

Chapter 1 Introduction

1.1. Background and Importance of the Study

Pro-poor economic growth is an important condition for the resolution of the problem of poverty in the country. However, the pattern of the implementation of work and activities for the resolution of poverty in each country which has diverse political, economic and social contexts are unclear and varied.

The World Bank team under the leadership of Ms. Deepa Narayan, Senior Advisor, proposed the implementation of a project to simultaneously study examples of movement out of poverty in 15 countries from every continent in the world in order to synthesize the lessons from the experiences of those who were previously poor and were able to move out of poverty and not fall back into poverty within the diverse political, economic and social contexts. In addition, the project attempts to study the causes, mechanisms and steps that facilitate sustainable movement out of poverty. In the case of Thailand, the focus of the study will be on poverty and inequality.

Past studies have determined that the factors that impact on economic growth that provide benefits to the poor consist of geographical characteristics, family assets, trade policies, macroeconomic stability, land ownership and education level. However, even though there have been numerous studies that attempt to understand economic growth and social inequality, those studies are not complete because they do not look into the linkages between the various factors and did not take into consideration social and political conditions and institutional structural limitations.

In addition, under the present political environment, numerous countries have changed their system of government to that of democracy. In general, the relationship between democratic government and economic freedom and the resolution of the problem of poverty are still unclear. Thus it is necessary to determine whether democratic government affects economic freedom at the grassroots level and the availability of alternatives for the poor.

1.2. Objectives of the Study

1.2.1. To study the dynamics of change concerning chronic poverty including the local definitions of “poverty”, the importance of the various factors and the linkages between those factors (how/why/when) that may either limit or facilitate the various communities to move out of poverty. The focus of this study is on the following issues:

- The impact of the growth rate on the resolution of the problem of poverty and the linkages between the various factors in its different dimensions that assist groups of people in moving out of poverty or enables them to move out of chronic poverty.
- The processes and events that are the major turning points that result in the movement out of poverty.
- Important factors that facilitate permanent movement out of poverty

- 1.2.2. To study the major turning points that the sample groups in the study identified as resulting in moving out of poverty.
- 1.2.3. To synthesize the community contexts and important events in the past 13 years
- 1.2.4. To develop the capacity of the research teams of the National Economic and Social Development Board (NESDB) and Local Knowledge Management Institute of the of the Local Development Foundation in analyzing and synthesizing qualitative and quantitative data.

1.3. Scope of the Study in Thailand

This study is a comparative study. Initially, the study will focus on the changes in movement out of poverty in the past 13 years from the perspective of those who were previously poor and have experience in moving out of poverty

- 1.3.1. This study is based on existing secondary data concerning poverty, good governance and public sector provision of services. In addition, existing accepted statistical information will be used as the basis for the selection of the target groups of the study. Moreover, the research team will collaborate with government organizations in order to ensure that the results of the study that is collected from the communities become inputs into the policy process for the resolution of the problem of poverty.
- 1.3.2. For this comparative study, sample groups have been identified in 4 provinces based on the criteria of the growth rate and inequality. In each province, 10 communities have been identified to participate in the study. Thus the total number of communities participating in this study is 40 communities. The 10 communities identified in each province consist of 4 communities that used to be poor but have moved out of poverty, 3 communities that are still poor and 3 communities that are still poor and have become poorer. In addition, in each community, a total of 15 households will be selected to participate in completing household questionnaires. Thus the number of households participating in the study is 600 households. In collecting the household and community level data, the research team uses numerous activities i.e. interviews and focus group discussions as determined by the study methodology in order to gather data that is most correct and accurate.

1.4. Methodology

The main objective of this study is to understand transitions and the diverse aspects of movement out of poverty and to understand the reasons and the causes for sustainable movement out of poverty. This study relies on both qualitative and quantitative data collection tools at the community and household levels. The data collection tools used by the research team at the community level can be summarized in the following table:

Data Collection Method	Purpose	Informants
<i>Community Level Qualitative Data Collection Methods</i>		
1. Key Informant Interview: <u>Community Timeline</u>	<ul style="list-style-type: none"> • To understand <i>community</i> level events or factors that have helped or hindered movement out of poverty and the overall prosperity of the community; and • To gain an understanding of the local context. 	2-4 local key informants in a group or separately
2. Focus Group Discussion: <u>Ladder of Life</u>	<ul style="list-style-type: none"> • To identify the range of factors that helps or hinders movement out of poverty or prosperity over time at the <i>community</i> level; • To identify the range of factors that helps or hinders movement out of poverty or prosperity over time at the <i>household</i> level; and the reasons for movement at the different levels; • To identify the sequencing and interaction among the factors at the household level that enable movement at different steps of the Ladder of Life; and • To identify the movement status of specific households in the community. 	<ul style="list-style-type: none"> • 1 Focus Group Discussion (FGD) of adult men • 1 FGD of adult women
3. Focus Group Discussion: <u>Livelihoods, Freedom, Power, Democracy and Local Governance</u>	<ul style="list-style-type: none"> • To understand trends in economic opportunities for the community; • To understand the impact of government rules and regulations and other factors on access to economic opportunities; • To explore people’s understanding of the concepts of freedom, power, and inequality; and how these concepts relate to economic mobility and wellbeing; and • To explore people’s understanding of democracy and how democracy is working at the local level. 	<ul style="list-style-type: none"> • 1 FGD of adult men • 1FGD of adult women
4. Focus Group Discussion: <u>Aspirations of Youth</u>	<ul style="list-style-type: none"> • To explore youth aspirations for earning a living; and steps they are taking to prepare for their future. • To explore youth understandings of the concepts of freedom, power, 	<ul style="list-style-type: none"> • 1 FGD of male youth • 1 FGD of female youth

