

# **SOCIOECONOMIC VULNERABILITY: EXPERIENCES FROM THAILAND**

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**ABSTRACT:** This paper places the findings in Bidani and Richter (2001) into a perspective of relationship with poverty issue and policy implications in Thailand. The economic crisis in 1997 has led to sharp increase in both poverty and vulnerability, in particular the chronic poor and the low mean vulnerability. Following the multi-dimensional view, poverty and vulnerability share some similar characteristics and show some structural rigidity. As Thailand aims to reduce the number of poverty incidence to the level before the crisis within the next five years, the findings call for innovative programs and measures. Based on the principle of self-reliance at the level of household and community, many inventive measures are designed to bring poverty and vulnerability down. The programs include traditional measures with regard to social safety nets and community-based income-earning programs. They also include experimenting programs towards self-reliance through the New Theory agriculture and the process of preparing Community Development Plans. A close monitoring and assessment of these experiments are necessary as well as finding techniques to measure external and internal aspects of vulnerability. Moreover, a better targeting programs and measures are also essential to reach the poor and vulnerable effectively. Finally, a long ignored area of structural reform should also be seriously considered to move a step toward poverty attack as well as correcting the recent deterioration of income distribution in Thailand.

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## 1. POVERTY AND VULNERABILITY PROFILES IN THAILAND

### 1.1 CONCEPT AND MEASUREMENT

Poverty can be defined from many perspectives; with its most common characteristic is a state of deprivation.<sup>2</sup> The poor view themselves and are viewed by others as being deprived from basic necessities, voices, opportunities and capabilities to cope with changes. Some poor can be more vulnerable than others, as they are more exposed to several types of risk and/or less capable to deal with them.

#### *Poverty Measurement in Thailand*

Estimates of poverty incidence in Thailand can be dated back to data published by Medhi Krongkaew and Pranee Tinakorn in the late 1960s. Since then, both the underlying household data source and the methods used to analyze it have changed several times. As a result, there have been a number of different poverty lines in use, in particular, over the last two decades. Krongkaew (1997) summarized different techniques and definitions of measuring poverty in 4 series; Table 1 summarized poverty incidence based on each series.

- **Policy Incidence Series I** covers the period of 1962-1981; before 1968 it used consumption function technique, and changed to a minimum nutrient requirement technique after 1968. The series shows the poverty incidence reducing from 57% in 1962 to 24% in 1981.
- **Policy Incidence Series II** covers the period of 1975 – 1988, using the nutritional adequacy technique. Based on this series, the poverty incidence reduced from 30% to 21.2% during the period of studies.
- **Policy Incidence Series III** covers the period of 1988 –1992, using the nutritional adequacy technique poverty line with necessary price adjustments. This series treated sanitary districts as urban areas as opposed to Series II, and shows the incidence reducing from 22.8% to 13.7% during that period.
- **Policy Incidence Series IV** also covers the period of 1988 – 1992, while allowing for adjustment from changes, not only in price, but also changes in population structure, consumption pattern and nutrition requirement. The poverty line increased significantly (almost 70%) as a result, as well as the incidence, which remained as high as 36.5% in 1992.

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<sup>2</sup> See Framework of Analysis in World Development Report (2000/2001) Chapter 2, for example.

**Table 1: Poverty Incidence Series (1962 – 1992)**

Year	1962	1968	1976	1981	1986	1988	1990	1992
<b>SERIES I</b>								
Whole Country	57.0	39.0	33.0	24.0	-	-	-	-
Northern	65.0	36.0	35.0	23.0	-	-	-	-
Northeastern	74.0	65.0	46.0	36.0	-	-	-	-
Central	40.0	16.0	16.0	16.0	-	-	-	-
Southern	44.0	38.0	33.0	21.0	-	-	-	-
Bangkok	28.0	11.0	12.0	4.0	-	-	-	-
<b>SERIES II</b>								
Whole Country	-	-	30.0	23.0	29.0	21.2	-	-
Northern	-	-	33.2	21.5	25.5	20.0	-	-
Northeastern	-	-	44.9	35.9	48.2	34.6	-	-
Central	-	-	13.0	13.6	15.6	12.9	-	-
Southern	-	-	30.7	20.4	27.2	19.4	-	-
Bangkok	-	-	7.8	3.9	3.5	3.5	-	-
<b>SERIES III</b>								
Whole Country	-	-	-	-	-	22.8	18.6	13.7
Northern	-	-	-	-	-	22.3	16.7	13.7
Northeastern	-	-	-	-	-	36.3	28.4	22.7
Central	-	-	-	-	-	14.8	13.1	6.0
Southern	-	-	-	-	-	20.5	17.7	12.1
Bangkok	-	-	-	-	-	4.1	2.3	1.2
<b>SERIES IV</b>								
Whole Country	-	-	-	-	-	48.8	43.2	36.5
Northern	-	-	-	-	-	49.9	40.3	39.2
Northeastern	-	-	-	-	-	67.1	62.0	55.0
Central	-	-	-	-	-	40.7	34.0	23.2
Southern	-	-	-	-	-	48.7	42.5	31.9
Bangkok	-	-	-	-	-	14.7	8.3	5.0

Source: Krongkaew (1997)

The main strengths weaknesses of former poverty lines were a subject of discussion in Thailand at that time, and also summarized in Krongkaew (1997). For the policy purpose, in 1996, the Office of National Economic and Social Development Board (NESDB), thus, developed a new *poverty line* with financial assistance from the Asian Development Bank, using the concept of minimum amount of basic necessities.<sup>3</sup> The official poverty line is measured by the *minimum amount of income* to purchase the 'nutritional adequate' basket of food, plus some necessary non-food items such as clothing, medicine and shelter. The proportion of households or population having income less than this poverty line determines poverty incidence.

<sup>3</sup> The poverty line is based on a technique developed by Kakwani and Krongkaew (1996) and was officially accepted by the Thai cabinet in April 20, 1998.

### *Definition of Vulnerability*

While poverty is the observed state of being poor, *vulnerability* is defined broadly as an ex-ante exposure to adverse shocks, linked to an inability to cope with them. Kanbur and Squire (1999) define vulnerability as having two aspects: the external side of exposure to shocks, stress and risk, and *the* internal side of defenselessness as lacking means to cope with damaging loss. If a shock occurs, the poor may have few assets to dispose of or no skill to handle the problem, thus the adverse shock can plunge them further into long-term poverty.

The concept of vulnerability has been discussed both at the macro or national level, and the micro or household/individual level. Vulnerabilities at both levels are often categorized as multidimensional, reflecting relative susceptibility to exogenous socio-economic risks, ecological fragility, and inability to cope with damage caused by natural and man-made disasters.<sup>4</sup> As for Thailand, the sustaining high level of opening its economy made the country vulnerable to external shocks, and, thus, led to the economic crisis, as we already know.<sup>5</sup> This paper, however, will focus a discussion only on the socio-economic vulnerability at the micro level.<sup>6</sup>

### *Measuring Vulnerability*

Vulnerability is a dynamic concept, and therefore requires panel data as the basic information to capture and quantify the volatility and vulnerability of the income/consumption level of poor households. Following definition and method of Chaudhuri (2000), Bidani and Richter (2001), noted as B&R 2001 below, attempted to derive and analyze the first vulnerability profile of Thailand.<sup>7</sup> They apply the Feasible Generalized Least Square (FGLS) method to estimate the mean and variance of log consumption, which then be used to estimate the vulnerability of each household. Three choices of vulnerability thresholds between 0 and 1 are selected with an investigation of the sensitivity of each threshold: a threshold 0.5, the average probability of being poor each year, and the fixed threshold at the initial poverty rate in 1996.

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<sup>4</sup> See for example, Kumar (2001), Tamar Atinc (2001).

<sup>5</sup> NESDB (2001a) analyzed that during few years before the 1997 crisis, the sum of import and export accounted for 80-90% of GDP, showing a high dependence level of the economy to the global market and made it highly vulnerable to external shocks.

<sup>6</sup> Piboolsravut (2001a) discussed how Thailand can deal with external vulnerability associated with globalization.

