as the first pillar, and the lump-sum benefit based on the contribution from workers (civil servants and employer (the government) as the second pillar.

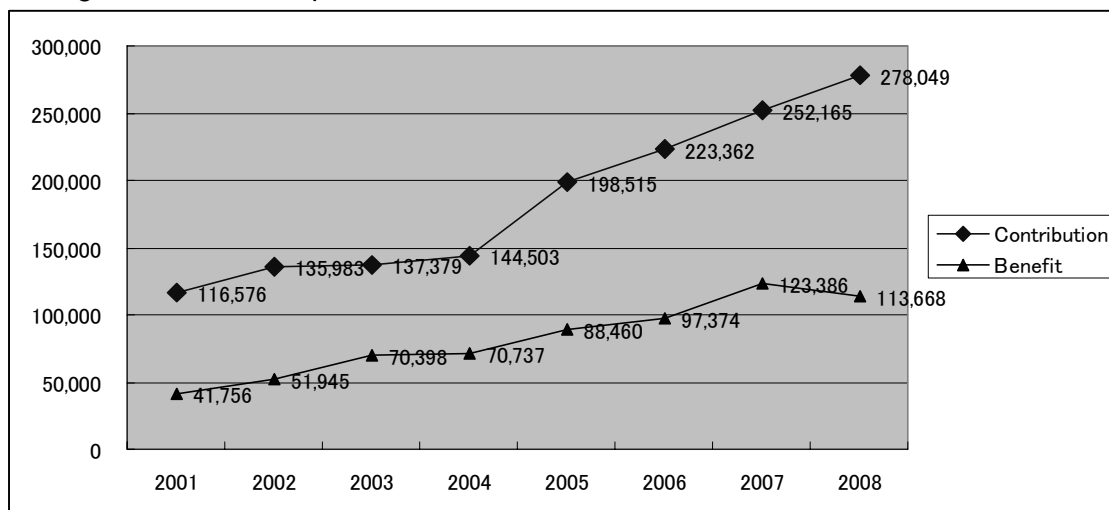
The number of members of civil service employees is approximately 1.17 million people in 2008. Under GPF, there are 12 categories of government officials who are the member of GPF listed below:

- 1) Civil official under the law on civil official rules
- 2) Juridical officials under the law on juridical official rules
- 3) Civil officials in a university under the law on civil official in the university rule
- 4) Public prosecutors under the law on public prosecutors rules
- 5) Teachers under the law on teacher rules
- 6) Ordinary parliamentary officials under the law on ordinary parliamentary official rules
- 7) Police officials under the law on public official rules
- 8) Military officials under the law on military official rules
- 9) Juridical officials under the law on Constitutional Court rules
- 10) Civil officials of the Office of the Administrative Court
- 11) Civil officials of the Office for the National Counter Corruption Commission
- 12) Civil Officials of the Office of the Auditor General of Thailand

#### (1) Contribution Rate of Official and the Government

Officials, who joined government service after 27 March 1997, are obliged to contribute 3 percent of the salary and can contribute up to 15 percent of their salary. The Government subsidizes 3percent of matching contribution to GPF. Members' contribution up to 300,000 baht can be tax deducted.

Diagram 3.3.18: Comparison of Amount of Contribution Collected and Benefit Paid



Source: Ministry of Finance

## **(2) Pension Calculation Formula**

(A) Old Scheme (those who worked before 1997 and choose to apply the old system)

The eligible people for this scheme are retirees over 25 years of working experience (regardless of age.) and retirees with the length of service or more than 10 years and aged over 50.

In case the retirees do not meet these conditions, the lump-sum benefit will be paid to those who have length of service over 10 years (irrespective of age) or more than a year of service and aged over 50. The amount of old-age pension benefits is calculated based on the income of last month prior to the retirement, and two percent will be added for every one year service. Also, Lump sum benefit will be calculated based on the income of the last month prior to the retirement.

(B) New Scheme (those who started to work before 1997 and choose to apply the new scheme or those who started to work after 1997)

The benefit for first pillar and lump-sum benefit are the same as old scheme. The amount of monthly pension is based on the 60 months average salary prior to the retirement and two percent will be added for every one year service. The maximum mount of pension is limited up to 70 percent of average salary (35 years).

(a) Case of government officials worked before March 1997

Option 1: The amount of pension is determined by length of service and salary at retirement. The maximum pension is 70percent of salary at the retirement

Option 2: Join GPF. Receive a non-contributory pension that is calculated based on the 60 months average income prior to the retirement. GPF will be paid the amount based on the contributions by the insured and the government (6 percent of monthly income) plus the amount of the investment yield.

(b) Government officials working the case since March 1997

No other choice. Joining GPF is the only option. Benefits are the same as Option 2 above.

## **(3) Invest of Pension Reserve Fund**

25-member tripartite board of directors comprises 12 representatives from employees, nine from employers, 3 experts and Secretary General who is Fund's Chief Executive Officer and Chief Investment Officer.

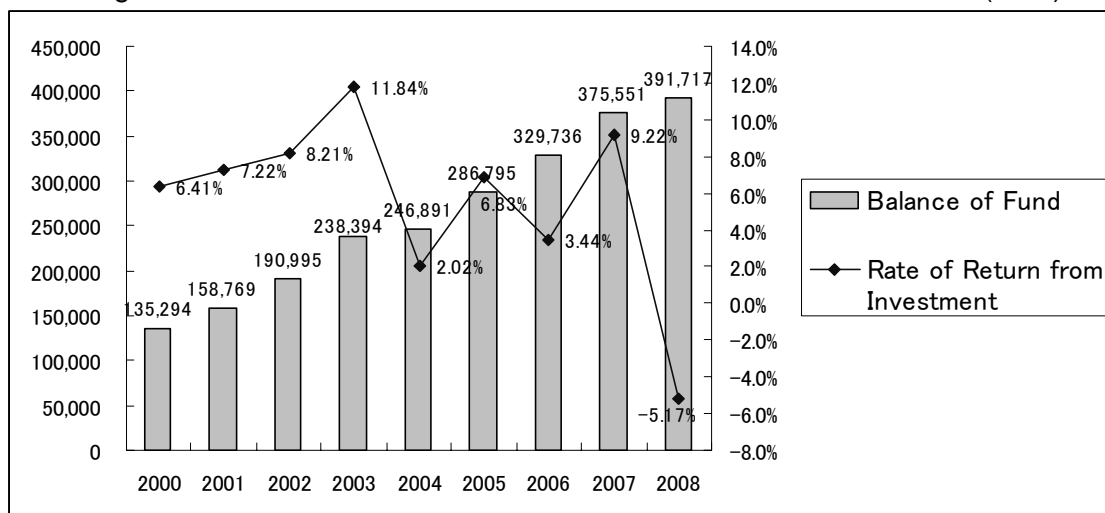
The Board is vested with the power of formulate fund administration and investment policies, and to ensure that the Fund is managed effectively and prudently in full compliance with the Act and all applicable laws for the exclusive benefits of the members.

In line with this policy, the fund has been accumulated large amount of fund over the last decade, and the rate of return from investment performed excellently, except year 2008. The year 2008 was challenging year for the fund due to the financial crisis in the market.

The amount of fund increased from 135,296 million baht in 2000 to 391,717 million baht in 2008, which was 300 percent increase during 8 years. Economic growth seems to have contributed to the good investment performance.

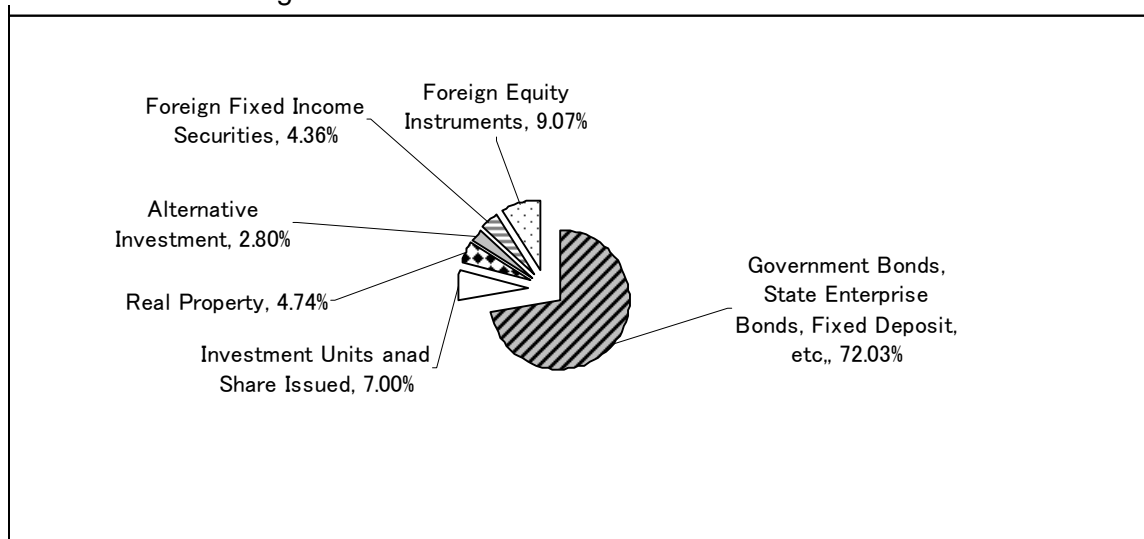
Three-fourth of fund is invested low-risk items such as government bonds and State enterprise bonds which are guaranteed by Ministry of Finance.

