MAKING GROWTH MORE INCLUSIVE IN THAILAND

ECONOMICS DEPARTMENT WORKING PAPERS No. 1469

By Lara Fleischer, Adam Bogiatzis, Hidekatsu Asada and Vincent Koen

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ABSTRACT/RESUMÉ

Making growth more inclusive in Thailand

The People pillar of the 2030 Agenda for Sustainable Development focuses on quality of life in all its dimensions, and emphasises the international community’s commitment to ensuring all human beings can fulfil their potential in dignity, equality and good health.

Thailand’s path from a low-income to an upper-middle-income country over recent decades is widely hailed as a development success story. Poverty has fallen impressively and inequality is on a downwards trend, but more efforts are needed to reduce still widespread informality and persistent, substantial regional inequalities, and to further improve living standards, especially for those who currently work informally. To achieve these objectives, the government needs to: (i) consider tax and regulatory measures to encourage formalisation; (ii) boost the participation rates of informal workers in social protection schemes; (iii) expand adequate social safety nets for poor households and the elderly; (iv) prepare the healthcare system for an ageing and modernising society; and (v) improve the education system, particularly in rural areas. Gaps also remain in ensuring women’s political participation and reducing gender-based violence.


JEL classification: H55; I00; I12; I13; I18; I21; I25; I28; I30; I38; J08; J10; J26; J46; K38

Keywords: well-being, poverty, inclusive growth, inequality, regional development, labour market, informality, demographic change, social protection, pensions, health care, education, gender equality

Pour une croissance plus inclusive en Thaïlande

Le pilier Humanité du Programme de Développement Durable à l’horizon 2030 est centré sur la qualité de vie dans toutes ses dimensions, et souligne l’engagement de la communauté internationale d’assurer que tous les êtres humains peuvent réaliser leur potentiel dignement, équitablement et en bonne santé.

L’essor de la Thaïlande au cours des décennies récentes, d’un pays à bas revenu à un pays à revenu moyen supérieur, est généralement salué comme un succès en matière de développement. La pauvreté a énormément reculé et les inégalités ont tendance à diminuer, mais des efforts restent nécessaires pour réduire le champ du secteur informel et les inégalités régionales, qui sont considérables et persistantes, ainsi que pour continuer à améliorer le niveau de vie, surtout pour ceux qui travaillent encore informellement. Pour atteindre ces objectifs, le gouvernement doit: (i) envisager des mesures fiscales et réglementaires encourageant le passage au secteur formel; (ii) augmenter la participation des travailleurs informels aux dispositifs de protection sociale; (iii) étendre une protection sociale adaptée pour les ménages pauvres et les personnes âgées; (iv) préparer le système de santé au vieillissement et à la modernisation de la société; et (v) améliorer le système éducatif, en particulier dans les zones rurales. Il reste également à faire pour assurer la pleine participation des femmes à la vie politique et pour réduire les violences sexuelles et sexistes.


Classification: H55; I00; I12; I13; I18; I21; I25; I28; I30; I38; J08; J10; J26; J46; K38

Mots-clés: bien-être, pauvreté, croissance inclusive, inégalité, développement régional, marché du travail, secteur informel, démographique, protection sociale, pensions, soins de santé, éducation, égalité des sexes
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MAKING GROWTH MORE INCLUSIVE IN THAILAND

By Lara Fleischer, Adam Bogiatzis, Hidekatsu Asada and Vincent Koen

Societal progress is about improvements in well-being beyond the functioning of the economic system, encompassing people’s diverse experiences and living conditions. Over recent decades, Thailand’s “development miracle” has translated into many well-being improvements for its citizens: poverty and inequality have shrunk dramatically, universal healthcare has been established and a range of Millennium Development Goals – the predecessors of the SDGs – were met ahead of time, including universal primary education, reducing malnutrition and guaranteeing access to clean drinking water and sanitation. Further progress on the People pillar of the SDGs requires policy action to reduce the remaining inequalities between regions, and to continue to improve current and future well-being for all citizens, especially for the country’s large informal workforce.

This working paper reviews the evolution of living standards and inequalities in Thailand. It also assesses performance in priority areas to promote inclusive growth, namely the labour market, social protection and the education system. It concludes with a discussion of key aspects of gender equality.

Towards more inclusive growth

Poverty and inequality have declined substantially in Thailand over recent decades and remain a priority in the 12th National Economic and Social Development Plan (2017-2021, hereafter, the 12th Plan) (NESDB, 2017b). Sustained economic growth has translated into rising living standards: since 1990, household spending has risen in line with GDP per capita and more than doubled (Figure 1A). Over the same period, the share of the population living below the national poverty line plummeted from 60% to 7% (Figure 1B). Extreme poverty has been all but eliminated, with fewer than 1% of the population living on less than USD 3.10 per day (World Bank, 2017a). In contrast with a number of other emerging economies, inequality, as measured by the Gini coefficient for household disposable income, is on a downward trend (Figure 1C). Although inequality of household disposable income is lower than in comparator countries such as Indonesia, Colombia, China or South Africa, it remains significantly above the OECD average (Figure 1D). Meanwhile wealth inequality is stark with the estimated wealth share of the top 10% households close to 79% in 2017, above all comparator countries for which data was available (Credit Suisse, 2017).

Living standards have improved less rapidly than in most comparator countries

Current overall household consumption in Thailand is comparatively low and during the first half of the 2010s, consumption and GDP lagged behind other fast-growing nations in the region (Figure 2). When surveyed on their economic situation, only 11% of Thais say they can live comfortably with their current

1 Lara Fleischer worked in the OECD Statistics and Data Directorate, and Adam Bogiatzis, Hidekatsu Asada and Vincent Koen in the Economics Department at the time of writing. The authors thank Thailand officials, members of the Economic and Development Review Committee and the Development Centre’s Mutual Learning Group, Nejma Bouchama, Lea Fuiret, Alessandra Heinemann, Caroline Tassot and Riku Eloivainio from the OECD Development Centre, Alvaro Pereira and Haruki Seitani from the OECD Economics Department, Elizabeth Fordham from the OECD Education and Skills Directorate, as well as Katherine Scriven and Marco Mira D’Ercole from the OECD Statistics and Data Directorate for their valuable comments. Special thanks are due to Jan Rieländer, Catriona Marshall, Andrea Colombo and Vararat Atisophon at the OECD Development Centre for co-ordinating and supporting the Initial Assessment Report of the Multidimensional Country Review of Thailand, and to Mercedes Burgos and Sisse Nielsen for technical preparation.
income (Figure 3). Furthermore, despite Thailand’s impressive track record in poverty reduction, 6.7 million people or close to 10% of the population live at most 20% above the national poverty line, and are thus vulnerable to falling back into poverty. The majority live in rural areas and work in agriculture. Almost a quarter of Thailand’s poor are children, and 15% of people aged over 75 live below the national poverty line (United Nations, 2017; World Bank, 2016a).