<sup>7</sup> Although there is no collection of panel data in Thailand, the cross sectional Socio-Economic Survey (SES) data, being normally used in calculating poverty incidence and vulnerability in Bidani and Richter (2001), has a large sample size that can be regarded as representing the national population. In their paper, the SES data for 1996, 1998 and 1999 have been used.

### *Classification of Poor and Vulnerability*

B&R (2001) propose a classification scheme of the poor and vulnerability in their analysis as shown in Figure 1. Based on the consumption level, the household is classified as *chronic* poor, if its present and expected consumption is less than the poverty line. This group also has *high vulnerability*, defined as a greater than 0.5 likelihood of falling into poverty. Poor households today with their expected consumption exceeding the poverty line are termed *transient* poor, and this group is further divided into those that face high vulnerability (>0.5) who are characterized as the *frequently* poor and the group that faces low vulnerability (<0.5) who are termed the *infrequently* poor.

**Figure 1: Poverty and Classification Schemes**

		Observed poverty status based on current consumption		Expected consumption < poverty line	Expected consumption > poverty line
		<i>Poor</i>	<i>Non-poor</i>		
Vulnerability	High vulnerability >0.5	Chronic poor	Vulnerable to chronic poverty	Expected consumption < poverty line	Expected consumption
	Frequently poor	Vulnerable to frequent poverty			
	Low vulnerability <0.5	Infrequently poor	Low vulnerability non-poor	Expected consumption > poverty line	

**Poor** = Chronic poor + frequently poor + infrequently poor

**Chronic poor** = chronic poor

**Transient poor** = frequently poor + infrequently poor

**High vulnerability group** = chronic poor + frequently poor + vulnerable to chronic poverty + vulnerable to frequent poverty

**Low expected consumption** = chronic poor + vulnerable to chronic poverty

**High variability of consumption** = frequently poor + vulnerable to frequent poverty

**Total vulnerable group** = infrequently poor + high vulnerability group = observed poor + high vulnerability non-poor

Source: Bidani and Richter (2001)

Among the non-poor, those with expected consumption lower than the poverty line (i.e. having a high vulnerability) are characterized as *vulnerable to chronic poverty*. Non-poor households with expected consumption exceeding the poverty line but face a high vulnerability are termed *vulnerable to frequent poverty*. The non-poor who face a low vulnerability are termed the *low vulnerability non-poor*. Among the high vulnerability group, there are those that are vulnerable due to having *low expected consumption* (which includes the chronic poor and those vulnerable to chronic poverty) and those that are vulnerable due to *a high variability of consumption* (which includes the frequently poor and those vulnerable to frequent poverty).

### *Vulnerability and Voices*

Conventional measures of poverty and vulnerability as mentioned above draw heavily on the statistical information contained in household surveys combined with a more or less arbitrary line separating the poor from the non-poor, as well as the high vulnerable from the low vulnerable. An alternative empirical approach, developed by the World Bank in 1993, to measure poverty by asking poor people directly, what, to them, constitutes poverty or vulnerability.<sup>8</sup>

Krongkaew (2000) conducted the first participatory poverty assessment (PPA) in Thailand, focusing a small group of the ultra poor in 4 provinces.<sup>9</sup> The study concluded that the poor defined poverty as lacking assets, particularly farming land, and other means such as skill and knowledge for income earning. Interestingly, the findings concluded that the poor are also vulnerable to the pricing mechanism in the market, and led to policy suggestions to improve socio-economic immunity against shocks and build socio-economic network system to assist the poor to have more access to government supports.

## **1.2 TRENDS BEFORE AND AFTER THE ECONOMIC CRISIS**

### *Poverty and Vulnerability Profile Over Time*

The poverty problem is re-emerging as one of Thailand's most serious issues after the economic and financial crises in 1997. Until the crisis, high economic growth rates pulled poverty down year after year, to just 11.4 % in 1996. Average incomes were growing rapidly; migration from the poverty stricken northeast to central Thailand helped drain the pool of poverty; dynamic construction growth fueled demand for low and semi skilled workers; and school enrollments increased steadily, bringing the poor into the

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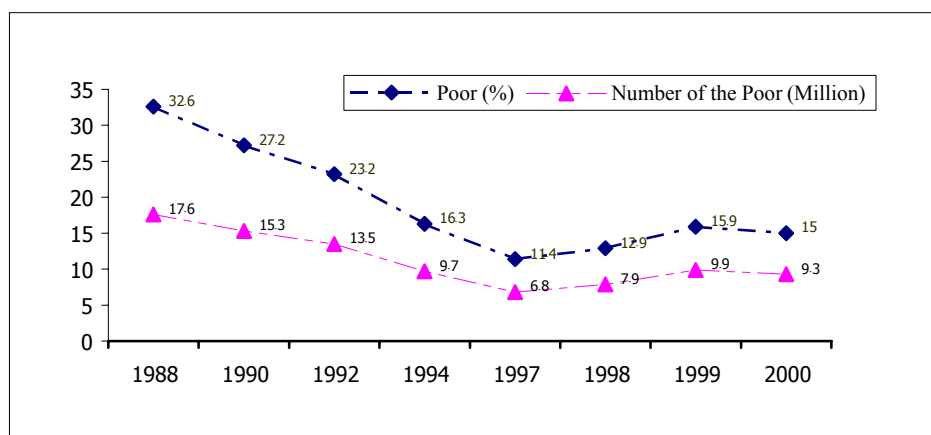
<sup>8</sup> World Bank (1999), "Can Anyone Hear Us? Voices of the Poor: Oxford University Press.

<sup>9</sup> The team, led by Medhi Kronkaew, is conducting a second, with wider ranges of PPA covering four provinces from each region in the whole country, guiding by the NESDB and funded by the ADB. The result is expected to come out in the beginning of 2002. See also Krongkaew (2001).

lower levels of the educational system. Figure 2 shows that the above positive trend came to a halt in 1998 and worsened in 1999 and 2000; the poverty incidence raise to 12.97, 15.9 and 15.0 respectively. The poor also endured the brunt of the crisis, as their wages, their profits, and their employment all fell further than for the better off Thai households.<sup>10</sup>

**Figure 2: Poverty Profiles Over Time**

Source: NESDB



The crisis has led to not only sharp increase in poverty, but also greater vulnerability of the Thai population. Based on a classification scheme of B&R (2001), Table 2 shows that the rise in poverty was largely due to an increase in the group of the *chronic* rather than *transient* poor, while vulnerability rose due to more *low mean vulnerability* rather than higher *high volatility vulnerability*. In other words, the sharply increasing proportion of the group of households with predicted mean consumption levels below the poverty line after the crisis is remarkable, compared with the changes in the group of remaining high vulnerability households.

In the vulnerability analysis, the headcount ratio of high vulnerability varies with the choices of threshold as also shown in Table 2. Based on the three thresholds used in B&R (2001), higher thresholds are associated with fewer high vulnerability households. The difference in numbers of vulnerability varying with selected threshold as found in B&R (2001) holds similar nature with the problem arises from different techniques--income or expenditure--in measuring poverty in Thailand.<sup>11</sup>

<sup>10</sup> The discussion on facts regarding poverty in this paper draw extensively from the latest findings in Social Monitor VI (Nov. 2001)--a cooperative work among experts from the World Bank, Thailand Development Research Institute, and the NESDB--extensively explores and discusses poverty and relevant public policy in Thailand.

<sup>11</sup> See Social Monitor (2001), and discussion of this issue in details in Chitsuchon (2001).

