

Social Integration through Social Protection Programmes : Some Considerations From Social Protection Scheme for Workers in the Informal Economy in Thailand

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I. INTRODUCTION

High competition induced by globalization leads to paradigm shift in employment. Employment has been increasingly pressured towards flexibilization (Castells, 1996; Schienstock, 2001). Such circumstances stimulates the re-emergence of informal economy much as its role in employment creation and poverty eradication in the globalized world, though the situation brought about concern of exploitation and marginalization of workers as they are not protected (Chen 2005). This is evident in Asian, American and African continents (Losby et. al., 2002; Global Urban Development, 2006). In line with ‘informalisation’ of work, learning process of workers does not rely on formal education, ‘social capital’ is regarded as vital to learning process. (Archibugi and Lundvall, 2001).

In Thailand workers in the informal economy have not been protected by labour law despite their significant roles in driving the economy. Coverage by social security, though exists, is not on a par with workers in the formal economy. In the mean time diversity in terms of work status, types of work, types of workers and employment arrangement makes protection of workers in this sector a complicated task.

Activities in the informal economy has long been regarded as ‘survival strategy’ for the poor much as being an employment ‘safety valve’. The ubiquity of work in the informal economy is partly attributed to poverty, lack of law enforcement. In many cases culture plays a key role. Thus for some, work in the informal economy had not been regarded as work, but rather as part of life. Workers in this sector haven’t been protected as workers, but rather as part of poor population. They are recipients of social welfare benefits.

Informal workers have been targeted for many social protection schemes sponsored by the government, namely housing, skills training, low-interest loans. In 2004 a Strategic Plan for Informal Economy (2004) was proposed by the National Economic and Social Development Board, after the realization of the important role of informal economy in Thailand and the paradigm shift in employment. The Plan aims to promote informal economy to support Thai economy and promote risk management strategy to protect informal workers. In that year informal economy accounted for 46% of GDP or 62% of national income and workers in the informal economy accounted for 65% of employed persons.

In 2007 the Ministry of Labour started to map out social protection strategies for six groups (13 occupations) of informal labour which considered marginalised. They are agricultural workers, home-based workers, micro-entrepreneur, workers in transportation, domestic workers and casual workers.

This paper highlights situation of informal workers and the social protection that has been in place for this group of workers. Lessons learned from some social protection programmes will be presented.

II. Conceptual Framework

Concepts used in this paper are social integration and risk management. Social integration has inclusionary goal. It implies equal opportunities and rights. When a person becomes more integrated he/she has more opportunities in life and is able to cope with risk. Risk management has 'protection' and 'promotion' elements (Unni and Rani 2002) and is in line with 'Decent Work' as promoted by ILO.

III. Informal Workers in Thailand

In the 2008 national statistics, informal workers accounted for 63.8 % of employed persons in Thailand. Agricultural workers accounted for highest percentage (57.5%), the second largest groups are workers in service, elementary occupation and craft industry respectively.

Marginalization of workers in the informal economy has long been documented, first in academic research. Scores of academic research have been published as early as 1973 to illustrate plight of workers in the informal 'sector'. Non-governmental organisations also have roles in promoting and protecting workers in the informal economy, particularly the home-based workers.

Besides problems related to poverty and lack of life chances, the followings are common problems among workers in the informal economy (ILO and Social Security Office, 2003 and Parichart Sivalak 2005) :

1. Poverty due to low and unsteady income
2. Unprotected by labour law and social security law. Basic rights haven't been observed.
3. Lack of access to occupational safety and hygiene.
4. Limited access to capital.
5. Limited opportunity for training and development.
6. Labour relations problems.
7. Insufficient data on informal labour by types, areas and nature of problems making it difficult for protection and promotion, in particular in the case of agricultural workers.

IV. Situation of Selected Groups of Informal Workers

a) Workers in the Agricultural Sector

There are three work status in this sector : independent workers, contract farmers and casual labourers. Some workers may engage in all work status. The salient feature of work in the agricultural sector is seasonal unemployment and underemployment. In general workers had low educational attainment. Most were over 40 years of age. Though work in the agricultural sector is not popular among younger workers, they are alternative occupation for many including those who have college degree. Free trade agreement which took effect in 2003 poses as a threat to many workers.

Agricultural workers have been encouraged to organize as agriculture group and agricultural cooperatives for group problem solving and strengthening democratic ideology. Nevertheless most of the group activities focus on agricultural activities and savings. Some have already extended to community enterprise, community welfare and environmental conservation activities. Nevertheless problems of management problems, and lack of understanding were noted.

Agricultural workers have long been target of poverty alleviation policy. In sum government intervention includes loans and productivity improvement. Study in 2005 revealed that more than 30% of agricultural workers were in debt. The amount of debt increased significantly as compared to household debt level few years earlier.