**Figure 1. Household spending has risen, poverty and inequality have fallen**

A. GDP and household spending

B. Poverty

C. Income inequality

D. Income inequality, comparative perspective


Figure 2. Household consumption in Thailand is lower than in most comparator countries and has grown less in recent years

A. Household consumption

B. Growth in household consumption and GDP


Figure 3. Thai people are not very satisfied with their current income

% of respondents living comfortably on their present income, 2016


Recent and projected increases in economic growth (Koen et al., 2018) will enable Thailand to further reduce poverty and inequality. Prioritising policies that improve job quality and opportunities, social safety nets and educational achievement, especially in disadvantaged regions, will help ensure that growth translates into better well-being outcomes for all citizens.
The North, Northeast and Southern regions are lagging

Income inequality in Thailand has a strong regional dimension, with inhabitants of the North, Northeast and Southern regions lagging behind the more prosperous Bangkok and Central regions. While the gap in GDP per capita between the richest and poorest regions in Thailand has halved over the past two decades, residents in the Bangkok Metropolitan Region (BMR) remain almost six times richer than those in the Northeast (although the gap in living standards may be smaller, insofar as price levels tend to be lower in poorer regions). This gap started to widen again in 2014 as economic growth stalled (Figure 4). Poverty rates have also persisted above the national average in the Northeast, the North and the Deep South provinces (World Bank, 2016a).

Figure 4. Regional inequalities have narrowed but remain pronounced

Note: The regional per capita gap refers to the ratio between the richest and poorest region, which are consistently Bangkok and the Northeast region, respectively. The implied regional inequality in living standards may be overstated insofar as price levels tend to be lower in poorer regions.


Regional inequality can also be seen in other dimensions of well-being. According to the 2017 Human Achievement Index, people in the BMR enjoy better employment conditions, educational attainment, health outcomes, and transport and communication infrastructure than in the poorer regions (Figure 5). Other regions perform relatively better in terms of housing and living environment, reflecting the higher cost of accommodation and pollution in the megacity. Regional disparity partly reflects differences in access to quality health, education and employment, as well as a Bangkok-centric system of government in terms of both concentration of decision-making power and distribution of budgetary resources (Bogiatzis et al., 2018; Mohd Arif et al., 2018). Narrowing Thailand’s regional gaps, as recognised in the 12th Plan, is likely to improve social cohesion.
Figure 5. The Bangkok metropolitan region outperforms others in most dimensions of well-being

Achievement scores from 0 (worst) to 1 (best), 2017

<table>
<thead>
<tr>
<th></th>
<th>Bangkok</th>
<th>Central</th>
<th>Northeast</th>
<th>Northern</th>
<th>Southern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Employment</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Education</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Health</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Transport</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>and communication</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Housing</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Note: The Human Achievement Index is a composite index that compares regional performance with achievement scores that use the worst and best performance observed in the provinces. These scores are calculated for a range of indicators for relevant sub-indices (e.g. for employees covered by social security, occupational injuries, unemployment and underemployment rates in the case of the employment sub-index). For the purpose of this report, only the scores for the sub-indices of income, employment, education, health, transport and communication, and housing and living conditions are shown, since their underlying indicators come closest to the SDGs. The Central region as shown here excludes the Bangkok Metropolitan Area.


Prioritising quality jobs

Labour market arrangements strongly influence how economic growth improves well-being and reduces poverty. Since 1990, the size of Thailand’s labour force has increased from 32 million to almost 39 million people, while unemployment remained low, even in the aftermath of the Asian financial crisis. The labour participation rate is now higher than the OECD average (Figure 6). Unemployment is low, but many people work in the informal sector.

Figure 6. The labour participation rate is higher than the OECD average

Labour participation rate by age, 2016

While measured unemployment rates are exceptionally low at around 1% of the labour force, informal employment – which largely overlaps with precarious employment – is widespread: although its share has declined in recent years, it remains high at 56% (Figure 7). Moreover, the prevalence of informal employment is also high in international comparison (Figure 8). These workers and their dependents make up 76% of the total population, but are largely excluded from the social security system (ILO, 2017b). Aside from unstable contractual situations, informal workers report being frequently exposed to long hours and hazardous working conditions (NSO, 2016a). Informality in Thailand is not only a rural phenomenon. Next to agriculture and fishing, which together account for 55% of informal employment, one third of informal workers are also working in the service sector (especially wholesale and retail trade, and hotel, restaurant and other community occupations). A large share of migrants from neighbouring ASEAN countries are also employed informally (Box 1).

Figure 7. Informality remains high and is concentrated in agriculture and services

A. Percentage of the workforce in formal and informal employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>2011</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>2012</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>2013</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>2014</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2015</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>2016</td>
<td>40</td>
<td>60</td>
</tr>
</tbody>
</table>

Figure 8. Informality is high by international standards

Box 1. Migrant labour in Thailand

Thailand is a major destination for migrant workers from ASEAN countries, notably Cambodia, Lao PDR and Myanmar. It is estimated that at least 3.5 million migrants were working (mostly informally) in Thailand in 2016, making up 9% of the country’s labour force. Many industries, such as agriculture, fishing, construction, domestic service, manufacturing and retail depend on their low-skilled labour. Furthermore, immigrant workers are relatively young and thus represent a fresh labour supply in the face of an ageing native-born population. Importantly, a recent OECD report on the contribution of immigrants to Thailand’s economy established that the presence of foreign-born workers has no adverse impact on national native-born employment levels.

About one-third of migrants live below the national poverty line and more than half of Thailand’s migrants are undocumented, leaving them vulnerable to human trafficking. Governance of labour migration has so far been ad hoc without an effective enforcement system to regularise migration to Thailand, protect these workers’ rights and foster their integration. After a recent executive decree specifying harsh punishments for hiring illegal migrant workers, tens of thousands of undocumented workers, mostly from Myanmar, have reportedly left the country.


Reducing informality requires a package of targeted reforms

Informality has many drivers, including tax and social security (dis)incentives to formalise labour, rigid wage scales, low worker productivity and the overall structure of the economy. In addition, countries with a large informal economy tend to have strict de facto employment regulations (OECD, 2004). Indeed, Thailand’s employment protection legislation is stricter than the OECD average; in particular, the protection of permanent workers against individual dismissal and the regulation of temporary employment are more stringent than in OECD member countries and most regional peers bar China and Indonesia (Figure 9). More flexible labour market policies could thus help reduce the extent of informality. Such policy interventions have helped reduce informality in other countries. For example, Brazil coupled easier registration and lower taxation and social security contributions for small and micro-enterprises via an integrated tax and contribution payment system with improved incentive systems for labour inspectors, so as to enhance enforcement mechanisms (OECD, 2017d). Similarly, Colombia unified its health and pension payments in 2006-07, which encouraged formalisation (Calderón-Mejía and Marinescu, 2012).