**Table 2: Poverty and Vulnerability**

	1996	1998	1999	Change 96-99
<b>Poor:</b>				
- Chronic	0.9	6.0	6.9	6.0
- Transient	8.0	9.4	7.9	-0.1
- <b>Total</b>	8.9	15.4	14.7	5.9
<b>Mean vulnerability</b>	9.6	15.6	15.0	5.4
<b>High Vulnerability: Fixed Threshold 0.089</b>				
- <b>Total High Vulnerability</b>	33.4	38.3	35.2	1.8
Low Mean of Consumption	1.5	8.1	8.8	7.3
High Variability of Consumption	31.9	30.2	26.4	-5.5
- <b>Total Vulnerability</b>	34.6	39.1	35.9	1.3
<b>High Vulnerability: Varying Threshold Headcount Poverty</b>				
- <b>Total High Vulnerability</b>	33.4	32.0	29.7	-3.7
Low Mean of Consumption	1.5	8.1	8.8	7.3
High Variability of Consumption	31.9	23.9	20.9	-11.0
- <b>Total Vulnerability</b>	34.6	33.2	30.8	-3.8
<b>High Vulnerability: Fixed Threshold 0.5</b>				
- <b>Total High Vulnerability</b>	2.6	11.0	11.6	8.9
Low Mean of Consumption	1.5	8.1	8.8	7.3
High Variability of Consumption	1.1	2.9	2.8	1.7
- <b>Total Vulnerability</b>	10.1	18.9	17.5	7.4

Source: Bidani and Richter (2001)

### *A Greater Joint Co-occurrence after the Crisis*

B&R (2001)'s findings suggested that the crisis led to a greater joint co-occurrence of poverty and vulnerability, while variation in mean consumption levels account for differences in vulnerability levels. The groups of the poor and vulnerable households that increased sharply after the crisis—*chronic* and *low mean vulnerability*--shared more similar socio-economic characteristics than in 1996:

- Both group have a predicted mean consumption level below the poverty line;
- The geographic incidence of the two groups is very similar, most lived in rural northeast while almost no poor nor vulnerable live in Bangkok;
- The education of household heads of both groups is concentrated in lower or less than elementary level, and most of them are farmers.

The model and estimation in B&R (2001) also observed differences among characteristics of the high volatility vulnerable and the low mean vulnerable before and after the crisis.

- The high volatility vulnerable group in 1996 are concentrated in the northeast (63%), the rural north (16%), and the rural south (9%) like concentration of the poor—57%, 29% and 13% respectively. However, during 1996 - 1999, there are small increases in the share of the other urban areas, former sanitary districts and rural central area, matched by a decline in the rural south.
- The low mean vulnerable before the crisis is similarly concentrated in the rural northeast (57%), the rural north (29%), and the rural south (13%). This picture changes over the crisis years: with the increasing concentration among the rural northeast (78%) in 1998 and a similar percentage in 1999.

Interesting differences are also observed among the distribution of households, largely, the main occupation of the household head, between poor and vulnerable groups. These results are, however, sensitive to the choice of threshold.

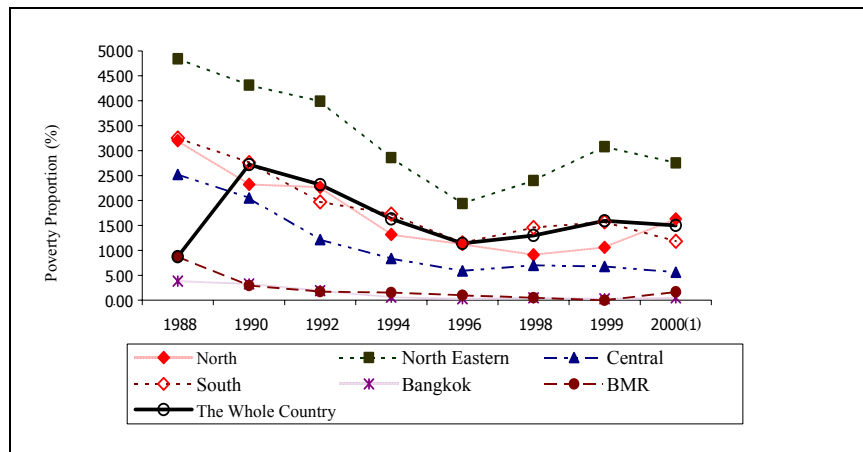
- When using the 1996 poverty rate as the threshold, farmers are more concentrated among the poor than among the vulnerable before the crisis, and recipients of pensions and assistance, white-collar workers and the self-employed have a higher concentration among the vulnerable than among the poor.
- Over the crisis years, this basic characteristic remains broadly unchanged. However, it is remarkable that poverty and vulnerability is more concentrated among recipients of pensions and assistance.

To verify the above findings in B&R (2001), this paper uses the evidence from recent poverty studies comparing with findings in vulnerability as discussed below.

### *Poverty, Vulnerability and Disparity among Regions*

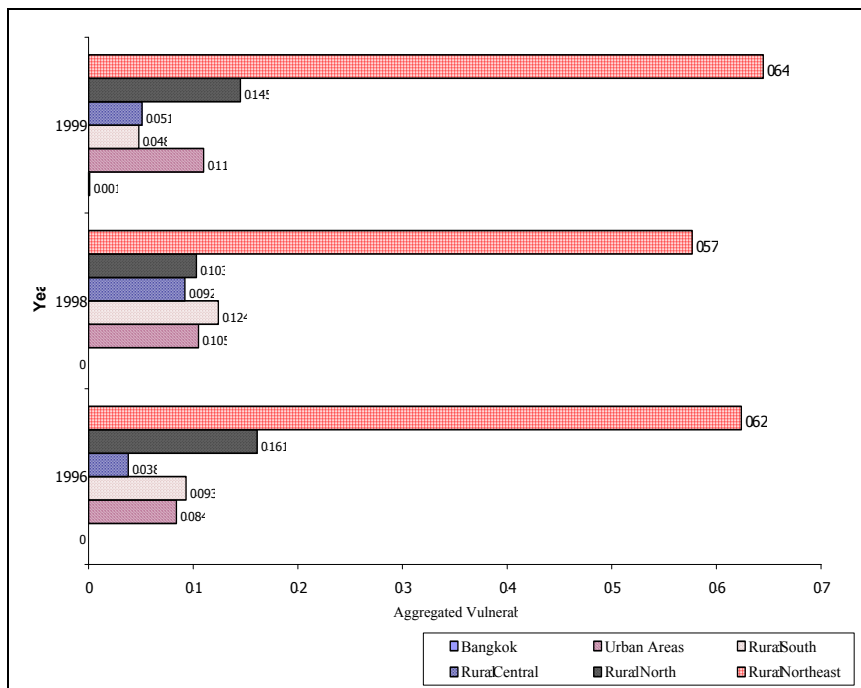
One remarkable feature of poverty and vulnerability in Thailand is the disparity among regions, with the northeast long containing the highest proportion of poor. Figure 3 shows that the regional disparity in poverty reduction performance started to grow wider from 1996, just before the crisis. Between 1996 and 1999, the incidence of poverty increased sharply in the northeast, somewhat in the south and central regions, and actually declined in Bangkok and the north. As a result, by 1999, the poverty incidence in the northeast was nearly two-thirds of its 1988 level, while the corresponding ratio for Bangkok was a mere 3%.

FIGURE 3: POVERTY BY REGION



Source: NESDB

FIGURE 4: VULNERABILITY BY REGION



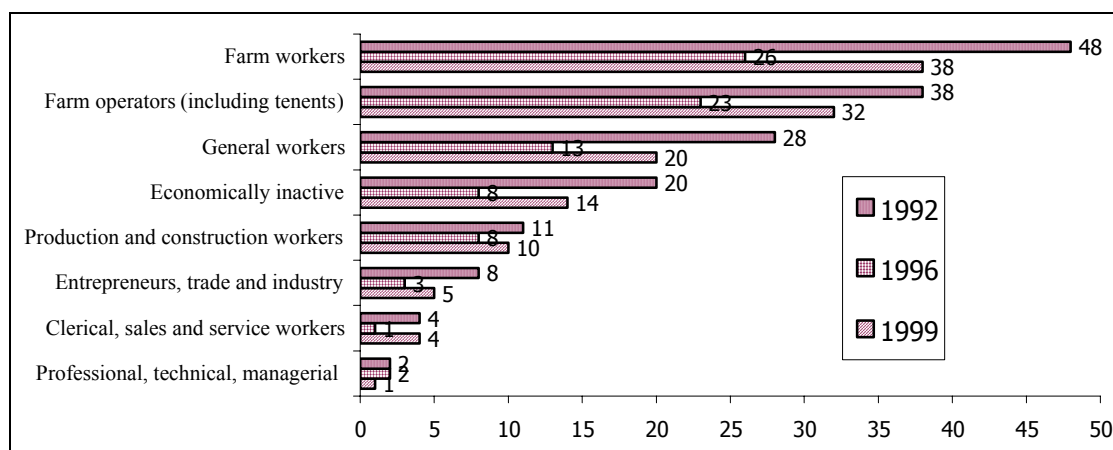
Source: Bidani and Richter (2001)

The above findings in poverty profiles are consistent with geographical character of vulnerability. Using the results in B&R (2001), Figure 4 shows the disparities among regions from vulnerability perspective, with the northeast region is ranked the highest during the period of analysis, and Bangkok ranked the lowest.