Diagram 3.3.19: Balance of Fund and Rate of Return from Investment (GPF)



Source: Ministry of Finance

Diagram 3.3.20: Portfolio of Investment of GPF Fund



Source: Ministry of Finance

### 3.3.5 Elderly Allowance (Bia-Yang-Cheep)

The Elderly Allowance was introduced in 1993 after the Chuan government was formed in 1992. It was a significant effort to introduce this allowance since it had means-tested principle, the following three conditions were required:

- (a) Thai citizen aged over 60
- (b) Low income and no family members and relatives for support
- (c) No capacity for work

Local governments together with the Community Councils screened and prioritized the beneficiaries based on their living standard. Along with this procedure, local governments requested for budget to Ministry of Interior. Later research conducted by the Graduate School for Population Studies, Chulalongkorn University Population (2007), 55 percent of the elderly, who should have received this benefit, did not receive.

Elderly Allowance was revised in 2009 by the current Abhisit Government. Since April 2009, the allowance has been paid to those who are aged 60 and over except for former civil service officials. According to TDRI estimate, there are approximately 8.5 million potential beneficiaries, but only 3.5 million elderly are receiving. The Allowance is financed by the national budget (MOI) which is the same as before.

One significant issue is that since the allowance is paid through bank account<sup>18</sup>, the commission of money transfers shares large proportion of allowance. Therefore, the beneficiaries receive much less than 500 baht.

Regarding definition of Elderly Allowance, there are some opinions that it is not the old-age benefit since the amount is one-third of poverty line<sup>19</sup> and with that amount it is extremely difficult for the elderly to survive. For this reason opinions request the increase of the benefit amount.

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<sup>18</sup> All the beneficiaries who wish to receive need to have a bank account.

<sup>19</sup> Poverty line is approximately 1200 baht per month.

There are many initiatives to expand the coverage of the scheme such as ①, ② and ③. Each plan has advantages and disadvantages, therefore ① has abandoned since it has not accepted by the Cabinet. ② and ③ have been introduced and policy administrators are considering their expansion. The discussion of the following ④ and ⑤ at ministerial level has ended, and the bills for social security extension to non-covered population are waiting for the Cabinet Approval. Due to the political situation and current complicated situation, no one knows which bill will be submitted to Parliament. There are many uncertain factors which may affect the policy-making procedure.

- 1) National Pension Fund (former MOF plan) - to revitalize the capital market, establish a defined contribution plan
- 2) Community Welfare Scheme (Community Initiative)
- 3) Expansion of Elderly Allowance - introduction of tax against assets, and increase elderly allowance
- 4) Introduction of Pension Savings Fund (draft by academics) – There is a consensus that, because of the speed of the ageing, this plan seeks for the way not to give heavy burden to the working age population. Target people would be those who are outside GPF.
- 5) Introduction of Pension Savings Fund (draft by MOF) – MOF suggests the plan that the new scheme should be cover those who are outside GPF and SSF. The difference between 4) and 5) is the scope of coverage.

The diagram illustrates the Social Security System in Japan, categorized by the type of contributor and the source of funds. It is organized into three main columns: Civil Servant, Workers in Private Sector, and Others.

- Civil Servant:**
  - Government Pension Fund (GPF) (Defined-Contribution)
  - Conventional Pension (National Budget)
- Workers in Private Sector:**
  - Corporate Pension Fund (Provident Fund)
    - Only provided by Medium or Large
  - Social Security Fund (Defined-Benefit) (Pay-As-You-Go)
    - ④ Scope of coverage
- Others:**
  - ② Community Welfare
  - ① National Pension Fund (Old Plan by MOF)
  - ⑤ National Saving Fund (Draft Bill)
  - ③ Elderly Allowance (National Budget)

Arrows indicate the flow of funds:
 

- From Civil Servant GPF to Civil Servant Conventional Pension.
- From Civil Servant GPF to Social Security Fund.
- From Civil Servant Conventional Pension to Social Security Fund.
- From Workers in Private Sector Corporate Pension Fund to Social Security Fund.
- From Workers in Private Sector Social Security Fund to Others ③ Elderly Allowance.
- From Others ① National Pension Fund to Social Security Fund.
- From Others ⑤ National Saving Fund to Social Security Fund.

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attract them such as medical benefit would be included, monthly contribution would be implemented and the subsidy from the Government would be provided.

### **3.3.7 Activities of other donors and international organizations**

- (1) Community Welfare Scheme – Community Organization Development Institute (Ministry of Social Development and Human Security), UNDP

Dr Narumol Nirathron, Thammasat University, explains as follows:

“Community welfare is a self-help system among people in the rural area. It comes in a variety of forms and methods covering many aspects of well being occasionally including pension components. Community welfare is regarded as a crucial alternative source of social protection for people in rural area. In 2006 the National Economic and Social Development Board introduced a pilot project in six areas of three provinces in the Central, Northern and Southern part of Thailand. The salient features of the community welfare are the savings groups and community enterprises. Strong social capital is seen as major success factors. Community welfare emerges from the attempts to fulfill needs of community, upgrade standard of living, reduce debts, generating income and basic security such as health, education, funeral, welfare for the elderly, the disabled, labor rights protection through activity process, ritual, ideology and funding as means of linkage. This is strengthened by shared values, culture, compassion, social capital, local wisdom which enable communities to solve their problems and achieve self-reliance. “

- (2) ADB

ADB supports technically to MOF in order to introduce fully funded scheme among non-covered population. The project ‘Pension System Design’ was conducted from 31 December 2003 till 31 December 2007. As the outcome of this project, it had contributed to design the system of NPF and coordination methodology with Old age benefit under SSS.

ADB’s technical inputs highlight financial sustainability of scheme and introduce mandatory schemes. For this reason, ADB considers that it was necessary to introduce a defined mandatory contribution (Pillar 2) to supplement the Old Age Pension with a target replacement rate of another 15-20 percent of average pay for a total replacement rate of 50-55 percent of average pay, which was deemed an adequate pension to prevent poverty in old age. This project was implemented from December 2003 till December 2007.

- (3) ILO

SSO receives continuous technical supports from ILO. The relationship between ILO and SSO has been continuing since the establishment of SSO. ILO provides actuarial support periodically and SSO takes into consideration ILO’s input seriously. Especially recent financial re-evaluation of Social Security Fund was done by ILO and the result gave a significant impact on the scheme administrators. Because of this, policy makers have urged to consider re-designing social security system in Thailand.

Although ILO' technical Cooperation is on demand basis, they have been established good relation with SSO and other organizations.

### **3.3.8 Issues and Policy Options of Thai Pension Scheme**

Although specific cooperation would be affected by the policy implications and discussions by Thai Government, possible policy options would be as follows:

#### **(1) Speed of Ageing**

One important thing is to move quickly. We expect a gradual increase in social security costs, so if we raise tax burdens right now, we will succeed in keeping the future burden ratio relatively low. If we delay, the problem will get worse

As many of industrialized countries are now experiencing, strong policy interventions are required. The issue of income security in old age often becomes political. Rational and reasonable decision-making is requested.

Expanding benefit level of Elderly Allowance would be the urgent option for the decision-makers to provide

#### **(2) Poverty in Old-age**

In Thailand, the poverty rate in old-age tends to become higher than other working generations. Therefore a possible option is to try to persuade people to work for longer, delaying pensionable age pension and using older workers to bolster the labor force. The effort of the Government will be huge to change people's mind-set but this could be one of the options.

Traditional family support system would be harmed along with the urbanization of the country. Therefore, reliable pension schemes are needed to cope with variety of elderly people.

#### **(3) Financing Pension Scheme**

Contribution rate is still kept at low level in order to administer the scheme financially sustainable. This may affect the healthy financing of pension and allied schemes. At the same the Value Added Tax (VAT) is still maintained at 7 percent in Thailand, there are some rooms to discuss stable pension financing.

An addition to the tax financed system, the government initiate a discussion about which financing system would be appropriate in Thailand such as 'Defined Contribution' or 'Defined Benefit'.

The risk is that on one hand, contribution accumulated is the saving of pension schemes, but on the other hand, it will be debt in the future.

#### **(4) Extension of Coverage**

Extension of coverage still remains priority needs in pension schemes. Overall coverage rate of social security is approximately 30 percent plus. Majority of working population is still excluded from social security old-age benefits

There should not be any of non-covered people under social security scheme. There are many options offered by different ministries. As the World Bank offers that 3-pillar system would be appropriate pension system in a country. First, a system to provide old-age benefit should be introduced. Although 'Elderly Allowance' as "Welfare Pension" would be an option to be such benefit, the amount does not meet the needs of the elderly.