With regard to social protection, agricultural workers are covered by the universal health care scheme. They are entitled to public assistances. The following problems are those most mentioned by workers in the agricultural sector.

1. Lack of production factors such as water sources, land, capital.
2. High production cost : labour cost, seeds, fertilizer and other necessary chemical substances
3. High occupational risks
4. Lack of knowledge in modern technology and modern farm management
5. Seasonal unemployment
6. Lack of social protection.

Many studies recommend that social security coverage should be extended to agricultural labour. Skills development for workers is also recommended. In 2009 welfare fund for workers in the agricultural sector has been planned to provide benefits concerning sickness, childbirth and old-age pension. Registration of workers was completed in September 2009.

b) Micro-entrepreneur : Street Vendors

Scores of studies indicates that street vending is both a 'survival strategies' for those who could not find formal employment and 'alternative' earning opportunities for those who prefer to be independent.

Vendors have different levels of income. There are vendors who : (1) earned just enough to get by ; (2) were able to accumulate capital ; (3) considered to expand trade ; and (4) had to give up business due to insufficient earnings. Recommended interventions are increase access to capital, more diverse measures for diverse groups of vendors, skills development and group organization.

c) Casual Workers

There is not much study on casual workers. Uncontinuous work makes this group of workers drift between casual workers and unemployed. Some workers are fortunate to earn basic daily minimum wage and some are not. In flux of foreign workers from Burma, Laos and Cambodia poses as a major threat for Thai casual workers. Major problems of this group of workers are :

1. Chronic poverty due to low and unsteady income
2. Indebtedness
3. Housing problems
4. Higher cost of living due to unsteady housing arrangement
5. Chronic stress due to uncertainty and low income
6. Low social capital
7. Lack of access to information

Study in 2006 found that around 80% of 3 group of workers reported that they were able to find help in time of need. When asked who should be responsible for their safety net,

highest percentage of agricultural workers said ‘government’. Highest percentage of street vendors said they themselves should be responsible for safety net. Highest percentage of casual workers would resort to government and self. As for social security coverage, around 90 % of agricultural workers wanted to have social security coverage. Higher percentage of 95% was found in the case of street vendors as against 63% in the case of casual workers. Despite being covered by the Universal Coverage of Health Care Scheme, most workers responded that they need more coverage to compensate for loss of income in time of sickness (Narumol Nirathron 2007).

V. Social Protection for Workers in the Informal Economy

There are three categories of social protection for workers in the informal economy in Thailand.

a) Government-sponsored scheme

Informal workers in Thailand are entitled to benefits under social protection scheme which entails social insurance, labour protection, public assistance and social services as depicted in Table 1.

Table 1 : Social Protection for Workers in the Informal Economy

Social Protection Scheme	Guidelines
Social Insurance	1) Social Security : Informal workers are entitled to social security coverage in accordance with Article 40 of Social Security Bill of 1980 which covers only childbirth, disability and death. (In 2009 attempt has been made to extend the coverage to 5 benefits : sickness, disability, death, childbirth and elderly pension) 2) Medical Insurance : Universal Coverage of Health Care Scheme
Labour Protection	Ministerial Law 2003 covering home-based workers and Ministerial Law 2003 covering employees in agricultural work.
Public Assistance	Informal workers are entitled to public welfare benefits targeted for the under-privileged such as public assistance funds.
Social Services	Informal workers are entitled to general social services such as housing, skills training, pre-employment training, low-interest loans from many sources including Village Fund Project, Bank of People Project.

Source : Chanduaywit (2006)

To many informal workers, social security is the most important scheme as it provides safety net. Though for some, inconsistency of income is seen as a main obstacle to social security coverage. As of 2009 workers in the informal economy can register as ‘self-insured’ persons. They have to pay an annual premium of 3,360 baht (96 US\$) to be eligible for 3 types of benefit. The amendment of Social Security Bill has already been in process. Under the new arrangement, informal workers and all Thai citizens aged between 15-60 years who register as ‘self-insured’ persons are entitled to 5 benefits namely sickness, disability, death, childbirth and elderly pension for monthly premium of 280 baht (8 US\$).

The Universal Coverage of Health Care Scheme ensures equity in access to quality health services. In 2008, around 50% of the population eligible for the Scheme were in the lowest and second-lowest quintiles (Institute of Population and Social Research 2009). A national survey of attitudes towards the Scheme in 2006 found 66.4% of surveyed population, including informal workers, reported better quality of life on health aspect.

As for social services, informal workers in some areas are eligible for low-income housing projects where conditions apply. Owners of micro-enterprise can seek loans from Bank of People Project. Village Fund Project have been in place since 2001.

b) Social Protection by organised informal labour groups or organisations

Informal labour groups or organisations provide more of in-kind service (Parichart Sivalak 2005) as follows :

1. Organised occupational groups and production groups : This is prevalent in the agricultural sector such as agricultural groups and taxi cooperatives.