### Occupation of the Household Head

Another striking characteristic that is correlated with poverty and vulnerability in Thailand is occupation of the Household Head as shown in Figure 5 and 6 respectively.

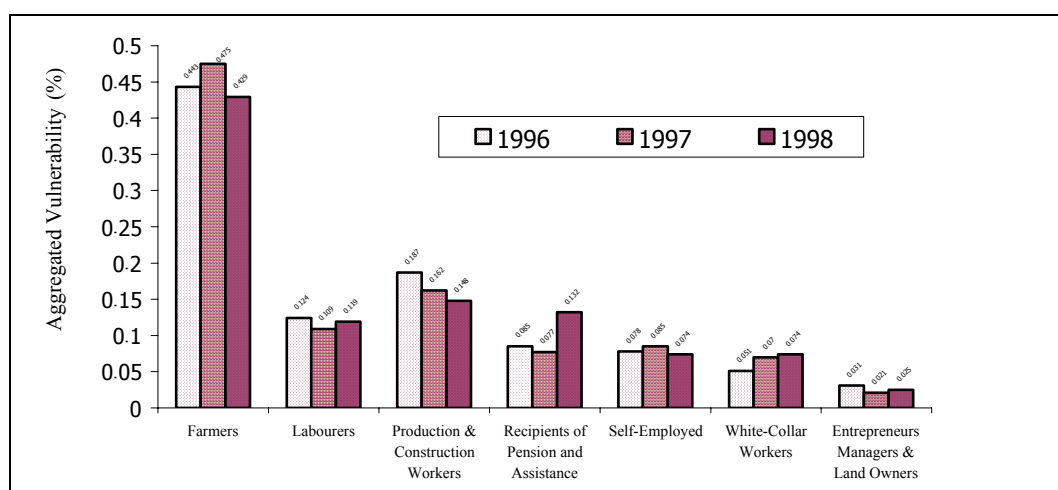
FIGURE 5: POVERTY AND OCCUPATION (%)



Source: World Bank, *Social Monitor* (2001)

Almost half of farm workers (48%) are classified poor, while 38% of farm operators including tenants belong to the poor group. The profile is consistent with vulnerability ratio; with the majority of high vulnerable households are farmers.

FIGURE 6: VULNERABILITY AND OCCUPATION

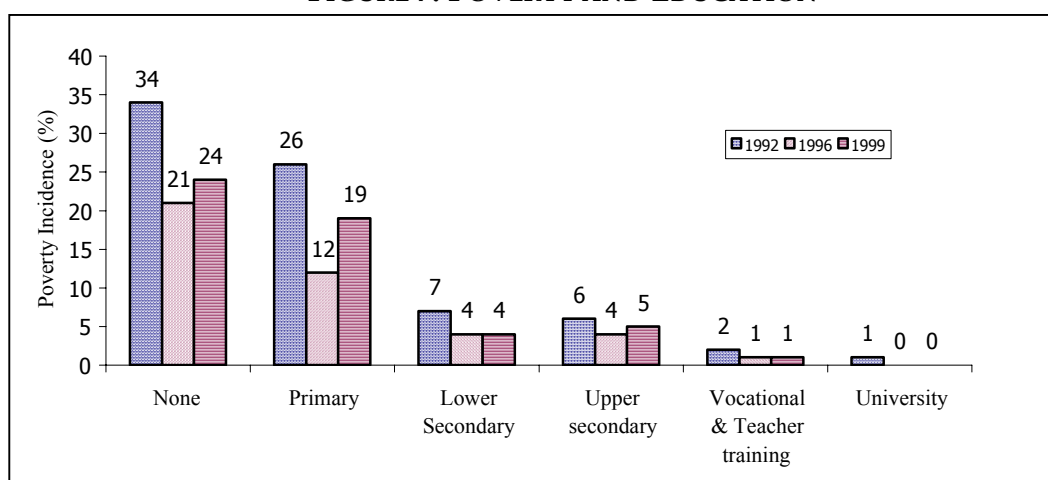


Source: Bidani and Richter (2001)

### *Education of the Poor and Vulnerable Household Head*

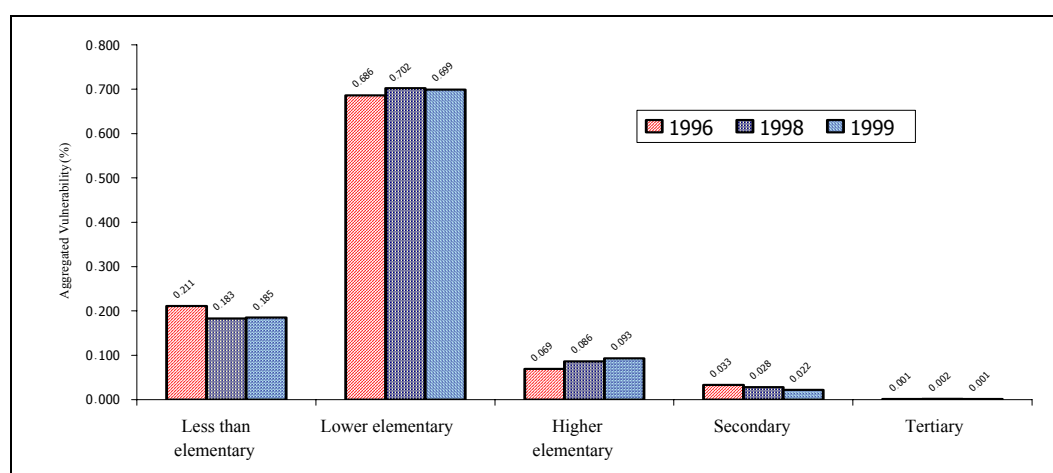
Surprisingly, poverty and vulnerability do not share similar characteristics in education. Figure 7 shows the headcount ratio of poverty grouping by the completed schooling of the household head in 1992, 1996 and 1999. With a substantial expansion of education in the last two decades, Thailand is successful in bringing down the incidence of poverty across educational levels. Not only is a poverty rate higher among the less educated, it experienced a larger increase in poverty during the crisis. This is, however, not a case in vulnerability.

**FIGURE 7: POVERTY AND EDUCATION**



Source: World Bank, **Social Monitor** (2001)

**FIGURE 8: VULNERABILITY AND EDUCATION**



Source: Bidani and Richter (2001)

As shown in Figure 8, the group that is most exposure to risk is household with lower elementary education—1-3 years in school, followed with a group of less than elementary education. Moreover, unlike the trend in poverty, there is little difference between vulnerability ratio in various groups comparing between pre and post crisis.

### *Prospect of Poverty and Vulnerability After the Crisis*

One could hope that the poor will regain what they have lost once growth resumes, and be restored to their levels of well-being. But this is unlikely in the near term, as the recovery has not been strong enough, and the post crisis situation contains some unfavorable prospects for the poor:

- Volatile global conditions are likely to continue, especially after the 9/11 incidence, depriving Thailand of steady export and tourism market growth;
- Income inequality has worsened during the crisis to the highest levels reached in Thailand, thus further eroding the positive effects of growth on the poor;
- Poverty is showing signs of structural rigidity, as it is increasingly concentrated in the northeast, low-education and among small farmers who are highly indebted and unproductive.

The lesson from Thailand's experiences is that past and present traditional government programs may find some difficulties to reach the structural poor and vulnerability. There is a need to consider targeting programs and innovative measures to deal with the rigidity character of the issue. Those programs are discussed in section 4 below.