Coverage of non-covered people is very critical and significant issue. Any of public authority cannot capture all of them with proper information such as address, income amount, family structure, etc., flat-rate tax-financed approach could be an option to avoid high administration cost.

#### (5) Pensionable age

As actual practice, retirement age is deferred from 55 to 60 years in private sector. Considering current ageing and other factors, it is necessary to discuss about the pensionable age to match the practice

High speed of ageing occasionally denies the health pension financing because it is beyond the estimate of specialist such as actuaries.

Before facing serious issues, pension scheme need to be changed according to social change in coordination with other employment policies and welfare schemes. The policy could shift to long contribution payment by workers so that long-term contribution is expected. .

#### (6) Indexation by wage and price

There is almost no discussion about indexation, which will guarantee the certain level of pension benefits according to the increase of price and wage.

In many developing countries, prices are increasing year by year. But there is no Article to guarantee the level of pension benefit. Without indexation system, actual value of pension benefit will decrease while may lead old age poverty.

#### (7) Pension Scheme Administration

It is necessary to arrange the necessary preparation in order to cope with the increase of large volume of document work concerning pension scheme from 2014. Appropriate allocation of staff and effective training of officials are needed. Efficient Administration requires, streamlined reporting, maintenance of accurate record keeping, allowing efficient auditing of records and benefit calculation.

#### (8) Competent Authority

At present, different authorities are individually administering pension and allied schemes. It is necessary to hold joint coordination meeting among administrators. Such occasion may contribute to know the issues and solutions of different schemes.

### **3.3.9 Prospects for Thai-Japan Cooperation**

(1) The interviews conducted to Social Security Office revealed that training needs in terms of scheme administration at SSO Provincial Office level. The administration system at social insurance offices of Japan would be a good chance for them to know and feedback to their administration. Japan's long operational experience would contribute to provide hints to them. In addition, the experience of Japan when pension system was extended to whole citizens in Japan would be beneficial to them. Officials of Ministry of Health, Labour and Welfare, Japan Pension Service, and consultants would be the resource for this cooperation.

(2) Since there is no provisions for survivors' benefit, and income security for survivors will be a significant issue in Thailand. In order to introduce such benefit, technical inputs are required and there Japan may provide technical assistance. Officials of Ministry of Health, Labour and Welfare, Japan Pension Service, and consultants would be the resource for this cooperation. In relation to system establishment, private sector would be the appropriate resource.

(3) Pension schemes are administered by different competent authorities. Record keepings are done differently. The administration cost is relatively high. A unified database for pension schemes can be beneficial for them. As an initial action to seek the possibility of cooperation, a workshop needs to be organized. In such case, consultants specialized in pension schemes would be the main resource.

(4) Japan has been experiencing rapid ageing society compared with other industrialized countries. To cope with such situation, the Government of Japan took a series of advanced policy interventions. The Government is requested to responsibilities of family, Government and market. Also capacity development of policy makers in terms of scheme design, financing and administration would be important. For this reason, there are some spaces to corporate with SSO in terms of providing trainings in Japan. Considering possibility of cooperation, officials of Ministry of Health, Labour and Welfare and Scholars specialized in pension schemes are appropriate for scheme design, Actuaries are appropriate for financial control, and Japan Pension Service is appropriate operational management.

Diagram 3.3.22 : Development Level of Social Security and Strategic Goals in Thailand, and Resources of Cooperation

Strategic Goal	Issues	Required knowledge and technology	Relevancy and advantage in relation to Thai issues	Possible cooperation resources
Strategic Goal Level 2 : Designing of SS	Deepen basic knowledge and information of SS.	<ul style="list-style-type: none"> <li>Knowledge of history and experiences of SS in other countries.</li> <li>Knowledge of history and experiences of SS in Thailand.</li> </ul>	<ul style="list-style-type: none"> <li>Basic laws regarding social security and employment are already established and introduced in Thailand</li> </ul>	<ul style="list-style-type: none"> <li>Experienced government officials of Ministry of Health, Labor and Welfare</li> <li>Japan Pension Service</li> <li>Scholars specialized in Pensions Consultants</li> </ul>
	Laws and regulations	<ul style="list-style-type: none"> <li>Knowledge of Laws of public administration, public finance, and SS.</li> </ul>		
	Basic design of SS	<ul style="list-style-type: none"> <li>Knowledge of actuaries</li> <li>Knowledge of social and health issues in Thailand.</li> </ul>	<ul style="list-style-type: none"> <li>Re-designing of pension scheme in order to respond ageing in Thailand</li> <li>Introduction of Survivors' Pension</li> <li>Japanese experience in ageing</li> </ul>	
	Development of devices to meet each issue	Experiences in <ul style="list-style-type: none"> <li>Data and information management</li> <li>Technique of fiscal control</li> <li>Technique to take contributions from informal sector population.</li> </ul>	<ul style="list-style-type: none"> <li>Unification of record management of pension schemes</li> <li>Japanese experience in the collection of contribution</li> <li>Japanese experience in providing pension benefits</li> </ul>	
Strategic Goal Level 3 : Strengthen Operational Capacity	Infrastructure development for improving operation	<ul style="list-style-type: none"> <li>Experiences in designing operational system</li> <li>Knowledge in computer system development</li> </ul>	<ul style="list-style-type: none"> <li>Unification of pension related information</li> <li>Possibility of utilization of developed information system and operational guidelines in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Experienced experts in SS Schemes in Japan.</li> <li>Japan Pension Service</li> <li>System consultants</li> <li>System engineer</li> </ul>
	Capacity development for improving operation	<ul style="list-style-type: none"> <li>Experiences in operational management</li> <li>Skills in designing capacity development</li> <li>Skills as trainers of training to improve basic capacity in operation.</li> </ul>	<ul style="list-style-type: none"> <li>Necessity of capacity development according to operational guidelines</li> <li>Possibility of utilizing training system and method of application to those who changed SS schemes in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Experienced operation experts in SS Schemes in Japan.</li> <li>Japan Pension Service</li> <li>Private organizations for skill training, consultants</li> </ul>

Source: Created by Research Team based on 'Social Security - Guideline for Specific Development Issue -' Japan International Cooperation Agency, March 2009

**Box 1: Government Permanent Employees' Fund**

Government Permanent Employee is a person who receive permanent wage from government. Permanent wage means money paid as wages to permanent employees working for the official agencies as per rate fixed in the salary schedule including money specified by Ministry of Finance for payment in form of permanently and other increments that are paid out together with salary as follows:

- (1) Special monetary allowance for welfare
- (2) Allowance for service in arid areas

Based on above-mentioned salary, employees need to pay 3 percent of their salary to the Fund and the Government as their matching contribution.

Upon the retirement of permanent employees or termination of contract with any reasons, lump-sum benefit will be paid by the scheme.

In 2007, there were 157,252 insured persons and 6,690 beneficiaries. The Fund collected 8,478 million baht in 2007. The balance of Fund as of 2007 was 10,505 million baht, it is increasing every year.

**Gratuity**

The permanent employees will receive a gratuity from the national budget in accordance with the Ministry of Finance's Regulations on Employees, Gratuity 1976

**Box2: Private School Teachers' Welfare Fund**

Private School Teacher's Welfare Fund is the mandatory provident fund scheme. The scheme was defined by the Private School Act. The Contribution rate is 3 percent of salary from teachers and principal and 3 percent from the school, while government contributions are 6% of salary.

The teachers and principal will receive lump-sum benefit when they resign from their work with a vesting period of 5 years of service. With this condition most of teachers will resign at 5 years of service and be re-employed.

In 2004, there were 127,034 teachers and principals in 7,688 private schools with a fund size of 7,818 million baht, managed by Ministry of Education.

By Act, they are allowed to invest the fund only in government and state owned enterprise bond or deposit in state owned enterprise banks.

**Box 3: State Own Enterprise Provident Fund**

In Thailand, some of the state owned enterprises provide provident funds to their employees. The go

In 2004, there are 74 state owned enterprises in total providing provident fund based on the Provident Fund Act 1987. There were 294,797 workers covered under the Act in 2004.

Total amount of fund in 1999 was 10.213 million baht.

## 3.4 Health Security

### 3.4.1 Overview of Health Security

There are several different schemes of health security each of which covers a different group of the population. The high-income populations tend to be covered by the private insurance schemes. Civil Servant Medical Benefit Scheme (CSMBS) and the respective public pension funds (see “Diagram 3.4.6: Characteristics of Public Health Insurance/Security Schemes”) cover the public employees. The private sector employees are covered by Workmen’s Compensation Scheme (WCS) and Social Security Scheme (SSS, see previous section). The farming populations, self-employed, and other informal sector workers (75% of the population), are covered by Universal Coverage Health Care Scheme (UC) that had been introduced in 2002. There is no uncovered person, at least in theory, and realized 100% coverage.