Minimum wage legislation only partially protects workers

After the introduction of regional minimum wages in the mid-1970s, Thailand moved to a national rate of THB 300 per day in 2013, aligning the minimum wage level in rural regions with the Bangkok area. This resulted in larger minimum wage hikes in rural regions. The government tried to mitigate the associated impacts via tax concessions and policy loans, in particular for SMEs (OSMEP, 2013). Different minimum wages for individual provinces were eventually reintroduced in January 2017 and revised as from April 2018, but the narrow range – THB 308 to THB 330 only partially reflects differences in living costs. OECD experience suggests that minimum wages should take into account regional differences in economic conditions. It also shows that adjustments in the minimum wage level should follow a regular schedule and be duly informed by objective assessments of potential impacts on the low-skilled and on living conditions (OECD, 2015a). At 63% of the average wage of manual workers in the manufacturing sector, the current minimum wage is lower than that in regional peer countries such as Indonesia, the Philippines or Malaysia (JETRO, 2017).
In practice, however, non-compliance with the minimum wage is substantial in Thailand and, more generally, the enforcement of labour protection measures needs to be improved. One third of private sector workers and over half of young and low-skilled workers received wages below the minimum rate in 2013 (Lathapipat and Poggi, 2016). An education and professional qualification system that inadequately prepares workers for the labour market (described below) as well as low productivity levels are likely to be contributing factors to low wages (Koen et al., 2018). Meanwhile, there is room to improve other forms of labour protection, which are less developed than in OECD countries. For instance, unemployment insurance (with a replacement rate for involuntary unemployment of 50% for six months) is only available to employees in the formal sector. Unionisation rates are low, at 3.6% of total employment in 2010, not only relative to the OECD average of 16.7% in 2014, but also compared to regional peers such as Malaysia (8% in 2013) and Indonesia (8.5% in 2009) (ILO, 2015; OECD, 2016a).

Further improving social protection

A comprehensive social protection system covers the entire life cycle ranging from child and maternity benefits, support for workers through unemployment and work injury insurance, all the way to pensions for the elderly. It also includes access to healthcare and disability benefits. The main challenges for Thailand’s social protection system in the years to come will be to further extend coverage to the large informal sector, expand the social safety net for people at the bottom of the income distribution, and adapt the pension and healthcare systems to take into account population ageing and changing disease profiles.

Informal workers and the most vulnerable need better coverage

The evolution of Thailand’s social security schemes has resulted in a relatively comprehensive but fragmented system. Recent initiatives for informal sector workers were not integrated into existing programmes for formal workers and civil servants, but established separately (Box 2). The co-existence of multiple schemes, many of them administrated by different government agencies, contributes to inefficiencies and administrative burdens, and benefits are not always portable across schemes.
Box 2. The evolution of Thailand’s social security system.

Since 2002, informal workers have gradually been able to access the social security system: the Universal Coverage Scheme (UCS) represented a landmark move towards universal basic healthcare. In 2009, Thailand established a universal monthly old-age allowance for the elderly. In 2010, the government also extended the social security system to informal and self-employed workers by offering a partial subsidy to people who voluntarily sign up for the Social Security Fund (SSF), which covers sickness, invalidity, death and a lump-sum old-age pension. A matching-based National Savings Fund that can be accessed by informal workers on a voluntary basis was also established in 2015.

Table 1. Overview of social security schemes by eligibility group

<table>
<thead>
<tr>
<th>Type</th>
<th>Benefit</th>
<th>Institution</th>
<th>Agency</th>
<th>Participation</th>
<th>Created in</th>
<th>Financed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old age</td>
<td>Old-age pension or lump sum</td>
<td>Government officials’ pension system</td>
<td>Controller General Department</td>
<td>Mandatory for officials.</td>
<td>1951</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Health</td>
<td>Medical care</td>
<td>Civil Servants’ Medical Benefit Scheme</td>
<td>Controller General Department</td>
<td>Compulsory</td>
<td>2010</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Working age and old age</td>
<td>Non-occupational injury or sickness benefits, maternity, invalidity, death, unemployment, old-age, child support grant</td>
<td>Social Security Fund (SSF) (Social Security Act Section 33)</td>
<td>Social Security Office, Ministry of Labour</td>
<td>Compulsory</td>
<td>1990</td>
<td>Contributions by employers and workers</td>
</tr>
<tr>
<td>Working age and old age</td>
<td>Non-occupational injury or sickness benefits, maternity, invalidity, death, unemployment, old-age, child support grant</td>
<td>Social Security Fund (SSF) (Social Security Act Section 33)</td>
<td>Social Security Office, Ministry of Labour</td>
<td>Voluntary for those previously insured under Social Security Act Section 50</td>
<td>1990</td>
<td>Contributions by workers and the government</td>
</tr>
<tr>
<td>Old age</td>
<td>Lump sum upon retirement or termination of employment</td>
<td>Provident fund</td>
<td>Social Security Office, Ministry of Labour</td>
<td>Voluntary</td>
<td>1987</td>
<td>Contributions by employers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Benefit</th>
<th>Institution</th>
<th>Agency</th>
<th>Participation</th>
<th>Created in</th>
<th>Financed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Medical care</td>
<td>Universal Coverage Scheme (UCS)</td>
<td>National Health Security Office, Ministry of Public Health</td>
<td>Universal</td>
<td>2002</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Working age</td>
<td>Disability allowance</td>
<td>Universal Non-contributory Allowance for People with Disabilities</td>
<td>Local administration under the umbrella of the Ministry of Interior</td>
<td>Universal</td>
<td>2010</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Working age</td>
<td>HIV/AIDS allowance</td>
<td>Universal Non-contributory Allowance for People with HIV/AIDS</td>
<td>Local administration under the umbrella of the Ministry of Interior</td>
<td>Universal</td>
<td>2003</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Old age</td>
<td>Old-age allowance</td>
<td>Universal Non-contributory Allowance for Older People</td>
<td>Local administration under the umbrella of the Ministry of Interior</td>
<td>Universal</td>
<td>2009</td>
<td>Tax revenues</td>
</tr>
<tr>
<td>Old age</td>
<td>Old-age pension or lump sum</td>
<td>National Savings Fund</td>
<td>Fiscal Policy Office, Ministry of Finance</td>
<td>Voluntary for those without old-age pension</td>
<td>2015</td>
<td>Contributions by workers and the government</td>
</tr>
</tbody>
</table>

Note: Table 1 does not include SEP model villages, educational loans, school meal and material subsidy programmes, housing projects for the homeless, community social assistance centres or social protection schemes for migrants. Legal rights to participation do not imply actual beneficiary coverage since registration is required for many schemes.