## **2. VARIOUS DIMENSIONS OF VULNERABILITY**

### **2.1 A DECOMPOSITION ANALYSIS IN B&R (2001)**

#### *Variation in Mean Consumption Levels and Vulnerability*

Using the assumption that consumption is log-normally distributed, the vulnerability level of household is a function of its mean and variance. The analysis of vulnerability has thus two components: the effect on the expected value of consumption and the effect on the variance of consumption. B&R (2001) finds that the crisis led to a greater impact of differences in the mean consumption levels on vulnerability. In general, around three quarters of the differences are due to differences in mean consumption. Furthermore, the share accounted for by differences in the mean increased from 74% to 80% over three years.

Comparing differences due to the mean and the variances reveal an interesting pattern: low vulnerability households tend to have negative mean differences and positive variance differences, while the inverse feature is present for high vulnerability households. The results imply the followings:

- Low vulnerability households have typically mean consumption levels below the poverty line;

- An increase in the variance raises the chances of falling below the poverty line, hence variation in consumption levels is associated with higher vulnerability;
- In contrast, more volatility increases the chances of escaping poverty for high vulnerability households with mean consumption below the poverty line;
- The contribution of the variance components is larger (in absolute value) in size for high vulnerability households than for low vulnerability households.

### *Region-Education Segments*

To capture differences across subgroups, B&R (2001) divided up the Thai population into 35 segments, formed by a combination of seven regional groups and five education categories. The ordering suggests that regional characteristics on the whole dominate educational attainment. For example, the five Bangkok segments are within the bottom eight ranks, while four of the top five vulnerability segments come from Northeast. Furthermore, within regional segments, that the *educational* rankings are as expected: vulnerability declines as human capital increases.

To identify the sources of vulnerability for specific groups of the population, the ranking of subgroups are conducted using the 1996 vulnerability levels. The ranking is:

- Farmers in rural northeast with lower-primary education,
- Recipients of public assistance and pensions with lower-primary education,
- Self-employed, white-collar workers, and managers with high assets in the other urban segment.

Some findings with regard to the ranking of these groups in terms of differences to the median are shown in Table 3. *Farmers with low land holdings* are substantially better off than those with large land holdings, high asset public recipient better off than *low asset public recipients*, and for the middle- and upper class, tertiary education coincides with lower vulnerability than secondary.

By 1998 and 1999, farmers' vulnerability becomes almost exclusively a low-mean issue, while high asset holders in sanitary and low asset holders in other urban switch from being below to above the median. The middle- and upper class in other urban is increasingly faced with vulnerability from variation in consumption levels, reducing their excess over the median by 1999 substantially compared to 1996.

TABLE 3: DECOMPOSITION OF VULNERABILITY RELATIVE TO THE MEDIAN FOR PARTICULAR GROUPS

	Vulnerability relative to Median Vulnerability			Vulnerability relative to Median Vulnerability			Vulnerability relative to Median Vulnerability			
	Difference	Diff. due to mean	Diff. due to variance	Difference	Diff. due to mean	Diff. due to variance	Difference	Diff. due to mean	Diff. due to variance	
<b>Thailand</b>	0.060	0.044	0.016	0.112	0.089	0.023	0.127	0.100	0.027	
<i>Land access: farmers in rural northeast with lower-primary education</i>										
Land $\geq$ 20 rai	-0.04	-0.09	0.05	0.342	0.360	-0.018	0.354	0.384	-0.030	
Land < 20 rai	0.154	0.197	-0.044	0.370	0.390	-0.020	0.369	0.396	-0.027	
<i>Assets: public assistance recipients and pensioners with lower-primary education</i>										
Other Urban	High assets	-0.043	-0.092	0.050	-0.047	-0.103	0.056	0.002	-0.042	0.045
Sanitary	High assets	-0.007	-0.100	0.093	0.056	0.052	0.005	0.049	0.048	0.001
Other Urban	Low assets	-0.027	-0.031	0.005	-0.056	-0.078	0.022	0.042	0.004	0.038
Sanitary	Low assets	0.089	0.060	0.029	0.130	0.137	-0.007	0.084	0.103	-0.019
<i>Education and profession: middle- and upper class with high assets in other urban</i>										
Tertiary	Self-employed	-0.078	-0.142	0.064	-0.082	-0.153	0.071	-0.034	-0.149	0.115
Tertiary	White-collar	-0.090	-0.180	0.091	-0.094	-0.176	0.082	-0.048	-0.187	0.138
Secondary	Managers	-0.066	-0.220	0.154	-0.080	-0.179	0.099	-0.022	-0.148	0.126
Tertiary	Managers	-0.083	-0.187	0.104	-0.093	-0.209	0.116	-0.036	-0.183	0.147
Secondary	Self-employed	-0.073	-0.161	0.088	-0.068	-0.106	0.038	-0.027	-0.138	0.111
Secondary	White-collar	-0.084	-0.157	0.074	-0.069	-0.116	0.047	-0.023	-0.145	0.122

Note: Groups ranked by 1996 vulnerability level from minimum to maximum.

Source: Bidani and Richter (2001)

## 2.2 A STRUCTURAL ANALYSIS

The above analysis signifies that both poverty and vulnerability cannot be perceived as only lacking in multi-dimensional terms—lack of access to basic services, resources, information and knowledge, participation in the process of development and decision-making. The above findings indicate some particular rigidities in the characteristics of poverty and vulnerability suggest a structural cause of poverty and vulnerability. The structural view of poverty and vulnerability is emerging remarkably in Thailand, in particular among leading thinkers and policy makers. A different view of the cause of poverty and vulnerability are important because it can lead to different set of strategies.

In Thailand, the causes of poverty are viewed in two levels: individual and structural. At the individual level, the poor are short of education, skill, resources--such as land, accessibility to knowledge or information, that are necessary to create income and to protect oneself against shocks, as well as being unable to cope with shocks due to the stage of unhealthy, indebtedness. Individual factors also include consumption behavior--spending beyond their means, or high propensity to gambling, for example.

The structural causes of poverty and vulnerability are often referred to a combination of many institutional factors that persistently affect the conditions of the poor in both this and next periods. In Thailand, these factors are identified as follows:<sup>12</sup>

- The system of allocating resources in society—natural resources, land, forest, etc.-- is biased against the poor due to economic goal which favoured commercial agricultural production than sustainability of livelihood;
- The process of integrating to the market system has not adequately prepare people to cope with changes;
- Legal environment has created inequality in society;
- The structure of public sector has not facilitated poverty reduction, in particular, public expenditure was not pro-poor, and unable to target the poor geographically.

An existence of the structural characteristics and causes of poverty cautions policy makers that the standard policy prescriptions and tools may not be enough to design poverty reduction strategy.

### **3. GOALS OF ERADICATING POVERTY IN THAILAND**

#### **3.1 THE 9TH NATIONAL DEVELOPMENT PLAN AND POVERTY REDUCTION**

##### *The 9th Plan and Holistic Approach*

Poverty reduction is one of the high priority areas in the 9<sup>th</sup> National Economic and Social Development Plan (2002-2006); other areas include economic recovery, building social foundations, and good governance.<sup>13</sup> The Plan targets are to reduce poverty incidence to less than 12% of the population in 2006.<sup>14</sup> The 9<sup>th</sup> Plan also perceives poverty and vulnerability as

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<sup>12</sup> NESDB (2001b) "A Framework of Poverty Reduction Strategy," Working-paper for discussion.

<sup>13</sup> NESDB (2001c) "The 9<sup>th</sup> National and Development Plan."

<sup>14</sup> Thailand's goal to reduce poverty is quite progressive comparing with the Millennium Development Goals with regard to poverty: to halve the proportion of people living in extreme poverty between 1990 and 2015; the 1990 poverty incidence in Thailand was 27.2% (15.3 million headcounts), therefore an achievement of the goal of 12% (7.9 million) in 2006.

multi-dimensional and structural issue, it, thus, applies a so-called *Holistic Approach* or *Human-Centred Development* to the problem.

The holistic approach encompasses both a holistic target and a holistic mechanism. The holistic target entails all relevant targets of development considered together under the same integrated framework, will it be economic, political, social and cultural. The holistic mechanism refers to a mechanism is the process of people's participation, which requires partnership of a wide range of stakeholders that include public sector, private sector, civil society, NGOs, mass media, and others.