#### CSMBS

The CSMBS provides medical benefits to government officials and their dependants. The CSMBS was the first, and the most generous, medical benefits scheme established in Thailand. The benefits include in-patient and outpatient treatment. The hospital care is provided either in a private or public hospital. There are some limits on benefits if patients wish to have a private room.

Government expenditure on health-care for government officials and their dependants has been very large. The scheme covers about 4 million people, but consumed 15.5 billion baht in 1997, which represented about 1.80 per cent of total government expenditure. This expenditure increased to 20.5 billion baht in 2002, (about 2.14 per cent of total public expenditure). By 2007, this expenditure had grown by 26 per cent to reach 37 billion baht. The Government has made major efforts to limit this expenditure, so far with little success. In 2003, per capita medical expenditure under the CSMBS was 5,700 baht, which reached 12,100 baht by 2008.

#### Universal Coverage Health Care Scheme (UC)

UC was introduced as a pilot in 2001 and became a nationwide scheme in 2002 under the National Health Security Act B.E. 2545 (A.D. 2002). First universal health care scheme to cover all population. At the beginning, it required a nominal copayment of 30 Bahts by a user per visit to clinics. In 2006, UC is modified not to require copayment and be 100% financed by the Government budget.

Under the National Health Security Act (2002), the National Health Security Office (NHSO)<sup>20</sup> was established to manage financing of universal coverage health care to Thai

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<sup>20</sup> The primary responsibilities of the NHSO are to ensure universal coverage of health care for all Thai citizens and manage the operations of the National Health Security Fund. The major functions of the NHSO are as follows:

- To create the records of beneficiaries, health care units, and networks of health care units;
- To manage the National Health Security Fund for execution under such rules prescribed by the Board;
- To provide the expenses of such health service as prescribed by the Board to health care units and networks of health care units;

citizens as well as the National Health Security Fund. This new office is a public organization (i.e., staff are not civil servants) governed by the National Health Security Board chaired by the Minister of Public Health. The former Medical Welfare Scheme (MWS) and Voluntary Health Card Scheme (HCS) for self-employed or other informal sector workers were transferred from the MoPH to the NHSO and merge into a new scheme for all population, which is the present UC.

The UC scheme provides all kinds of essential medical treatment to its beneficiaries, ranging from out-patient and in-patient treatment, maternity care, child births, necessary dental care including acrylic denture, preventive care, and emergency care. UC is based upon a referral system that has dramatically eased overconcentration of patients at the provincial hospitals. Insured persons must visit health centers in their designated areas. If specialist care is required, patients are referred to a higher level of hospital, for no extra charge.

The total amount the Government spent on UC in 2007 was 91.4 billion baht. The UC scheme spends far less per capita than the CSMBS. In 2008, per capita support from the Government was 2,200 baht. In 2010, per capita support increased to 2401 Baht. The capitation cost also includes a hospital services component, such as prevention and promotion, high-cost care, capital replacement and emergency services. As for the CSMBS, the scheme is financed from general tax revenue. The UC expenditure is transferred from the government budget to the National Health Security Office, which is the purchaser of health-care for the people.

It is also noted, according to NHSO, UC is effective to encourage preventive and promotion services. UC requires beneficiaries to pre-register with designated health centers or community hospitals. This enabled health institutions to reach those registered people to let them participate in preventive and promotion activities such as periodic health check.

Introduction of UC is one of the major factors to increase health expenditure in Thailand since 2002 as shown in Diagram 3.4.2. This increase accounts for sharp increase in general government expenditure on health. The government spending on health in 2008 is 2.8 times as much as the one in 2001. On the other hand, private expenditure on health is not increasing as much as the government one. As a result, now the government expenditure is far dominant in health expenditure. Shares of government expenditure and private expenditure are 75% and 25% respectively. At the same time, growth of total health expenditure is keeping pace with economic growth. Health expenditure as percentage of GDP stays around 3.5-4.0% for the last 10 years.

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- To inspect documents and evidence of claims submitted by health care units for health service expenses;
  - To control and supervise health care units and their networks to provide health care services which are up to the standard of service prescribed by the Board and to facilitate the lodging of complaints;
  - To collect, gather and analyze information concerning the implementation of the health services.

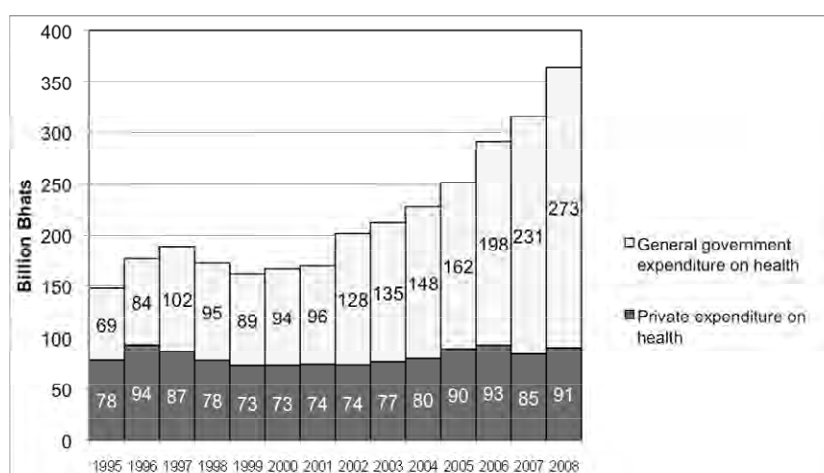


Diagram 3.4.1: Health Expenditure in Thailand (WHO Database 2008)

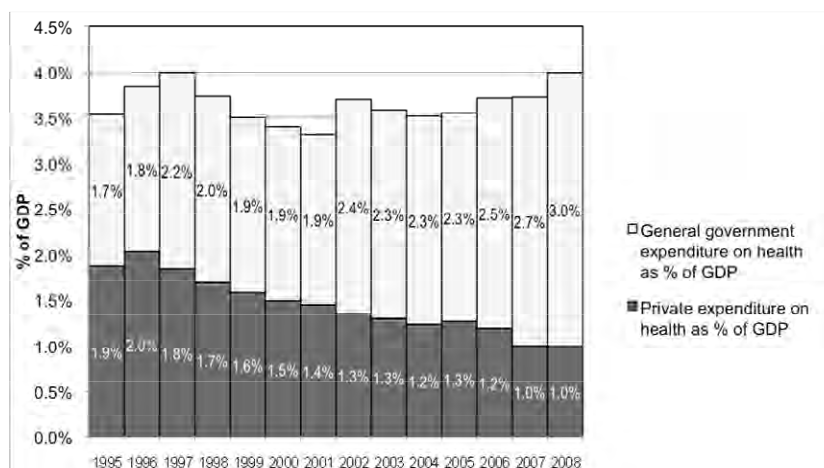


Diagram 3.4.2: Health Expenditure as % of GDP in Thailand (WHO Database 2008)

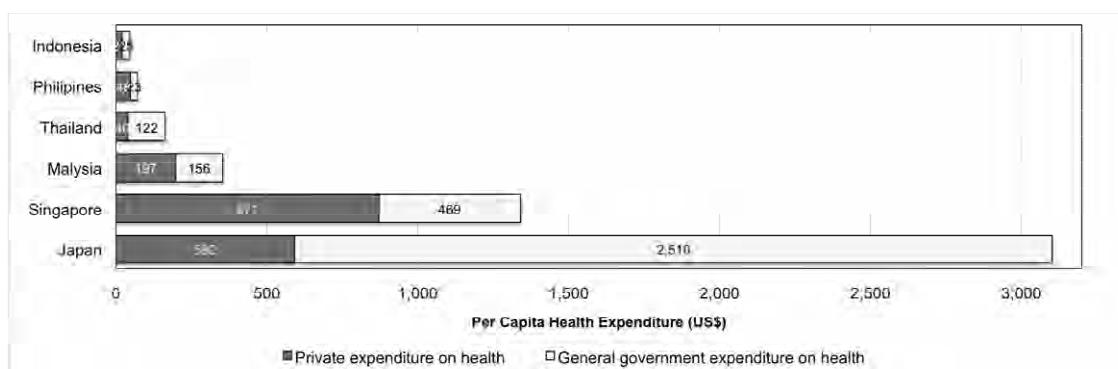


Diagram 3.4.3: Per Capita Health Expenditure in Asian Countries in 2008 (WHO Database)

As shown in Diagram 3.4.3 and 3.4.4, the amount of per capita expenditure on health in Thailand is around US\$162 and health expenditure as percentage of GDP is 4% in 2008. This is considered to be not so high in comparison with the other middle-income ASEAN countries. This implies that Thailand has been successful in controlling cost escalation in

health. At the same time, it is argued that there is still some room for spending more on health especially for UC.