Simplification of schemes would improve coverage for the most vulnerable. Lack of information and confusing regulations make it harder for the rural poor and commonly stigmatised groups, such as people living with a disability or HIV/AIDS, to access available support. Geographical distance to registration centres and cultural reluctance to deal with government officials are additional complicating factors (ADB, 2012). A key consideration going forward, as mentioned in the 12th Plan, is to establish how to best design easy access and well-targeted publicity for vulnerable beneficiaries. Easier registration procedures would help in this regard, including flexibility on the required documents, the opportunity to register and claim in different localities, and the development of an online registration system.

The recent addition of means-tested benefits that specifically target poor households is an encouraging step towards reducing inequality. In Thailand, as well as other countries in the region, social security systems that are either tied to formal employment and/or dominated by large universal schemes have disproportionately benefited the non-poor (Figure 10). Similarly, the redistribution effect of social protection programmes in Thailand is weak compared to the OECD average: the difference in the Gini coefficient of household disposable income pre- and post-social transfers is 0.9 percentage points in the former and 15.2 in the latter (Solt, 2016). In view of this, the government launched a child support grant for poor families with newborn children in 2015. More recently, a digital welfare card with a living allowance, access to consumer goods at designated shops and a transport stipend for low-income earners was introduced. Up to 12 million Thai citizens who earn below THB 100,000 (USD 3,000) a year could potentially qualify for this flagship project under the 12th Plan. The welfare card could exemplify the successful digitalisation of public service delivery, if reported technical glitches with card-reading machines can be resolved after the roll-out phase.

**Figure 10. Social protection schemes disproportionately benefit the non-poor**

![Social Protection Index, 2013](image)

*Note: The Social Protection Index (SPI) equals total expenditures on social protection divided by the total number of intended beneficiaries of all social protection programmes, normalised by poverty-line expenditures (which for cross-country comparability purposes are set uniformly at 25% of GDP per capita). An SPI of 0.10 would thus be equivalent to 2.5% of GDP per capita. A higher SPI denotes better social protection.*

*Source: ADB (2013), The Social Protection Index Assessing Results for Asia and the Pacific, Mandaluyong.*

**Pension system coverage needs to improve, notably for informal sector workers**

Elderly people are currently not well prepared to cope financially with old age, with only a small proportion of workers having access to compulsory pension programmes. While pension replacement rates for formal-sector workers under the Social Security Fund (SSF Sections 33 and 39) are relatively high, at close to 50% (Figure 11), only a third of the overall active labour force is covered by these schemes. Already today, old-age poverty rates are higher than the national average, with 13% of people aged 60 to 74 and 14.6% of people over 75 living below the national poverty line (World Bank, 2016a). Moreover,
42% of Thais are unable to maintain their living standards after retirement and a third have no savings (EIU, 2015a).

Informal workers have recently been encouraged to prepare for retirement via voluntary pension and savings schemes, but more efforts to boost participation and contribution rates are needed. Under SSF Section 40, informal workers can opt into a pension programme. However, overall sign-up rates are low at only 10.4% in 2016 (SSO, 2017). Although participation increased following the 2010 introduction of a partial government subsidy of THB 50 per month, in addition to the worker’s THB 100 contribution, only 54% of active members pay regular contributions (Schmitt et al., 2013). International experience with applications of behavioural insights may help to devise solutions (Box 3).

![Figure 11. Pension replacement rates in Thailand are close to 50% in the formal sector](source: OECD (2013b), Pensions at a Glance Asia/Pacific, www.oecd-ilibrary.org/finance-and-investment/pensions-at-a-glance-asia-pacific-2013/net-replacement-rates_pension_asia-2013-6-en)

**Box 3 Using behavioural insights to increase retirement savings**

Evidence from the emerging and increasingly popular field of behavioural science has been used by policy makers around the world to design better programmes and improve implementation, providing useful lessons on how to boost participation and contribution rates for pension and savings schemes. Behavioural science draws on insights from psychology, cognitive and neuroscience, and design thinking, as well as organisational and group behaviour to better understand human behaviour. While traditional models of human decision-making suggest that people seamlessly consider all their options and choose to do what is best for them, they often fail to predict what actually happens with complex decisions such as those around retirement savings.

Several successful examples demonstrate how taking into account cognitive biases in policy design can aid the adaptation of schemes at low cost, providing that these applications are appropriately tested and adapted to the specific country and policy context:

- In Kenya, informal worker contributions to a voluntary savings scheme doubled after participants were given a gold-coloured coin inscribed with numbers to help them track their weekly deposits. The tangibility of the coin helped to remind people to save and produced better results than a financial matching scheme.

- In the United Kingdom, the government successfully boosted employee pension savings rates by switching the default option from one in which employees had to actively choose to sign up for a pension scheme (opt
in) to one in which they are automatically enrolled into workplace pension schemes but can choose to opt out if they so desire (opt out). This change resulted in a considerable reduction in opt-out rates.

- In the Philippines, Peru and Bolivia, targeted text message reminders helped poor bank clients who had recently signed up for commitment savings accounts to reach their savings targets. Messages that mentioned both savings goals and financial incentives were particularly effective.

Source: Akbas et al. (2016); Fertig, Lefkowitz and Fishbane (2015); Halpern and King (2016); Karlan et al. (2016) and OECD (2017f).

A National Savings Fund was established in 2015 to increase retirement savings and supplement the inadequate provision of long-term old age protection under the SSF (Knodel et al., 2015). Since the SSF and the National Savings Fund are managed by different ministries, which each separately market their own programme, it is essential that information on the terms and conditions of both schemes be readily accessible and legible to ensure informal workers can make well-informed decisions.

A universal old-age allowance supports informal workers without pension coverage, but the adequacy of benefits can be further improved. In 2009, the government expanded the entitlement for the non-contributory allowance for older people to all those not currently participating in pension schemes and significantly increased actual coverage. In 2016, 82% of persons over 60 received an allowance, up from fewer than 25% in 2007 (Department of Provincial Administration, 2017). The scheme was expanded in 2011 to accommodate benefit stratification by age, with monthly options of THB 600 (60-69 years), THB 700 (70-79 years), THB 800 (80-89 years) and THB 1000 (90 years and above). Nevertheless, available support remains below the THB 1300 national poverty line for the minimum monthly cost of basic food. Indeed, when asked to self-assess their economic situation, elderly Thai citizens who depend mainly on the old age allowance rated their situation least favourably (Knodel et al., 2015). In order for the scheme to fully guarantee income security in old age, benefits will have to rise further and could be indexed to the minimum required living costs. Financing reforms will have to complement this expansion of social benefits to ensure fiscal sustainability (Bogiatzis et al., 2018).