### *Institutional Environment for Holistic Development*

An emerging of the holistic approach in Thailand is a result of social reform in the years leading up to the crisis. Civil society organizations and leaders, supported by the public at large, pushed for structural reform in many aspects. The reform has first been attempted and successfully conducted in the political arena with an introduction of people participation in drafting the new Constitution (1997). This new Constitution creates the framework for the restructuring and reforming in many other areas: socio-economic development, basic rights in education and healthcare, environmental preservation, local resource management, and community empowerment.

The reform in socio-economic development started with the process of drafting and the contents of the 8<sup>th</sup> Plan. The process of making the Plan has marked the turning point for Thailand with regard to empowering people in the process of development as well as shifting the goal of development from focusing on merely high growth and physical development towards sustainable development with human being the center of development. The 9<sup>th</sup> Plan not only carried on the principles, but also extended the process of people participation to cover a greater public while spelled out more concrete goals with regard to human centered development.

### *Philosophy of Sufficiency Economy*

The holistic approach is substantiated by the philosophy of *Sufficiency Economy*, the guiding principle of the 9<sup>th</sup> Plan, which emphasizes self-reliance at all levels.<sup>15</sup> This philosophy is based on the principle of "the middle path," and reemphasized as the solution to globalization and changes in the post-

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<sup>15</sup> *Sufficiency Economy* is a philosophy bestowed by His Majesty the King to his subjects through royal remarks on many occasions over the past three decades. The philosophy provides guidance on appropriate conduct covering numerous aspects of life. After the economic crisis in 1997, His Majesty reiterated and expanded on the *Sufficiency Economy* in remarks made in December 1997 and 1998. The philosophy points the way for recovery that will lead to a more resilient and sustainable economy, better able to meet the challenges arising from globalization and other changes.

crisis environment. Sufficiency Economy arises against the backdrop of global integration and pace of technological-cultural-social changes by ensuring balance and readiness to cope with fast and extensive changes with respect to materials, society, environment, and culture.

Sufficiency Economy can be explained as the principle of moderation, which takes full account of a balanced and rationalized development approach, with full awareness of the changing world, and with 'quality of people' as the key to development. *Sufficiency* entails three components: moderation, reasonableness, and requirement for a self-immunity system to cope with impacts from internal/external changes.<sup>16</sup> It requires breadth, thoroughness, and carefulness particularly in applying knowledge, in planning, and in implementation of plans. It enforces the condition that people are to possess honesty and integrity, while conducting their lives with perseverance. In sum, *Sufficiency Economy* is a concept of *self-reliance* towards sustainable development as well as *cooperation among people* at all levels to attack poverty in society.

#### *Development Objectives and Strategies Towards Poverty Reduction*

All strategies in the 9<sup>th</sup> Plan are relevant to poverty alleviation, with a main objective of improving the potential of and opportunity for the Thai people to be self-reliant. The objectives of poverty reduction strategies that are indicated in the Ninth Plan are as follows:

1. To support economic growth in the sectors that the poor typically rely on and growth that provide employment opportunities and generates income for the poor, i.e. pro-poor growth;
2. To provide equitable access to education, social and basic services to the poor and disadvantages both in the urban and rural areas;
3. To support collective process to solve poverty through empowering people and local community;
4. To reduce poverty and inequality through structural reform in those areas having impact on poverty.

To achieve the above objectives, three main poverty reduction strategies are emphasized in the 9<sup>th</sup> Plan:

1. **Empowerment towards self-reliance at all levels—household and community.** First is to empower people to be able to tackle poverty and vulnerability by themselves. Based on the Sufficiency Economy, the concept of empowerment encompasses two aspects: having voices in development process and to be self-reliant at all levels—individual, community and the nation. The process of empowering people in development requires people or

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<sup>16</sup> See Piboolsravut (2001b) for details discussion on an economic theoretical framework of Sufficiency Economy.

communities to take the leading role in their development activities, whereas the public sector is supposed to take the supportive role. Meanwhile, self-reliance is a mechanism to improve capability of the poor economically, both monetarily and non-monetarily.

2. **Social security and basic services for the poor and the disadvantages.** Many mechanisms and channels are to be utilized in providing basic services and social security to the poor: the traditional state mechanism, community forums, NGOs, civil societies, local institutions, religious institutions, for example. In particular, the ultra poor will be guaranteed basic necessities such as food, health insurance, and a living allowance, whereas education and basic healthcare are to be provided equally.

3. **Structural reform towards poverty reduction.** The first reform must come from changing the attitude and perception of Thai people to recognize an importance of applying Sufficiency Economy in development at all levels, and to conduct the pro-poor macro economic policy. Other areas of reform include participation in natural resources management, legal institutions, and public sector management including pro-poor public expenditure.

### 3.2 STRATEGIC FRAMEWORK TO LESSEN VULNERABILITY

The above objectives and strategies are purposefully designed to attack poverty within the Thai context. Since vulnerability as defined above is a rather new concept and has yet been fully addressed in the national strategy, it is quite a challenge for policy makers to apply the above principles and anti-poverty strategic framework towards lessening vulnerability: preventing poverty. This section outlines some issues that should be considered in designing programs and measures to reduce vulnerability.

As vulnerability is defined in two aspects: an exposure to risks and an inability to cope with adverse shocks, an effective strategy must therefore address these two aspects simultaneously. In other words, vulnerability reduction strategy or poverty prevention policy should encompass the aspect of reducing exposure to risk by creating self-immunity system against any adverse shocks as well as preparing the vulnerable with proper means, or providing an access to those means, to escape long term poverty.

Furthermore, from Thailand's experiences with poverty issue, the country is at the stage of particularly addressing the persistent and structural poor—chronic poor--more than any other groups. While development programs and policies in the past brought down the numbers of poor as mentioned above, the chronic poor and in particular the low mean vulnerable

are rather persistent because of its structural nature.<sup>17</sup> The traditional public programs and measures that are designed to equally reach the poor and vulnerable are proved to be difficult in further bringing down the numbers of poor. To tackle the structural problem, we must be innovative both in terms of designing the programs and how to reach them.

#### 4. A THAI EXPERIMENT IN COPING WITH VULNERABILITY

Responding to the problem of poverty and vulnerability, government can take actions across a wide range of interventions, some directly beneficial to the poor and narrowly targeted, while others are more indirect, but can also yield substantial benefits. This section discusses some traditional anti-poverty measures that have dimensions of lessening vulnerability in two aspects: protecting the poor and vulnerable against adverse shocks, and preparing them to deal with those shocks. A Thai experiment also includes some distinctive schemes aiming at creating self-immunity—self-reliance and empowerment—for the poor and vulnerable both at the household and community levels.

##### 4.1 TRADITIONAL MEASURES TO PREVENT POVERTY

###### 4.1.1 Protecting the Poor and Vulnerable from Adverse Shocks

The traditional policies and measures of social protection involved four major kinds of activities:

- Labor market programs to facilitate labor adjustment;
- Social insurance programs to cushion the risks associated unemployment, disability, work injury, and old age;
- Agricultural crop and price insurance to cushion the risk to agricultural incomes from crop failure or temporary market disruptions;
- Social funds and other temporary employment generation programs designed to offer a temporary source of earned income while enhancing the social infrastructure.<sup>18</sup>

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<sup>17</sup> To summarize the shared characteristics of both groups over-time, based on poverty and vulnerability studies briefly discussed above, they are, e.g. *geographic*--concentrated in rural northeast, *education*—HHH having lower than elementary school education, *land ownership*—holding a small farm less than 5 Rais (0.8 Ha).

<sup>18</sup> ADB (2000). In this context, Thailand has no permanent income maintenance program, but does have various forms of social protection programs.

With regard to programs for the poor, the PPA studies identified the most desired protection the poor and vulnerable in Thailand need are **access to health services** and **income stability**.<sup>19</sup> It is understandable that these types of protections are on top of the lists due to the lack of poor targeting healthcare programs before the crisis, and most poor belong to the informal sector in Thailand. The program to cushion shocks upon income for the poor and vulnerable in Thailand covers various aspects: cash transfer to the targeted group, agricultural crops' price insurance, as most poor are farmers, and the poor-targeted income-earning program. The relevant programs and schemes are discussed below.