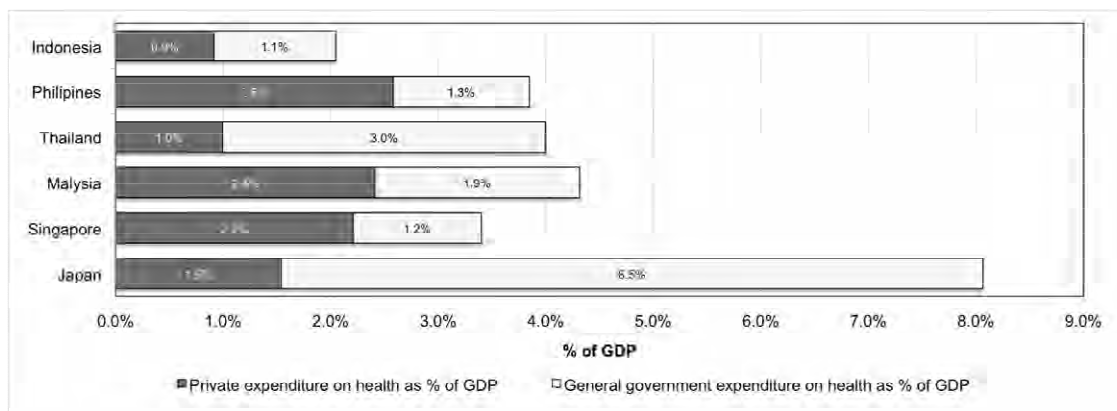


Diagram 3.4.4: Health Expenditure as % of GDP in Asian Countries in 2008 (WHO Database)

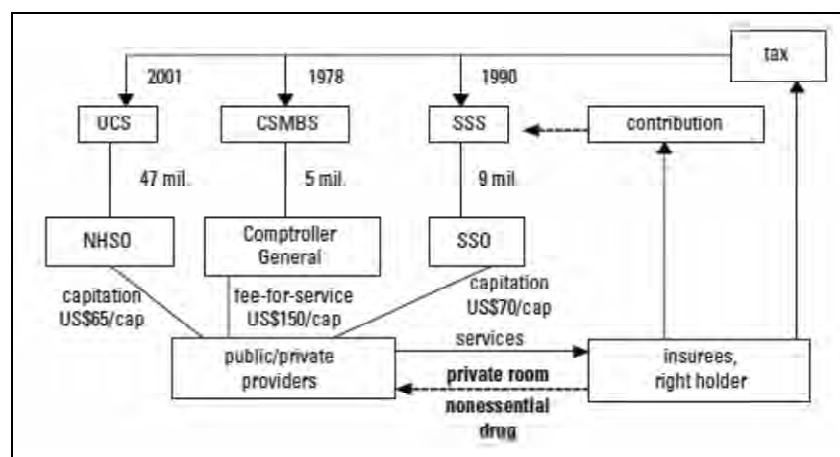


Diagram 3.4.5: Thailand Health Insurance Model

Source: "Moving Toward Universal Health Coverage: Thailand" (2009), Joint Learning Workshop.

UC has been working as a driving force for realizing 100% coverage of health security and is based on the underlining idea that had been examined for nearly four decades by the administrators in the Ministry of Public Health (MOPH). MOPH sees UC as a starting point of its policy of establishing one integrated health security scheme that covers all the population. It is expected, however, that integration of three different public health security schemes (CSMBS, SSS, and UC) will not be integration of funds but rather to begin with harmonization of operation and management. Thus, a focus of issue will be on matters of coordination among three schemes based upon very different principles of institutional design.

Diagram 3.4.6: Characteristics of Public Health Insurance/ Security Schemes

Characteristics	Public Employees	Private Employees		The rest of Thai
	CSMBS	SSS	WCS	UCHS (UC)
I. Scheme nature	Fringe benefit	Compulsory insurance	Compulsory insurance	Social security/ welfare
Model	Public reimbursement model	Public contracted model	Public reimbursement model	Public integrated model
II. Population coverage 2006	Civil servant of the central government, pensioners and their dependants (parents, spouse, children)	Formal sector private employee, >1 worker establishments	Formal sector private employee, >1 worker establishments	The rest Thai population, who are not qualified to previous columns.
No. of Beneficiaries (million)	4.2	9.1	Same as SSS*1	47
• Ambulatory services	Mainly Public only	Public & Private	Public & Private	Mainly Public & some Private
• Inpatient services	Public & Private	Public & Private	Public & Private	Public & Private
• Choice of provider	Free choice	Contracted hospitals or its network with referral line, registration required	Free choice	Contracted hospitals or its network with referral line, registration required
• Cash benefit	No	Yes	Yes	No
• Conditions included	Comprehensive package	Non-work related illness, injuries	Work related illness, injuries	Comprehensive Package
• Maternity benefits	Yes	Yes	No	Yes
• Annual physical check-up	Yes	No	No	Yes
• Prevention, Health promotion	No	Health education, immunization	No	Yes
• Services not covered	Special nurse	Private bed, special nurse	No	Private bed, special nurse, eye glasses
• Source of funds	General tax	Tri-parties 1.5% of payroll each	Employer, 0.2-2% of payroll with experience rating	General tax
• Financing body	Comptroller General Department, MoF	SSO	SSO	NHSO
• Payment mechanism	Fee for service for OP, DRG for IP (July 2007)	Capitation*2	Fee for service	Capitation*3
• Copayment	Yes: IP at private hospitals	Maternity, emergency services	Yes if beyond the ceiling of 30,000 -200,000 Baht ( depend on severity of patient)	No
• Total Expenditure per capita 2008 (Baht)	12,100	1,800	211	2,200
• Per capita tax subsidy 2008 (Baht)	12,100 plus administrative cost	579 plus administrative cost	Administrative cost	2,200 plus administrative cost

Source: "Universal Health Care Coverage Through Pluralistic Approaches: Experience from Thailand, 2008", Thaworn Sakunphanit, ILO. "Moving Toward Universal Health Coverage: Thailand" (2009), Joint Learning Workshop, <http://ilw.drupalgardens.com/category/tags/delegation/thailand>. NSO Annual Report 2008.

### Characteristics of People Covered by Different Health Schemes

The population that are covered by Universal Coverage Health Care Scheme (UC) outnumber the population covered by the other schemes. It is also clear that they are

concentrated in non-municipal (rural area). UC users consist of many different levels of income groups. They are not only poor people but also some self-employed people with high incomes such as lawyers.

The private sector employees that are covered by SSS are concentrated in Bangkok and Central Region (almost 80% of them) and 80% are of the first or second highest income groups. This reflects the fact that formal sector companies are concentrated in these regions.

The population that are covered by CSMBS also consist of higher income groups. They are not so concentrated in Bangkok and Central Region (about 50%) as in case of SSS.

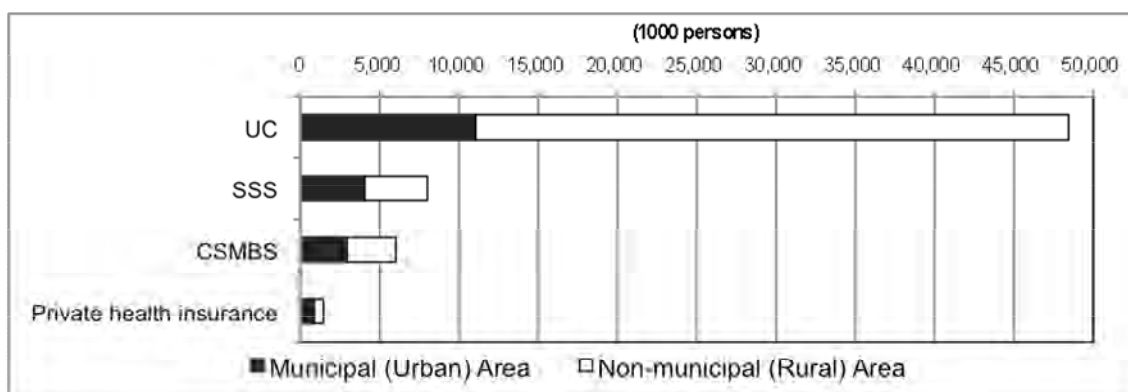


Diagram 3.4.7: Number Of Population with Health Insurance By Type Of Health Insurance by Area  
Source: NSO, 2007 Health And Welfare Survey.

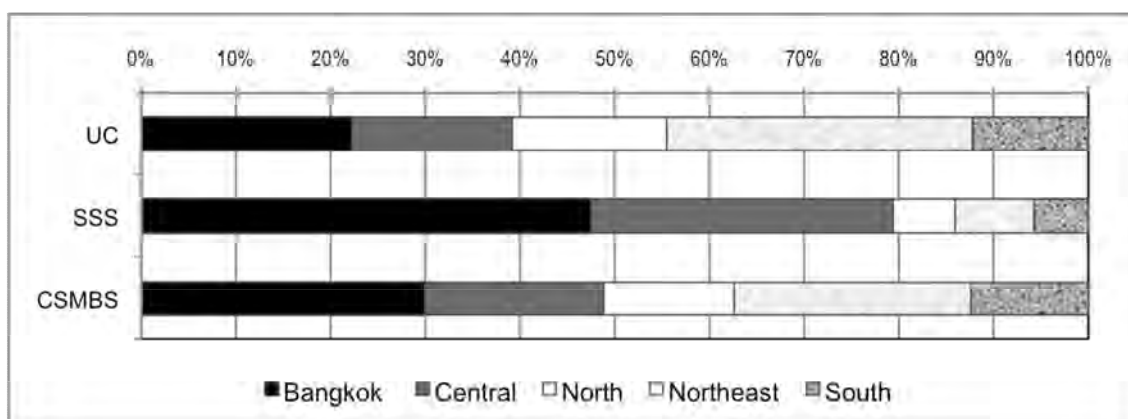


Diagram 3.4.8: Number Of Population with Health Insurance By Type Of Health Insurance by Region  
Source: NSO, 2007 Health And Welfare Survey.