Thailand’s universal healthcare system needs to adapt to a modernising and ageing society

Thailand has received international praise for establishing universal healthcare in 2002. The Universal Coverage Scheme (UCS) provides access to comprehensive and free healthcare at the point of service for the large majority of the population (76%) not covered by existing formal sector schemes (ILO, 2016b). However, while an impressive network of village health volunteers spans the country, constituting a regular part of Thailand’s health system since the 1960s, there is a shortage of qualified doctors and nurses particularly in rural areas. Furthermore, no additional support in terms of transport options and non-medical costs is provided for those living far from healthcare facilities (Rajatanavin, 2015; World Bank, 2016b).

Both objective and subjective health outcomes confirm the solid performance of the Thai health system. A life expectancy of 75 years is above what would be expected given Thailand’s level of development. In 2016, Thailand became the first country in Asia to eliminate the mother-to-child transmission of HIV and syphilis (United Nations, 2017). Maternal and child mortality rates have dropped significantly since 1990 (Figure 12) and less than 10% of pre-school children were underweight in 2006 (Chavasit et al., 2013). Moreover, the large majority of people, and more than in any comparator country bar Singapore, are satisfied with the healthcare system in their area (Figure 13).
Disease profiles have been evolving alongside changing lifestyle patterns, as in many developing and middle-income countries. Non-communicable chronic diseases now account for 78% of total mortality rates, up from 64% in 2000 (World Bank, 2017a). Of particular concern is obesity: one in three adults and one in ten children are overweight and thus at risk of diabetes, cardiovascular diseases and some cancers (Figure 14). Increasingly urban lifestyles, with more sedentary activities and the consumption of now widely available calorie-dense food outside the home, have been blamed for this trend, but obesity also affects rural areas (Teerawattananon, 2017). Although more children in cities are obese (13%), childhood obesity is increasing faster in rural areas (Mohsuwan et al., 2011). The 12th Plan recognises the challenge of fighting obesity, as does the Thailand Healthy Lifestyle Strategic Plan (2011-2020). A range of initiatives to encourage healthier diets and more active lifestyles are being implemented or planned,
including nutrition guidelines, awareness campaigns, subsidies for organic food production and consumption, and compulsory weekly workouts for civil servants in Bangkok. In September 2017, the government introduced a tax on sugary and alcoholic beverages.

**Figure 14. Obesity is more prevalent in Thailand than in most comparator countries**

Overweight prevalence (%) for adults of both sexes, 2016

Note: “Overweight” is defined as BMI>25 kg/m² for Southeast Asian countries, and as BMI>30 kg/m² for other countries according to WHO standards.


Looking ahead, Thailand’s healthcare system will need to include a long-term care system (LTC) to cater to the growing share of the elderly population. While the 12th Plan recognises the need to develop such a system, both public and private LTC services are still embryonic and there is limited evidence that proposed policies aiming to integrate family and community care into the LTC system are feasible (Knodel et al., 2016). Moreover, LTC and rising curative costs of treating non-communicable diseases are likely to strain healthcare budgets into the future. As such, targeted supply-side reforms combined with financing reforms (Bogiatzis et al., 2018) are needed in this area to ensure fiscal sustainability.

**Greater recourse to primary care, prevention and ICT can reduce costs and improve quality**

Provision of healthcare is often performed more effectively and efficiently at the primary care level, while the incidence of many chronic diseases can be substantially reduced through prevention. Currently, patients can access medical specialists without prior consultation of general practitioners or family physicians, leading to inefficiencies and unnecessary diagnostics and treatments. This situation is exacerbated by a shortage of primary care providers: it is estimated that only around 5% of medical school graduates are opting to become primary care doctors, resulting in an estimated shortage of around 5 600 physicians (Feige and Tiavongsuvon, 2015; Leavitt, 2015). Boosting the number of family physicians and general practitioners, particularly in rural areas, will ease the pressure on tertiary care providers and help prevent the overburdening of hospitals. In addition, focusing on prevention and population-based health promotion will be key to reducing the need for costly treatments in the future (OECD, 2015b). Although preventive health-promotion programmes are included in the UCS via the Thai Health Promotion Fund (ThaiHealth), the government has not allocated the originally pledged 20% of public health financing.
Consistent with Thailand’s broader digitalisation strategy, increased use of ICT can promote efficiency gains by providing digital access to primary care consultations, especially in remote areas. This is achieved by optimising the workflows of clinicians and administrators and improving the management of patients’ health-related information. With over 10,000 health ICT units across Thailand, consolidating the health ICT infrastructure could expedite the exchange of information. In this regard, the Ministry of Public Health has announced plans to consolidate its ICT infrastructure to achieve better management, performance and increased savings on operational expenditure. ICT also has a role to play in improving the administrative systems of Thailand’s three publicly funded health insurance schemes. Harmonising health insurance data on entitlements, usage of service, budget disbursement and performance evaluation can boost administrative efficiency and aid policy making.

**Boosting education quality**

Improving education outcomes is essential to address inequality and to boost economic growth through the development of human capital (Koen et al., 2018). Indeed, the government has identified the need to improve the education system as a means for realising its strategic Thailand 4.0 vision.

*Participation rates in basic education are nearly universal, but quality remains a challenge*

Thailand has made substantial progress in improving access to education, increasing enrolment rates at all levels, but early education is lagging. Access to primary, lower secondary and upper secondary education is now nearly universal. Non-formal education plays an important role in this regard by providing access to disadvantaged students in remote areas or from minority communities. In 2014, 20% of students were enrolled in the non-formal system. Enrolment in pre-primary education has also risen considerably as a result of government policy to expand free access. However, improvements are still required with as many as one-quarter of 3-5 year-olds not enrolled (NESDB, 2017b). Moreover, disadvantaged students who stand to benefit the most from pre-primary education account for the majority of the unenrolled. Pre-primary education helps to prepare children for school and improves lifelong education outcomes. Indeed, the OECD’s 2015 Programme for International Student Assessment (PISA) shows that Thai students who attended two to three years of pre-primary education score 30 points higher on average than those who did not (OECD, 2016b). Beyond access, the quality of early childhood education remains a concern (UNICEF, 2017). The government is seeking to boost the quality of pre-primary education by raising teacher qualifications, improving the curriculum and creating a standardised evaluation system for all early childhood development centres.