### *Healthcare Programs to Protect the Poor and Vulnerable*

The non-poor can easily fall under the poverty line due to an unexpected unhealthy condition. At the present, the health programs in Thailand covers various forms of services: the free health services to the uninsured, the low-income card program for the poor and other needy families; other government "health insurance schemes" that are not poverty targeted<sup>20</sup>, and voluntary health insurance program including private insurance. Administrative statistics in 1998 indicate that 80.5% of the population was beneficiaries of some types of health insurance scheme; among those 45% are eligible for free medical care under the public assistance program.

The public assistance scheme for healthcare covers low-income adults, children under 12 years of age, the elderly (60 years and older), disabled, monks and war veterans. The low-income card scheme, which is a part of the public assistance scheme and targeted to poor adults within the 13-59 years age group, entitled poor adults to free health care at hospitals and public health centres. Recent studies show that the low-income card is biased toward the poor, as it should be, but not strongly, with the poorest consumption quintile accounting for 38% of all beneficiaries.<sup>21</sup>

Since the beginning of 2001, the newly elected government introduced a new health coverage scheme, i.e. the "30 Baht Health Scheme." Under the scheme, joining hospitals will provide universal health services for 30 Baht per visit. The scheme is initially aimed to absorb various types of health insurance programs into a single program with consistent benefits and costs. However, during the piloted period, the scheme is applied in 21 provinces to the previously uninsured, who receive free medical under public assistance; and need careful monitoring and analysis before the next expansion stage.

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<sup>19</sup> See Krongkaew (2000), and World Bank, "Voices of the Poor" (2000), for example.

<sup>20</sup> They are: the civil servants' medical benefit scheme and the compulsory health insurance scheme for formal sector employees, and voluntary health insurance program.

<sup>21</sup> Social Monitor IV (2001).

### *Programs to Protect the Elderly Poor*

The findings in B&R (2001) indicate that the proportion of vulnerable elderly household increases after the economic crisis. Thailand also has a program to assist the elderly poor, targeting those over 60 years of age who have no one to take care of and economically inactive. The programs pay each elderly poor recipient a pension of Baht 300 per month, which is considerably less than the minimum subsistence requirements implied by the NESDB poverty line for the elderly—averaged bath 700 per person in the rural area in 1997.

The program covers approximately 320,000 elderly poor in 1999, with nearly 40% of beneficiaries coming from the poorest quintile. The main problem frequently addressed with this program, besides the insufficient amount of payment, is that those elderly who live in large households are ineligible. This is an issue because the family structure Thailand tends to be a large family with the young generations taking of the old, especially in the rural area. In other words, the program can possibly create a moral hazard problem in the sense that the elderly poor may choose to live alone in order to be a beneficiary; making them more vulnerable and being destructive to the social texture, in particular the family institution..

### *Public Employment Program in the Aftermath of the 1997 Crisis*

The job-income creation schemes were stepped up considerably after 1997 to lessen the social impact of the economic crisis to the poor and vulnerable. The biggest package is sometimes called Miyazawa fiscal stimulus package, cost 1.2 billion U.S. dollars and financed by loans from the World Bank and JBIC-Japan. The program generated short-term employment for low-skill workers in the rural areas, paying low wage rates to induce self-selection of the poor to the program. The public works program employed 3.5 million unskilled workers, for an average of 18 days per person. The works are mostly to rehabilitate water supply, irrigation, roads, tourist places, and etc., with the participatory process of community in designing the program. Other small scales of job creation programs are also implemented financed from the government budget as well as the ADB.

#### **4.1.2 Preparing the Poor and Vulnerable with Capacities and Means**

Traditional means to prepare the poor and vulnerable in dealing with risk is providing skill, knowledge, and accessibility to micro credit and loan. Knowledge and skill, which will increase capacities of the poor in managing risk, can come from formal and informal education, training and retraining programs, learning among themselves through experiences changing forum, for example. Credit programs, on the other hand, increase choices of means

for the poor and vulnerable to manage risk. The relevant programs implementing in Thailand are discussed below.

### *School Feeding Programs*

This program aims to **encourage enrollment of poor students** in rural areas, who may be unable to attend class because of hunger or undernourishment due to poverty. Thailand has two main school feeding programs: free school lunch program, and a supplementary food or school milk program. While the former program applies to children in primary school, the latter is open to pre-primary students and primary students through the third grade.

The selection process of the target population in these programs is community driven as the teachers in each school decide which families are poor and which students are eligible to join the programs. Statistics shows that as many as 45% of children in the bottom consumption quintile receiving free school lunch benefits and the poorest quintile accounting for 54% of all beneficiaries of this program. Regarding the supplementary food program, the share of the poorest quintile among beneficiaries was 45% in 1999.

### *Accessibility to Education for the Poor*

A fundamental capability building programs is **access to education**, supported by the targeted scholarship and school loan programs. These two instruments aimed to improve enrolments for the poor in higher education through an Education Loan Fund, established in 1996 prior to the crisis. The eligible beneficiaries include those studying at upper secondary and tertiary private and public educational institutions with incomes below Baht 12,500 per month.

Given the patterns of access to secondary and higher education, however, utilization of these programs is strongly biased toward the better off Thai families, thus perpetuating the enrolment imbalances. The data indicate that only 16% of beneficiaries of the Loan program come from the poorest quintile, while 25% of all beneficiaries who received the scholarship belong to the poorest quintile. In sum, the coverage of both programs is quite low in terms of population, as well as inefficiently targeted to the poor.

### *Micro Credit Program for Farmers*

Another means to enable the poor to income-generating assets is **micro or small farmer credit** from government lending institutions. The SES routinely collects information on household borrowing from various sources, including the Bank of Agriculture and Agricultural Cooperatives (BAAC). These data can be analysed to examine how well targeted government agricultural credit programs are to the poor.

In 1999, only 2% of all agricultural households reported borrowing from the BAAC during the month preceding the survey. For those that borrowed, the average amount borrowed was large, amounting to approximately 4.4% of monthly household income. More importantly, better-off agricultural households appear to account for the bulk of BAAC credit, especially in 1996, 1998 and 1999. Indeed, the data suggested that the share of the richest quintile of agricultural households in total BAAC financing increased sharply from 25% in 1996 to 59% in 1999. At the same time, the share of the poorest quintile of agricultural households fell from 11% to 5%.

### *Community Managed Small Credit Program for the Poor*

In Thailand, there is also the Poverty Alleviation Project administered by the Ministry of Interior since 1993, aiming at providing an amount of Baht 280,000 to each village. The fund is to be used to provide interest-free loans to poor households as seed money for investments in income-earning activities. The process of selecting the poor household is community driven; screening by the village committees who are supposed to best know who are the poor in-need in the community.

During the 1<sup>st</sup> phase of the project (1993-1997), there were 799,396 poor households targeted, with 70% of those borrowing with an average of 6903 Baht per household. The numbers of targeted households under the program during the 2<sup>nd</sup> phase (1998-1999) was 355,380 households, with 53% of those actually participated in the scheme borrowing Baht 7252 on average. Statistics from the Ministry of Interior show that 81% of households participating under the scheme borrowed fund for investment in farms, with an average of 20% of return in investment.

### **4.1.3 Public Expenditure and Poverty Alleviation**

To put government's poverty reduction programs into perspective, it is practical to see how large the government poverty program is in relation to various economic indicators. Based on the study conducted by World Bank (2001b), the aggregate government expenditure on all poverty programs has increased significantly in real terms over time: from Baht 4.5 billion in 1993 to Baht 21.1 billion in 1999 (in constant 1988 baht). Because the number of poor has generally fallen over this period, public spending on poverty programs per poor person has also increased significantly – from a mere Baht 386 in 1993 to Baht 2,138 in 1999. This implies an impressive annual growth rate of 33%. Furthermore, because real GDP grew by 2.4% and real total government expenditure rose at 8.1% annually over this period, public spending on poverty programs increased as a proportion of GDP and total government expenditure as well.