Diagram 3.4.9: Number Of Population with Health Insurance By Type Of Health Insurance, Area And Region 2007  
(1000 persons)

Type of health insurance	Whole Thailand			Region				
	Total	Municipal area	Non - municipal area	Bangkok metropolis	Central	North	North-east	South
Universal Coverage Health Care (UC)	48,437	11,048	37,390	3,133	9,847	9,507	18,832	7,118
Social Security Scheme (SSS)	8,009	4,057	3,952	1,841	3,744	769	978	677
Civil servant medical benefits scheme (CSMBS)	6,022	2,936	3,086	825	1,399	1,022	1,856	920
Private health insurance	1,449	861	588	433	426	219	175	197
Health insurance covered by employer	280	185	96	111	112	24	22	11
Others	379	75	304	15	118	45	177	24
<b>People have health insurance Total</b>	<b>64,577</b>	<b>19,162</b>	<b>45,415</b>	<b>6,359</b>	<b>15,647</b>	<b>11,585</b>	<b>22,040</b>	<b>8,946</b>

Source: NSO, 2007 Health And Welfare Survey.

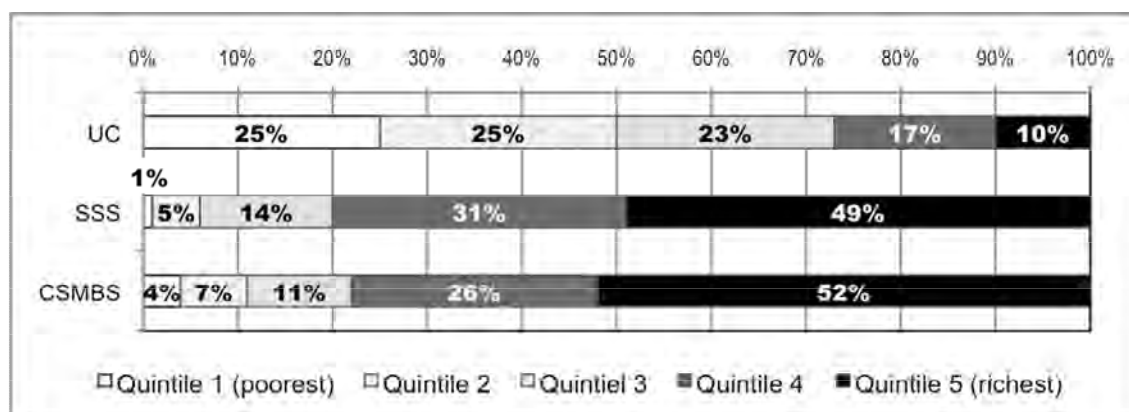


Diagram 3.4.10: Beneficiaries of health scheme by income quintile, 2004

Source: Health and Welfare Survey 2004, Thai National Statistics Office.

#### Age distribution by health security/insurance scheme

SSS mostly consists of population of the working generation (15-59 years old). On the other hand, CSMBS has the largest proportion of old age population.

Diagram 3.4.11: Age distribution by health security/insurance scheme

Age group	UC	SSS	CSMBS	Total pop
0-14	28%	0%	20%	24%
15-59	62%	99%	59%	66%
60+	10%	1%	21%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: HISRO, "Payment methods of health insurance system in Thailand, 2007"

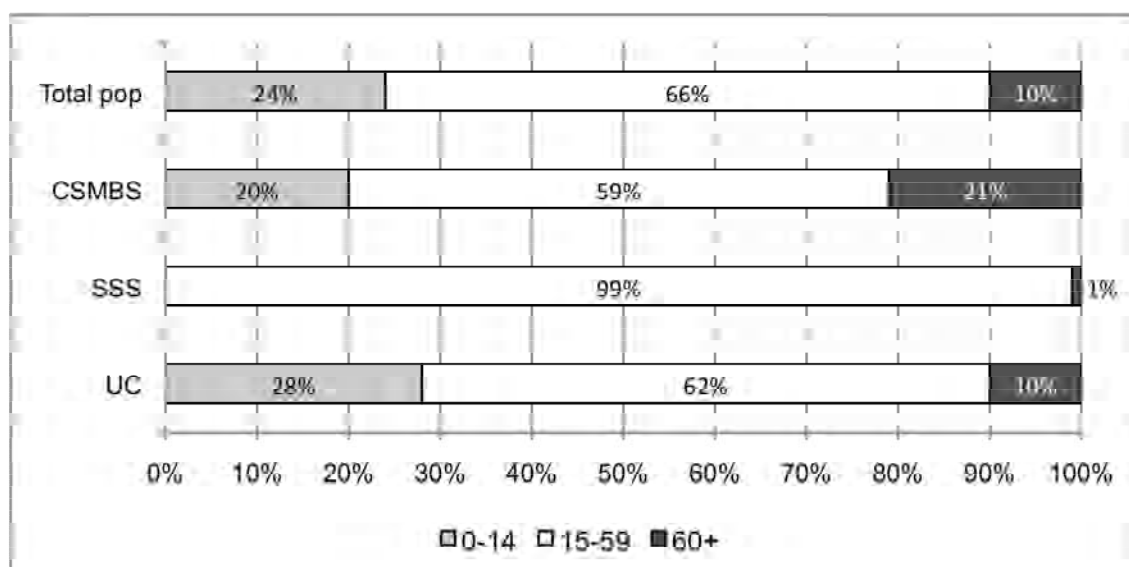


Diagram 3.4.12: Age distribution by health security/insurance scheme  
Source: HISRO, "Payment methods of health insurance system in Thailand, 2007"

#### Harmonization of different payment system:

It has been a big issue and been discussed very actively under initiatives of MOPH how to harmonize payment system for medical expenses and how to control cost escalation. At present, all the parties have agreed that it is needed in the future to go for a payment system based on a capitation system with relative weight (Diagnosis Related Group), which had been already installed in UC and SSS.

There are, however, remaining differences in designs among those three schemes. For example, although CSMBS replaced fee-for-service for IP (inpatient) with the DRG in 2007, it remains to be fee-for-service for OP (outpatient) without a ceiling. It is important to build an integrated system to manage those three public health schemes with remaining different institutional principles. Thus, it is needed to introduce a medical information system that covers all three schemes and to eliminate inconsistency in existing three databases. A new system also has to be the one to incorporate DRG based payment systems and to share three databases of insured members.

### **3.4.2 Priority in Health Security/ Insurance**

#### Control cost escalation of CSMBS

Thailand is working on methods of moving the three schemes towards similar payment mechanisms for similar services. It is one of the priorities to reform the payment mechanism of CSMBS in order to control its rapid cost escalation. A standard fee schedule, systematic adjudication processes, utilization review, and medical auditing systems are being considered for implementation across schemes. In addition, case - mixed payment for some out - patient services and closed - end budgets are also targeted in the long run. The SSS also plans to reform payment mechanisms by using DRGs for inpatient and risk-adjusted capitation for outpatient care.