At around 4% of GDP, Thailand’s public expenditure on education is among the highest in the region. However, inefficient and inequitable allocation of resources has undermined investment effectiveness and ultimately hampered learning outcomes (OECD and UNESCO, 2016). Data from PISA 2015 show that the performance of Thai students trails most comparator countries and is far below the OECD average: out of 69 countries surveyed, Thailand ranked 52nd in mathematics, 56th in reading and 53rd in science. Moreover, compared with PISA 2012, Thailand’s scores declined significantly in science and reading, with performance in 2015 below Thailand’s lowest-ever recorded scores (Figure 15). Reading performance is particularly worrisome, with only around half of Thailand’s 15 year-olds demonstrating reading skills that would classify them as functionally literate – that is, able to locate information and understand the main idea in a text. Furthermore, very few students reach the highest proficiency levels. In PISA 2015, only 0.1% of students were classified as top performers (i.e. PISA levels 5 and 6) in all three tested subjects. Without significant improvement in basic skills, Thailand’s labour force will struggle to do well in a more knowledge-based economy.
Figure 15. Student performance is low and deteriorating

A. Thailand's PISA scores over time

B. International comparison of 2015 PISA scores

Note: China refers to the four PISA-participating Chinese entities: Beijing, Guangdong, Jiangsu and Shanghai. Coverage of Malaysian schools in PISA 2015 fell short of the standard PISA response rate, so results may not be comparable to those of other countries.


According to PISA 2015, Thailand performs better than many countries with respect to educational equity (e.g. gender, the extent to which differences in socio-economic status impact performance and whether disadvantaged students are more likely to repeat a grade), but disadvantaged students, who historically underperform, have failed to catch up in recent years. Instead, performance among Thailand’s youth has deteriorated in general, with the share of low-performing students in science and reading increasing significantly, while the share of high-performing reading students fell significantly (Figure 16).

Figure 16. The share of low performers has grown, while that of high performers has fallen

A. Percentage of low performers, 2012-15

B. Percentage of high performers, 2012-15

Note: Bold borders indicate that the percentage change in performers between 2012 and 2015 is statistically significant.


Nevertheless, inequalities remain. Students from poorer, often rural, backgrounds are less likely to have access to quality schools with quality teachers. An evaluation by the Office for National Education Standards and Quality Assessment revealed that around one-fifth of Thai schools do not pass minimum
quality standards and that most of these schools were in rural areas (OECD, 2014a). One factor is the shortage of skilled teachers in rural areas: for example, 20% of teachers in Bangkok have a graduate degree compared with only 9% in the remote province of Mae Hong Son in the northern region (Sondergaard and Lathapipat, 2017). While the divide between urban and rural schools is stark, other disparities are also deeply embedded in the Thai education system, notably between communities, social groups and education streams (e.g. formal versus non-formal education) (OECD, 2017h).

The government recognises the shortcomings of the education system and has put into place a new 20-year Education Master Plan (2017-2036), underpinned by the five-year 12th Education Development Plan (MOE, 2017). These plans seek to overhaul the current system in accordance with a long-term reform vision aligned with Thailand’s broader reform objectives outlined in the 20-year National Strategic Plan (2017-2036) and Thailand 4.0. The government has also established an Independent Committee for Education Reform, which will conduct a study and offer suggestions to the Cabinet on child development, teacher development, education management, the restructuring of education-related agencies and the reduction of disparities in education.

While details of future policies are still being determined, the government has recently outlined some initial reform priorities. In relation to the teaching profession, the government plans to increase quality by reforming professional development policies. Currently, the Ministry of Education determines these based on school survey data. This has contributed to inefficiencies and ineffectiveness in training programmes (OECD and UNESCO, 2016). The government is therefore dismantling top-down centralised directives and instead providing a THB 10 000 (around USD 300) coupon directly to teachers. The coupon will enable them to attend available courses that best suit their needs. The government also recently implemented reforms to improve teaching incentives. Teacher pay and promotions are now linked to teaching hours rather than research work. The reforms stipulate a minimum number of teaching hours with bonuses for additional hours. The government should also consider addressing teacher shortages in specific subject areas (e.g. mathematics, science and foreign languages), by expanding teaching licencing arrangements to allow specialists from in-demand fields to enter the profession more easily.

The Ministry of Education also plans to consolidate close to 11 000 smaller rural schools by 2020 in order to reduce disparities between urban and rural schools. Schools with less than 120 students located within 6 km of another bigger school will be merged. Indeed, the excessive number of extremely small village schools stretches teaching and financial resources and contributes to under-performance (OECD and UNESCO, 2016). The provision of affordable transportation for students will be important to ensure that these changes do not impede access to schools.

Beyond these initiatives, further reforms are needed to implement the improvements to the school system outlined in the 12th Plan. A recent policy review by the OECD and UNESCO set out an extensive set of recommendations to support the development of a high-quality education system in Thailand, centred on the four priority areas outlined below. However, to effectively implement these reforms Thailand needs to concurrently improve educational governance arrangements, particularly by enhancing co-ordination and better allocating responsibilities between the school, local and central level. Indeed a lack of coordination across institutions is cited as a key reason for the stilted implementation of the 2008 curriculum (OECD and UNESCO, 2016).

1. **Curriculum**: Thailand has shifted its content-based curriculum to a modern standards-based approach that describes what students should know and be able to do in each subject area. However, implementation has been hampered by a lack of coherence in the new curriculum, lack of capacity among teachers and schools to implement it, and limited capacity to assess how well the curriculum has delivered on its intended outcomes.
2. **Student assessment**: While Thailand makes extensive use of standardised tests, capacity constraints, lack of comparability and a failure to address the full range of skills students require undermine the effectiveness of the assessment system. Thailand should enhance the rigour of its test development process and broaden its assessment mix. It should also build capacity to support the effective design and implementation of assessment procedures at all levels of education.

3. **Teachers and school leaders**: High-quality teachers and school leaders are key for education outcomes. Despite extensive efforts over recent decades, teacher development is still impeded by inadequate teacher preparation programmes, a lack of strategic approach for teachers’ professional development, administrative burdens, the absence of a framework to support the development of school leaders, and a fragmented approach to teacher deployment making it harder to tackle shortages. Thailand should develop a holistic strategy to build capacity among teachers and school leaders, in consultation with teachers, school leaders and their associations. Additionally, teacher funding and deployment should better reflect local needs to ensure that more students are taught by qualified and high-quality teachers.

4. **Information and communication technology**: Good ICT skills are increasingly important for effective participation in the economy. Despite significant investment, Thai students lag behind their peers in this area. Uneven infrastructure provision, limited relevant digital learning materials and teacher capacity to use ICT, lack of effective monitoring of ICT policies and the absence of a coherent ICT investment framework have all contributed to under-performance in this area. Thailand should develop a national strategy to enhance and integrate ICTs into teaching, including the development of appropriate learning materials and improved internet access in rural areas (Box 4).

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**Box 4. Using ICTs to boost education outcomes**

Given Thailand’s shortage of suitably skilled teachers in remote areas, embracing digital technologies can help to boost the educational quality provided to rural students and teaching skills. Indeed, OECD experience has shown that technology-supported education can widen teacher and student teaching and learning opportunities. For instance, online laboratories (remote or virtual) provide a wider range of experimentation and learning-by-doing than would be possible without technological support. Moreover, e-learning is viewed not only as a format for delivering education, but also as a means of acquainting students with the use of ICT in a context where digital literacy is increasingly important (OECD, 2016d). However, this will not be feasible without increased access to school computers. Availability of these has fallen since 2012, with Thailand currently lagging behind some comparator countries and the OECD average (Figure 17).