At the same time, it is important to note that overall public spending on poverty interventions was a mere 0.7% of GDP in 1999. Additionally, the data show that, while government real expenditure on poverty alleviation increased by 5.2% between 1998 and 1999, the population of the poor swelled by 25.3% over the same period, resulting in a real decline of 16% in public spending per capita on poverty. An assessment of public expenditure as a tool of reducing and preventing poverty is further required toward a design of better budgeting mechanism.

#### 4.2 SELF-IMMUNITY SYSTEM FOR THE POOR AND VULNERABLE

Based on Sufficiency Economy, socio-economic vulnerability can be cope with through a *self-immunity* system both at the household and the community levels. This section introduces experiments in Thailand how the self-immunity system based on Sufficiency Economy is created at an individual/family level.

##### *Sustainable Agriculture towards Self-reliance for the Household*

Over the years, His Majesty the King managed to create models of sustainable development that integrated the requirements of the farmers with their environmental surroundings. Through combined efforts with government agencies, 51% of farms in the central region using some form of integrated agriculture by 1980 vis-à-vis mono-crop agriculture. Based on many experiments with integrated agriculture, His Majesty was able to develop systematic guidelines for proper management of land and water resources, commonly known in Thailand as *New Theory Agriculture*.

The main purpose of the New Theory is to make farmers more self-reliant and self-sufficient; the so-called *self-sustaining agricultural landscapes*. First, the average of 15 rai (2.4 ha) area of land is required, setting aside 30% for rice cultivation, 30% for field and garden crops, 0.48 ha and 4 meters deep pond has a storage capacity of 19,000 cubic meters. The remaining 0.32 ha are for housing and other activities.<sup>22</sup>

Furthermore, all approaches to increase the sustainability of farming systems involve utilizing management practices that have multiple benefits. Among these practices is exploiting interrelationships like insect and weed control, water and soil management, integrating livestock and crop production operations, and the use of non-crop production operations, and

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<sup>22</sup> As long as the ratio is used, however, the size of land is immaterial. All of these numbers with regard to the size area for each purpose are carefully calculated to support self-sufficiency of the household. For example, with rice being the staple food for every Thai household, the Theory estimates that, if each family carries out rice cultivation over an area of 5 rai (2 acre), they will be guaranteed with a whole year's supply of rice for consumption. This means that farmers will not have to buy rice at an unreasonably high price and being

the use of non-crop species of plants for nutrient cycling and soil protection. The New Theory agriculture allows farmers to be at least self-sufficient in terms of food, and can create proportionate income for farmers from selling extra crops and products beyond necessary consumption of the household. It provides self-immunity for farmers against adversities.

To support the poor with self-immunity system, the government started the New Theory Agricultural scheme by financing the costs of digging ponds and providing training for farmers, in particular the poor household, who wish to participate in the program. Social Protection Program Loan (SSPL) from Asian Development Bank supports the funding during 1998-1999; there are 14871 households took part in the New Theory agriculture.

### *Inclusion and Cooperation as a Self-Immunity at the Community Level*

The complete New Theory has three stages:

- Self-reliance at the household level as discussed above;
- Cooperative activities within community to reduce costs of living, increase income from crop or other products sales, creating communal fund from internal saving, establishing community healthcare center, for example;
- Reaching out to co-operative firms, banks, and other outside sources to raise fund, or creating direct sales channel, for example.

The 2<sup>nd</sup> and 3<sup>rd</sup> stages of the New Theory provided the basis for empowerment programs in Thailand. To implement the self-reliance at the community level based on Sufficiency Economy in accordance with the decentralization policy, the NESDB has engaged in the program of facilitating community to develop its own *Community Development Plans (CDP)*<sup>23</sup>. The program aims to strengthen people's participation, and to build the community's management capacity. The process of the CDP preparation is designed as follows.

1. Community members organize a consultative meeting to share the understanding of the objectives of the CDP preparation.
2. After having learned the CDP objectives, community members join together to explore the information and data related to situations of community: income and expenditure, natural resources, public utilities and services available, etc. Some sets of data such as expenditure and income are collected by community committee with cooperation of all villagers, some are searched from government agencies; some may be extracted from the experiences of the community members.

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<sup>23</sup> Wong Cha-um (2001) discusses the historical development of CDP, and explains in details how to utilize the process of preparing CDP as an empowerment tool in Thailand.

3. Then community members convene another meeting for presenting and discussing the obtained information/data. From such discussion, the members will learn the strengths and weaknesses of their community; thereby leading to forming a joint-vision to develop one's own community, with a plan to make that vision comes true. The vision can range from reducing expenditure on food by producing more consuming crops or vegetables within the village that can lead to more self-reliance, to setting up a saving fund within the village for members to borrow in the time in need.
4. In case the community members cannot figure out the solutions, they may need to visit other communities, so as to learn from the experiences of external sources. Throughout the process of preparing CDPs, learning among people or learning from those who succeeded, are encouraged than naively listening from government officers or experts.

The above five stages of preparing the CDP give rises to a learning process among members within and without communities. It should be noted that governmental agencies, in particular the NESDB and Ministry of Interior, has changed their roles from directing development towards facilitating and supporting community in planning and implementing community programs and projects.

Other empowerment schemes include an investment by the Government in the Social Investment Fund and many other similar programs that emphasize inclusion of people in the process of development. Most civil society groups are highly supportive of the government's efforts to channel resources to them through participatory administration and they acknowledge their reach to marginalized groups.

## **5. FURTHER POLICY AND RESEARCH ISSUES**

This paper is a step toward a greater understanding of vulnerability in Thailand, especially in relation to poverty and anti-poverty strategies. Facts and findings, as well as traditional and experimenting programs and measures are addressed. Some preliminary conclusions that come from the discussion are:

- In Thailand, poverty and vulnerability are viewed as multi-dimensional both in their manifestations and their causes. While poverty is a stage of deprivation, vulnerability is an ex-ante exposure to risk of being deprived from means for decent living such as basic necessities, opportunities and voices.

- The crisis has led to sharp increase in both poverty and vulnerability, in particular the chronic poor and the low mean vulnerability. Poverty and vulnerability share some similar characteristics: concentrated in the northeastern region, among farmers and low education as expected. The findings confirm structural rigidities of the problem and call for innovative programs and measures to deal with.

- Thailand seriously aims to reduce the number of poverty incidence to the level before the crisis during its present 5 years Plan. The main principles include self-reliance at all levels: household and community. Many inventive measures are designed to bring poverty and vulnerability down; they include traditional measures with regard to social safety nets and community-based income creating programs. Although with some level of success, those programs and measures are still need to be monitored closely. .

The issues discussed above both the concept—vulnerability—and development strategies—self-reliance—are quite new and at the beginning stage. In other words, with various dimensions of reform, Thailand is said to be at the stage of experimenting its own development strategies. Many further research and policy issues are to be conducted to deepen understanding of vulnerability and assess strategies properly. Some research and policy issues that arise from the findings in this paper are:

- A necessary to measure external and internal aspects of vulnerability toward a greater understanding of its nature and cause. Because vulnerability has two sides as discussed above, there is a need to measure what kinds of factors—internal or external—and how they affect vulnerability. For example: how different type of external shocks have impact on the poor; how different internal factors coming from the state of health, education, lacking of assets, indebtedness, have different impact on vulnerability.

- Based on a better understanding of vulnerability at the micro level, an analysis of vulnerability of the macro level should be considered. Experiences told us that globalisation could have both positive and negative impact on each country development in a complex way. In particular, the recent economic crisis gave rise to the issue of vulnerability of the country if it is exposed to external conditions and shocks without a good preparation. What types of protective system the country should prepare for itself in managing risk, e.g., financial system, legal system, moral system, and knowledge producing mechanism?

- A better targeting programs and measures are necessary to effectively reach the poor and vulnerable. Many key pro-poor programs of the government are inefficiently targeted and ineffectively implemented.

With low coverage and high leakage to the non-poor; there is a call for a more effective implementing procedure and a better targeting means.

- A long ignored area of structural actions should be seriously considered, in particular, tax policy, land policy, natural resources management policy, as these would have clear benefits to the poor and would be a step toward poverty attack as well as correcting the recent deterioration of income distribution in Thailand.

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