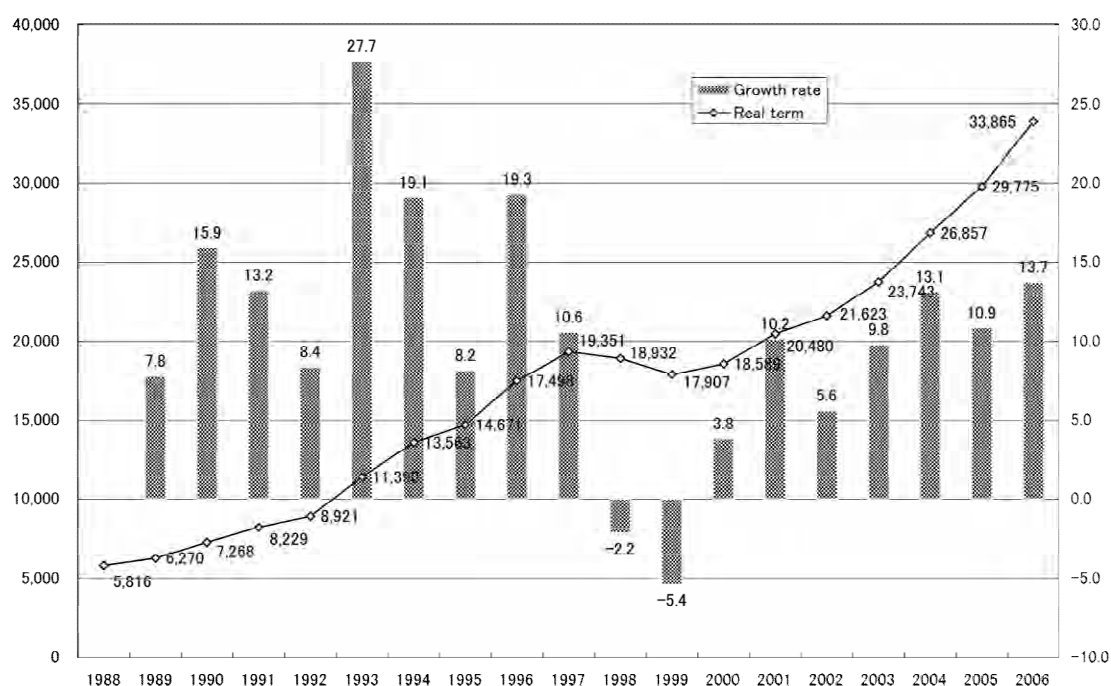


Diagram 3.4.13: Cost escalation of CSMBS  
Source: International Health Policy Program (2007).

Diagram 3.4.14: Comparison of Per Capita Medical Expenditure

	Public Employees	Private Employees		The rest of Thai
	CSMBS	SSS	WCS	UHCS (UC)
• Total Expenditure per capita 2008 (Baht)	12,100	1,800	211	2,200
• Per capita tax subsidy 2008 (Baht)	12,100 plus administrative cost	579 plus administrative cost	Administrative cost	2,200 plus administrative cost

Diagram 3.4.15: Projected Current Expenditure On Health by 3 Schemes (million bahts)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
UCS	79,336	88,605	97,282	109,403	120,259	132,278	145,671	160,626	177,267	195,816	216,432
CSMBS	70,567	77,809	83,743	90,211	97,350	105,223	113,874	123,322	133,604	144,731	156,626
SSS	33,991	38,543	43,158	48,191	53,766	59,898	66,667	74,186	82,478	91,656	101,761
Relative amount (% of GDP)											
CSMBS	0.61%	0.63%	0.63%	0.64%	0.65%	0.66%	0.67%	0.69%	0.70%	0.72%	0.74%
UCS	0.84%	0.88%	0.91%	0.94%	0.97%	1.01%	1.05%	1.09%	1.14%	1.19%	1.24%
SSS	0.25%	0.26%	0.27%	0.29%	0.30%	0.31%	0.33%	0.35%	0.36%	0.38%	0.40%

Source: HISRO, Preliminary Projection Data 2010

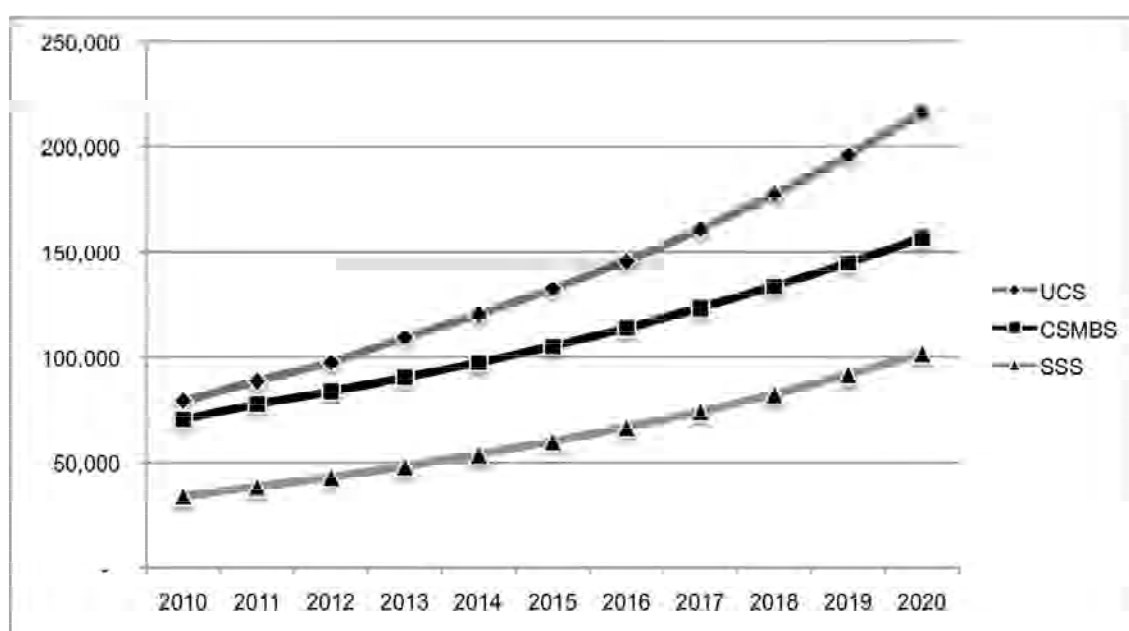


Diagram 3.4.16: Projected Current Expenditure On Health by 3 Schemes (million bahts)  
Source: HISRO, Preliminary Projection Data 2010

#### Aligning the pluralistic public health protection system:

According to MOPH officials, there are currently many collaborative effort going on among the three main implementing offices of social health insurance in Thailand today: the CGD, NHSO and SSO.<sup>21</sup> However, to date there have been only a few success stories from their collaborations. The most successful example is the synchronization of member registration databases, which is a database of the three schemes enrollees that is linked with the Ministry of Interior's database<sup>22</sup>. Similar types of collaboration among the three agencies are encouraged.

#### Linking preventive services to curative services:

The NHSO together with the SSO and the CGD have already implemented the new periodic health examination as a risk stratification tool. The goal of this screening and evaluation program is to prevent the onset of disease and/or provide warning of existing disease. A further goal of the periodic health examination is to educate patients about behavioral patterns or environmental exposures that pose risks for future diseases. Once identified, risky groups will be informed of their predisposition and encouraged to join risk modification programs and undertake appropriate treatment under standard care maps.

<sup>21</sup> A memorandum of understanding (MOU) among the NHSO, the SSO and the CGD was signed on January 17, 2004 to set up a committee and subcommittees to collaborate and coordinate the development of each health care financing scheme. The developments of management information system, standard of health services and health facilities, claim and audit system were the main areas of collaboration. This committee meeting was held every 4 month to plan and monitor the cooperation.

<sup>22</sup> Database of the three schemes (NHSO, SSO, and CGD) and personal ID database of the Ministry of interior are linked together and are synchronized twice a month. Thai citizen and health care providers can check entitlement of all Thai citizens from website.

The health examination works better with UC and SSS than CSMBS. UC and SSS require pre-registration to hospitals, which makes it easier to induce the people to have periodic health examination. The people covered by CSMBS do not register to hospitals. There is no link between a person under CSMBS and medical service providers unless they get sick.

#### Quality of medical services

A capitation system itself is not good enough at keeping quality of medical services. In Thailand, there is “HA: Hospital Accreditation” system that is managed by an independent public organization named “Institute for Hospital Quality Improvement and Accreditation”. This HA started in 1997 as a research project and later became a regular program. HA is used as a complementary system to ensure minimum standard of quality of services paid by health security/insurance schemes. For example, SSS require all registered hospital to acquire accreditations from IHQIA.

#### Copayment

In the future, it will be required to reexamine financial sources for health security. It is only SSS that requires cost sharing by the direct beneficiaries. Given the fact that the population is aging and contents of medical services are getting more costly, it will not be feasible to keep UC and CSMBS fully financed by the government budgets. At least, minimum copayments should be examined in the future.

### **3.4.3 Donor Project**

Thailand receives support (technical and financial) from development partners to strengthen national capacity in the health security. The recent projects are summarized as the following sections.

#### **(1) EU/ GTZ**

On behalf of the European Commission, GTZ International Services is assisting Thailand in the reform of its health care system. The counterparts on Thai side include NHSO and Health Insurance System Research Office under MoPH.

Diagram 3.4.17: Recent Cooperation Projects in Health Security

Partner	Project Name	Budget	Contents
EU (GTZ)	Health care reform project (2004-on going)	EUR 5 mil	<ul style="list-style-type: none"> <li>• Specialist personnel for family medicine.</li> <li>• Training financial experts to work in the health system.</li> <li>• Experts for the management and marketing of health care services.</li> </ul>
GTZ	Extending Social Protection in Health (International Conference, 2005)		<ul style="list-style-type: none"> <li>• In December 2005, an international conference was held in Berlin, Germany. UC in Thailand was introduced as a good example to extend health security.</li> </ul>

Sources:

<http://www.gtz.de/en/weltweit/asien-pazifik/15488.htm>

<http://www.gtz.de/de/dokumente/en-extending-social-protection-in-health.pdf>

## (2) JICA

JICA has been working with Thailand in the area of health security. The recent projects are summarized in Diagram below. Among JICA's cooperation projects, it is noted that "The Project on the Assistance of Public Health Insurance Information System. Development in the Kingdom of Thailand" contributed a lot to enhance operational capacity of Universal Coverage Healthcare (UC). The counterparts of the project were MoPH and NHSO.