**Figure 17. Availability of computers in schools is insufficient**

![Computer availability graph](Figure17.png)

Note: China refers to the four PISA-participating Chinese entities: Beijing, Guangdong, Jiangsu and Shanghai. Figures for 2012 refer to Shanghai only.

Thailand’s teachers and students need access to better-quality digital learning materials in order to improve the quality of education, particularly in disadvantaged rural areas. ICTs can support innovative teaching practices and the creation of learning environments intended to develop student competencies, such as problem solving and critical thinking. Rather than being used solely to transmit information and content to students, ICTs can serve as a tool to support higher-order learning (OECD and UNESCO, 2016). In this regard, Thailand should increase the availability of Thai-language open education resources. Such resources are particularly beneficial when textbooks are unaffordable, access to classrooms is limited and professional learning programmes for teachers are lacking. Thailand’s higher education sector already makes use of similar technology through the promotion of Thailand Massive Open Online Courses (MOOCS) as part of the Thailand Cyber University Project. Thai MOOCS are improving access to higher education and lifelong learning opportunities.

Higher education and lifelong learning need to better equip individuals for the labour market

Human capital development is crucial for the success of Thailand 4.0. Improving the skills and education attainment of the labour force will increase Thailand’s attractiveness for higher value-added activities, raise productivity and ultimately create higher-paying jobs. Despite growth in the number of graduates over time, skill shortages still persist. Two main factors contribute to this trend. First, Thai students tend not to enrol in courses that teach skills required by industry: the number of social science and humanities graduates is on the rise, while far fewer students are graduating in science, technology, engineering and mathematics (STEM). This problem is exacerbated by the shortage of places available in STEM fields (Figure 18). Second, the overall quality of tertiary education is inadequate. According to QS World University Rankings 2018, only one institution in Thailand is ranked among the world’s top 300 universities (Chulalongkorn University, ranked 245th). In contrast, neighbouring Malaysia has five universities listed within the top 300.

Figure 18. Thailand has a relatively low proportion of students enrolled in STEM courses

Enrolment ratio in STEM subjects, latest available year

Note: STEM courses include natural sciences, mathematics and statistics programmes; information and communication technology programmes; and engineering, manufacturing and construction programmes. Enrolment data are not available for China and Philippines.


The government recognises the need to raise the quality and relevance of university programmes. It has outlined ambitious goals to boost the number of papers published in international journals and to have at least seven universities ranked among the world’s top 200 by 2036. Through the Cooperative Education
Programme, the Ministry of Education fosters partnerships between Thai universities and prospective employers to adopt a work-learning system which integrates students’ academic studies with hands-on work experience. It is also pursuing a reform strategy that devolves decision-making to universities, with a voucher system enabling institutions to offer tailored courses. This will give universities the flexibility to develop programmes in line with both industry and student demands, which over time should improve the relevance and quality of courses. Moreover, Thailand will host a STEM Education Centre to develop policies to improve STEM education and act as a regional information-sharing and learning hub for Southeast Asian economies. The government has also recently allowed foreign education institutions to offer their services in the eastern economic corridor.

The government has long acknowledged the importance of technical and vocational education and training (TVET), but despite its efforts, more improvements are needed to increase both the attractiveness of vocational education and the quality of training provided. In 2015, only 34% of upper secondary school students were enrolled in vocational programmes – down from 36% in 2011 and well below the government’s 45-55% target (MOE, 2017) (Figure 19). Meanwhile, skill shortages among vocationally trained employees are estimated to be even more acute than for university graduates. One study found a 23% shortfall, indicating that only 77 recruits were available for every 100 job openings for vocational graduates (EIU, 2015b).

Figure 19. Most students enrol in the general education stream rather than vocational programmes

![Diagram showing share of upper secondary students enrolled in vocational programmes, latest available year]

Note: Data for Thailand refer to 2015; data for China, Colombia, Indonesia, Malaysia, South Africa and the OECD average refer to 2014; data for Korea, Poland and Turkey refer to 2013; data for Mexico refer to 2012; and data for Singapore refer to 2009.


The government is taking action under the aegis of the 12th Educational Development Plan. It will expand co-operation between vocational institutions, the private sector and academia to develop courses that better meet industry needs. It also plans to boost participation in Dual Vocational Training through the provision of incentives to both students and medium-sized workplaces (NESDB, 2017b). Thailand is further establishing vocational education schemes on a bilateral basis between regional chambers of commerce and relevant public institutions in an effort to meet labour demands in the agricultural and services sectors. This includes developing new curricula to respond to the needs of the ASEAN Community and industries within special economic zones (Koen et al., 2018; United Nations, 2017). Although the government’s programmes are promising, TVET students need to acquire generic, transferrable skills (particularly in numeracy and literacy) alongside the specific on-the-job training. This is vital to support future occupational mobility and lifelong learning.
In relation to skills training for those already employed, the 2002 Skills Development Promotion Act requires enterprises with more than 100 staff to provide training to at least half of employees once a year. Training expenses are reimbursed via income tax benefits. Skills Development Centres are also operated at the regional and provincial level for workers wishing to upgrade their skills and for the unemployed (Wannagatesiri et al., 2015).

Addressing the lack of interest in skills training among employees is a further challenge. Responses to the 2016 Thailand Skill Development Survey indicate that 92.7% employees are reluctant to develop their skills, up from 90% in 2012 (NSO, 2016b). Obstacles to participation in lifelong learning exist in all countries and include lack of time, family responsibilities, the cost of training programmes and the remoteness of education providers. Many countries have attempted to address these challenges by implementing a range of measures targeted at low-skilled adults. In this vein, the Thailand Professional Qualification Institute, established in 2012, brings together government and private sector representatives to develop occupational standards and test individual competencies that can lead to formal qualifications.

**Ensuring the social inclusion of women**

The importance of gender equality is embedded in the SDGs and backed by empirical evidence. Women and men are happier when living in a country guaranteeing equal rights and opportunities to women and men (Ferrant et al., 2017). Discriminatory social institutions hamper growth by lowering both female levels of education and labour force participation, as well as productivity (Ferrant and Kolev, 2016). Increasing the labour force participation rate of educated women will be particularly important in countries with ageing populations such as Thailand, as witnessed in the case of Japan (Kawaguchi and Mori, 2017).

Thailand is promoting gender equality via a range of recent legislative initiatives. These include the landmark 2015 Gender Equality Act and a separate Women’s Development Plan under the 12th Plan. Since 2001, all ministries are required to appoint a Chief Gender Equality Officer to act as gender focal point. Currently, gender-responsive budgeting is being piloted in government departments, as required by the current Constitution, and plans are underway to develop a gender-disaggregated database within the national statistical system (United Nations, 2017). The Gender Equality Act has also recently been expanded to cover LGBTI anti-discrimination provisions - indeed, LGBTI individuals in Thailand frequently report experiencing discrimination when buying property and in the labour market, including harassment at work and during application processes and promotions (ILO, 2014; World Bank, 2017c).