2. Home-based workers network of which members are home-based workers. The network offers mutual support, training, information dissemination and advocacy. The network has been working to push for homework legislation.

3. Cooperatives and credit unions of which services are focused on savings and information dissemination.

c) Social Protection through Community Welfare

Community welfare is a self-help system among people in the local area. It comes in a variety of forms and methods covering many aspects of well-being. Community welfare is regarded as a crucial alternative source of social protection for informal labour. 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, labour 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.

VI. Social Protection Schemes : Lessons Learned

a) People-Centered Housing Project

The People-Centered Housing Project has been implemented in 2003. It aims to deal with the housing problems of the urban poor through people's participation. In essence the project aims to : 1) Foster active role of community organization. People's participation is viable through active participation in the community organization; 2) To provide not only a housing project, it is expected to provide a 'home' in the atmosphere of strong and secure community; 3) Campaign for savings group to finance the new housing project; 4) Community planning through people's participation; 5) Provide a training ground for team building and teamwork in the community.

As of July 2008 there were 556 Projects in 1,108 communities covering 57,519 households nationwide. Many good practices of the Project have been publicised. The case study presented here is taken as a lesson learned.

In 2003 Community A was selected as one of the pilot projects. People in the community agreed (though not unanimously) to demolish their squatter houses for a 'non-slum-like' and 'standard' house. At that time the community housed 131 households of which 77 households were original dwellers and 30 household are extended households and another 23 tenant households. To be eligible for the project, each household must have at least 20,000 baht (550 US \$) savings in the savings group which was founded and later transformed into Housing Cooperatives. There were some community members who could not manage to save due to inconsistency of income. They had to leave.

The construction period was scheduled for 3 phases. In principle each phase was administered by a committee entrusted by community members and were subjected to

external scrutiny to assure transparency and effectiveness. The project was scheduled to complete at the end of 2005.

Study in 2008 found that people were proud of the new housing settlement as it provided a better physical environment and legal conditions. However there were negative remarks as people struggled to find money to build the house and ended up resorting to loan sharks. There were also complaints about lack of transparency in the Housing Cooperatives.

Eventually, the third phase of construction has been suspended. The people whose houses were in the third phase were therefore put in much more difficult situation. They had to pay for rent as the old houses were already demolished, in addition to the rent and payment for hire-purchase of the new house and the debts.

Under these cloudy circumstances, the situation in the community was far different from the one prior to the arrival of the project. A man said that life before was much better. For some people, the secure house didn't seem to guarantee secure livelihoods.

Staff from the involved organizations opined that the project was important not only in the sense that it was expected to re-organize the relationship between stakeholders in land use, much as the relationship of people in the community and the power relations. The Project was more or less the 'change agent' that brought about positive changes in the community in many aspects. To them, the circumstances was therefore attributed to a number of factors such as lack of preparation, monitoring and control. Materialistic behaviors and competitions among community members was also cited as part of the problems as people seemed to have unnecessarily overspent on the construction of the house.

b) Community Welfare Project

Best practices on community welfare have been publicized as exemplar of social protection programmes for workers in the informal economy. Lessons from the best practices are : 1) There is no one best way to organize community welfare. It depends on needs and problems of respective community; 2) Rural communities are more collaborative whereas urban communities rely more on formal savings system; 3) Social capital is vital to success. and strong leadership is vital; 4) Communities which are successful in managing fund provided by the government are the ones that already have experiences in community welfare which requires high collaboration among community members; 5) Community welfare is also a learning process which can be replicated in other endeavors.

In one best practice, a community at sub-district level which suffered from debt problems came to realize that community problems would be solved only by participation from community members. Thus community members from 8 villages of the sub-district brainstormed and decided to put an end to debt problems. With strong social capital the community decided to start a savings group in 1997. From the savings group, the community were able to organize occupational group activities. Group activities in turn helped mobilize community participation.

In 2002 a community master plan was drafted through a participatory process. It was from this process that the community learned of its strengths and weaknesses. Members started to analyse problems and find ways out of the problems. Linkages among villages have also been strengthened. Local administration leader also played a crucial role that participatory in community development was strongly observed. A community welfare fund was established.

In 2005 there were 93 activities \organized by 5 community organizations concerning economic, health, occupational, human development and environmental aspects.

After 7 years, community welfare fund manages to provide 12 types of benefits concerning birth, sickness, education, HIV patients, income generation activities and loans of land. This is attributed to many factors namely strong social capital and financial capital, horizontal interactive learning, good management and strong core values.

Community welfare fund receives annual contribution from Village Fund and Local Administration Organisation.

VII. Conclusion

The paper outlines the situation of an important group of labour force in Thailand. Workers in the informal economy have been protected by social protection scheme. In sum the present social protection scheme, though somewhat limited, aims to reduce income generation gap much as providing social security. In the meantime the scheme provides opportunity for human development and self-reliance.

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