In Thailand, UC that had been newly introduced in 2002 was the first scheme with nationwide coverage (60% of total population). There were no experiences to manage such scheme before. In this regard, long experiences of Japan in information system in health insurance were quite relevant to Thailand. Through the project, technical knowledge had been introduced, and effectively modified and adopted to Thai system.

Diagram 3.4.18: Recent JICA Projects in Health Security

Project Name	Counterpart	Contents	Duration
The Project on the Assistance of Public Health Insurance Information System. Development in the Kingdom of Thailand	<ul style="list-style-type: none"> <li>• MoPH</li> <li>• NHSO</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain knowledge and information through lectures and study workshops</li> <li>• Specify health insurance information system procedures</li> <li>• Prepare administrative and operational manuals for enrollment</li> <li>• Provide training courses to correspond with each level at both National Health Security Office and Prae Provincial Health Office</li> <li>• Support health insurance operational system development implementation and related administration</li> <li>• Evaluate and revise the system development planning, software vendor control, system development procedures etc.</li> <li>• Improvement of health insurance information system for nationwide dissemination is proposed based on the result from the pilot system</li> <li>• Prepare guidelines for system development procedures to disseminate health insurance information system nationwide</li> <li>• Compile manuals for nationwide use (revise and modify manuals made for implementing pilot system at Prae Province)</li> <li>• Conduct workshops for other provinces</li> </ul>	2003.7 ~ 2006.7
The Project on the Development of a Community Based Integrated Health Care and Social Welfare Services Model for Older Persons (CTOP)	<ul style="list-style-type: none"> <li>• MoPH</li> <li>• MoSDHS</li> </ul>	<ul style="list-style-type: none"> <li>• The proportion of ageing people in the Thai population is growing rapidly. However, preparation of ageing society is not enough. Medical care and welfare service need to be delivered properly to older persons so that they can live in peace.</li> <li>• To convey Japanese experience and know-how of rapidly ageing, JICA started the technical cooperation project in November 2007.</li> </ul>	2007.11 ~ 2011.11

Sources: JICA data

### 3.4.4 Prospects for Thai-Japan Cooperation

Given the results of reviews of the present status of health security, Thailand is considered to be at the level 3 “Stabilization and expansion phase of social security development”. A preliminary framework of Thai-Japan cooperation in health security development is as summarized in the following diagram. Farther discussion is required to determine concrete contents of cooperation projects.

Diagram 3.4.19 : A preliminary framework of Thai-Japan cooperation in health security development

Strategic Goal	Issues	Required Knowledge and Technology	Relevancy and advantage in relation to Thai issues	Possible resources
Strategic Goal for Level3 : Infrastructure and capacity development of operation and management	Infrastructure development for improving operation	<ul style="list-style-type: none"> <li>Experiences in designing operational system</li> <li>Knowledge in computer system development</li> </ul>	Integrated database system is needed. Japan's experiences in advanced database and operation guidelines could be relevant.	<ul style="list-style-type: none"> <li>Experienced experts in public health insurance schemes in Japan.</li> <li>System engineer</li> <li>System consultants</li> </ul>
	Capacity development for improving operation	<ul style="list-style-type: none"> <li>Experiences in operational management</li> <li>Skills in designing capacity development</li> <li>Skills as trainers of training to improve basic capacity in operation.</li> </ul>	Capacity building with a good operational guideline is needed. Japan's experiences in capacity building and quick adjustment system for revisions of regulations could be relevant.	<ul style="list-style-type: none"> <li>Experienced operation experts in public health insurance schemes in Japan.</li> <li>Private organizations for skill training, consultants</li> </ul>

Regarding health security/ insurance, systemic expansion of coverage had been already completed by introduction of UC. A remaining issue of coverage is to reaching the non-registered population in remote areas in Thailand often close to the borders. This issue is very important but may not match available schemes of technical cooperation.

On the other hand, other Asian countries are interested in the experiences of UC in Thailand. It is quite useful for such countries to have opportunities to share Thai experiences that are more similar to their socioeconomic context than those in developed countries. In this regard, international workshops or seminars for Asian countries could be good options to consider as Thai-Japan cooperation activities.

## 4. Work Schedule

Work schedule of the Survey is as listed as the following table.

Work Items		2010			
		March	April	May	June
<b>[1] Work in Japan (1)-Preparatory work</b>					
[1-1]	Review of existing reports and data	<input type="checkbox"/>			
[1-2]	Preparation of survey framework	<input type="checkbox"/>			
[1-3]	Preparation of Survey in Thailand (1)	<input type="checkbox"/>			
[1-4]	Preparing Inception Report	<input type="checkbox"/>			
<b>[2] Survey in Thailand (1) (March 16th – April 7th)</b>					
[2-1]	Implementation of Survey in Thailand (1)				
[2-2]	Focus on "Social Security in General" and "Employment Insurance".				
<b>[3] Work in Japan (2) (April 9th – 27th)</b>					
[3-1]	Reporting the results of Survey in Thailand (1) to JICA HQs		<input type="checkbox"/>		
[3-2]	Compilation of the results of Survey in Thailand (1)		<input type="checkbox"/>		
[3-3]	Preparation of Survey in Thailand (2)		<input type="checkbox"/>		
<b>[4] Survey in Thailand (2) (April 29th – May 26th)</b>					
[4-1]	Implementation of Survey in Thailand (2)				
[4-2]	Focus on "Pension System" and follow-up the first survey.				
[4-3]	Preparation of Draft Final Report				
<b>[5] Work in Japan (3) (May 27th – June 18th)</b>					
[5-1]	Presentation of DFR in JICA HQs			<input type="checkbox"/>	
[5-2]	Preparation of Final Report				<input type="checkbox"/>
		▲ IC/R		▲ DF/R	▲ F/R

## 5. Staffing

### Survey Team Member

Name	In charge of:
Mr. Shigeki Kawahara	Team Leader
Ms Yoko Komatsubara	Unemployment Insurance (Survey in Thailand 1)
Mr. Hironari Onishi	Pension System (Survey in Thailand 2)

### Staffing Schedule (preliminary)

Postion	Name	Organization	2010			
			March	April	May	June
1. Leader	Shigeki Kawhaara	IDCJ	15 [REDACTED] (20)	3	8 [REDACTED] (14)	21
2. Employment Insurance	Yoko Komatsubara	IDCJ	15 [REDACTED] (25)	8		
3. Pension System	Hironari Onishi	IDCJ		28	[REDACTED] (24)	21
1. Leader	Shigeki Kawhaara	IDCJ	[REDACTED] (5)	[REDACTED] (5)	[REDACTED] (6)	[REDACTED] (5)
2. Employment		IDCJ	[REDACTED] (5)	[REDACTED] (5)		
3. Pension System		IDCJ		[REDACTED] (5)	[REDACTED] (6)	[REDACTED] (4)
Reports	Timing of Submission Name of Reports		△ IC/R		△ DF/R	△ F/R

## 6. Work Items and Persons in Charge

			Team Leader	Employment Insurance	Pension Fund
			Shigeki Kawahara	Yoko Komatsubara	Hironari Ohnishi
[1] Work in Japan (1)	[1-1]	Review of existing reports and data	◎	◎	(○)
	[1-2]	Preparation of survey framework	◎	◎	(○)
	[1-3]	Preparation of Survey in Thailand (1)	◎	◎	
	[1-4]	Preparing Inception Report	◎	○	(○)
[2] Survey in Thailand (1)	[2-1]	Implementation of Survey in Thailand (1) Focus on "Social Security in General" and "Employment Insurance".	◎	◎	
	[2-2]	Reporting the results of Survey in Thailand (1) in Thailand.	◎	◎	
[3] Work in Japan (2)	[3-1]	Reporting the results of Survey in Thailand (1) to JICA HQs	◎	◎	
	[3-2]	Compilation of the results of Survey in Thailand (1)	◎	◎	○
	[3-3]	Preparation of Survey in Thailand (2)	○		◎
[4] Survey in Thailand (2)	[4-1]	Implementation of Survey in Thailand (2) Focus on "Pension System" and follow-up the first survey.	◎		◎
	[4-2]	Preparation of Draft Final Report	◎	(○)	◎
	[4-3]	Presentation of the contents of Draft Final Report in Thailand	◎		◎
[5] Work in Japan (3)	[5-1]	Presentation of DFR in JICA HQs	◎		◎
	[5-2]	Preparation of Final Report	◎	(○)	◎

◎ = A primary person in charge of items.

○ = A secondary person in charge of items.

(○) = A person to back up a primary and a secondary person in charge, or to start working on the items and prepare outputs ahead of time and hand over them to a primary and a secondary person in charge

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