**Women are active in the private sector, including in senior management, but few are engaged in politics**

As in many other countries, gender inequities exist in female labour force participation and pay, although they are smaller than in comparator countries. At 16.7%, the gender gap in labour force participation is below the OECD average of 23.2% (Figure 20). In 2015, Thai women earned approximately 15% less than men, compared to a gender wage gap of 18% in OECD countries (OECD, 2017i).

Women also occupy a significant share of business leadership roles. Indeed, Thailand ranks highest among comparator countries in terms of the female share of senior and middle management roles (30.5%) and percentage of firms with female top managers (65% in 2017) (Figure 21). Thailand also made the top 10 of the 2017 Mastercard Index of Women Entrepreneurs, a composite index assessing female advancement outcomes in business, knowledge and financial assets, as well as the country’s entrepreneurial environment (Mastercard, 2017).
Thailand’s gender gap in labour force participation is small relative to comparator countries

Labour force participation rate (%), by sex, 2016

Note: The labour force participation rate refers to the working age population, for ages 15-64. No data are available for China.


In contrast, a major gender gap exists in political empowerment. Women hold only 6% of seats in national parliament, significantly fewer than in all comparator countries in 2017 (Figure 21). Slightly more women hold office at the provincial administrative level, but numbers are still low at 11.4% of seats (Department of Local Administration, 2017). The recent 2017 Global Gender Gap report ranked Thailand 127th out of 144 countries for political empowerment (World Economic Forum, 2017). This discrepancy between female leadership in the private and public sector extends beyond elected office: women fill only a minority of executive roles for various civil service functions (e.g. police administrators and public sector attorneys) (Table 2).

The contrast between female leadership in the private and public sector is stark

Female leadership, 2017

Note: No data are available on firms with female top managers for Korea, Singapore and South Africa, or on the female share of senior and middle management for China, Colombia, Korea, the OECD average, Philippines, Poland, Singapore and Vietnam.

Table 2. Women are under-represented in the wider public sector

<table>
<thead>
<tr>
<th>Function</th>
<th>Female share of the workforce (%)</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives in public organisations</td>
<td>25.6</td>
<td></td>
</tr>
<tr>
<td>Executives in the ordinary civil service</td>
<td>17.8</td>
<td></td>
</tr>
<tr>
<td>Public sector attorneys</td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td>Judicial management in the public sector</td>
<td>17.3</td>
<td></td>
</tr>
<tr>
<td>Administration in the police</td>
<td>0</td>
<td></td>
</tr>
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The lack of women in political life might be due in part to an engrained cultural belief that political leadership is reserved for men. Women wishing to stand for office face considerable hurdles in the form of discouragement from their families against entering a “male domain”, lack of access to patronage networks, and violence or the threat thereof (UN Convention on the Elimination of all Forms of Discrimination Against Women, cited in OECD, 2014b). The experience of India, which since 1993 has required states to reserve a certain proportion of all council chief seats in its villages for women, suggests that political quotas increase female political leadership, but also raise adolescent girls’ career aspirations, as well as their parents’ aspirations for them, contributing to a reduction in gender discrimination over the long term (Beamam et al., 2012; Pande and Ford, 2011). Political quotas also exist at the subnational or national level in various OECD countries, such as Belgium, France, Greece and Slovakia (OECD, 2014b).

**Violence against women remains a significant problem**

While overall gender-based discrimination in Thailand’s social institutions is relatively low, women face continued domestic violence. The OECD Social Institutions and Gender Index, a measure of discrimination against women in formal and informal laws, social norms and practices restricting women’s agency and well-being, places Thailand at 0.11 on a scale from 0 for very low to 1 for very high discrimination. Overall gender-based discrimination in Thailand is therefore considered to be lower than in regional comparator countries such as China, Indonesia, the Philippines and Viet Nam. Areas of remaining concern and in which Thailand underperforms in international comparison include acceptance of violence against women and prevalence of domestic violence (Figure 22). Violence against women, especially intimate partner violence, not only negatively impacts women’s health and well-being, but can also have major repercussions on female labour market outcomes by impeding female human capital accumulation and occupational choices (OECD, 2017j). The Health Ministry reported that 102,269 adult women sought assistance from the Ministry’s One Stop Crisis Centre (OSCC) for abuse between 2007 and 2015, with about 10,000 cases reported in 2016 (NESDB, 2016). Out of all survivors of violence who physically reported to the OSCC, 22% indicated physical abuse and 72% sexual abuse (NSO, 2015). Intimate partner violence, as opposed to violence outside the family, accounted for almost four times as many calls to the OSCC 1300 hotline for women in 2017 (Department of Social Development and Welfare, 2017). Although the 2007 Act on the Prevention and Resolution of Domestic Violence criminalises perpetrators, it tends to prioritise mediation and family reunification, rather than encouraging victims of violence to speak up, which has reportedly led to a low overall conviction rate (OECD, 2014c).
Figure 22. Overall gender-based discrimination in Thailand is low, but violence against women remains a concern

OECD Social Institutions and Gender Index, 2014

Note: The OECD Social Institutions and Gender Index is the unweighted average of a quadratic function of five sub-indices: discriminatory family code, restricted physical integrity, son bias, restricted resources and assets and restricted civil liberties. Both the overall index and the sub-indices range from 0 for very low to 1 for very high discrimination against women. The scores in each consider qualitative and quantitative information about legislative frameworks, de facto situations and practices (customary laws and practices, implementation of laws, etc.) through prevalence and attitudinal data. The overall Social Institutions and Gender Index score is not available for Malaysia and Mexico.


Human trafficking and forced labour, especially in the commercial sex industry and domestic work sector, represents another form of gender-based violence, affecting both Thai citizens and female migrants. In addition, despite government efforts to address illegal, unreported and unregulated fishing activities, male migrants from neighbouring Southeast Asian countries remain vulnerable to forced labour in Thailand’s fishing industry (EC, 2017). Thailand’s 12th Plan identifies the fight against human trafficking as priority and the government has passed strong anti-trafficking laws with harsh criminal penalties (NESDB, 2017b), resulting in an upgrade to Tier 2 Watch List status in the Trafficking in Persons report in 2016 (US Department of State, 2017). Further efforts are needed in legal enforcement and to reduce official complicity in trafficking. The OECD Guiding Principles on Combating Corruption related to Trafficking in Persons – the application of which was piloted in Thailand in 2015 – also underline the fundamental role that corruption plays in the trafficking process and stress the importance of tackling both issues together (OECD, 2016e).
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