Data Collection Method	Purpose	Informants
	inequality and democracy; and how these concepts relate to economic mobility and wellbeing.	
5. Two Mini Case Studies: <u>Community-Wide Events and Factors Affecting Mobility</u>	<ul style="list-style-type: none"> To explore in depth two important events or factors affecting the overall economic prosperity of the community over the past 13 years 	<ul style="list-style-type: none"> Key informants and FGDs
<i>Household Level Qualitative Data Collection Methods¹</i>		
6. Open-Ended Interview: <u>Individual Life Stories</u>	<ul style="list-style-type: none"> To understand the life stories of how and why some individuals escape from poverty, and the factors and processes that led to their escape; To understand the life stories of how and why some individuals manage to maintain their wealth, and the factors and processes that helped in maintenance of their status; To understand the life stories of how and why some individuals remain trapped in chronic poverty, and the factors and processes that kept them in poverty; To understand the life stories of how and why some individuals fall into poverty, and the factors and processes that led to their decline into poverty; and To understand the factors and processes that come together for accumulation or depletion of assets and savings. 	<p>ทำการศึกษานใน 3 ครัวเรือนที่ถูกคัดเลือกจาก แต่ละชุมชน ดังนั้นครัวเรือนทั้งหมดที่ไ ด้ทำการสัมภาษณ์คือ 120 ครัวเรือน</p> <p>Adults (men or women) who are 30 to 60 years of age. It is important that a Household Questionnaire be completed with each informant with whom the <u>Individual Life Stories</u> tool is conducted</p>

¹ From the agreement reached at the Training Workshop organized in November 2004, the National Poverty Line to be used for this study is the one determined by the Ministry of Interior which is defined as households with 4-5 family members that generate income of less than 8,330 baht per year.

Data Collection Method	Purpose	Informants
<i>Quantitative Data Collection Methods</i>		
<u>Community Profile</u>	<ul style="list-style-type: none"> • To identify community level factors that have helped or hindered movement out of poverty and the overall prosperity of the community over the past 10 years; and • To quantify and code data emerging from focus discussions based on their ratings of issues ranging from community prosperity to freedom and inequality 	2-4 Key informants
<u>Household Questionnaire</u>	<ul style="list-style-type: none"> • To identify the range of factors that help or hinder mobility of individuals within the larger context of their households 	ครัวเรือนจำนวน 15 ครัวเรือนจะถูกคัดเลือกจาก แต่ละชุมชน ดังนั้นครัวเรือนทั้งหมดที่ ีจัดเก็บข้อมูลเชิงปริมาณ คือ 600 ครัวเรือน

1.5. Selection of Study Target Area

1.5.1. Selection of Provincial Level Target Area

In order that the study most accurately reflect the realities of the country, the decision was made to select 1 province per region as the target area. Within each province, 10 communities were identified and within each community, 15 households were selected for the study. Thus the in-depth study was comprised of a total of 600 households and 40 communities within 4 provinces. In selecting the provinces, the indicators that were taken into considered were provincial economic growth (Growth) and provincial income inequality (Gini Coefficient: Gini). These two indicators were compared as follows: (1) high Growth and high Gini; (2) low Growth and high Gini; (3) high Growth and low Gini; (4) low Growth low Gini.

However, on considering the provincial growth data at constant prices in 1998 and the provincial Gini Coefficient in 1996, 1998, 2000 and 2002 it became evident that both indicators, Growth and Gini, were not consistent. For example, Growth in 1996-2002 in certain provinces were both high and low, the situation was the same for the Gini Coefficient. Thus the data used in selecting the provincial target area for the study (N1 and N4) was the most recent data collected in 2002 as summarized in the following table.

Selection of Target Provinces (N1-N4)

Gini \ Growth	High	Low
National Growth 5.4 %		
High	<u>N₁ = Prachinburi (Central)</u> High Growth, High Gini Growth = 74.6% Gini = 0.571	<u>N₂ = Nakhon Si Thammarat (South)</u> Low Growth, High Gini Growth = 4.2% Gini = 0.6520
National Gini = 0.511		
Low	<u>N₃ = Kampaengpetch (North)</u> High Growth, Low Gini Growth = 47.1% Gini = 0.415	<u>N₄ = Chaiyaphumi (Northeast)</u> Low Growth, Low Gini Growth = -1.9 Gini = 0.405

Source: 1) Provincial Growth at constant prices in 1998. National Accounts Office, National Economic and Social Development Board
 2) Provincial Gini Coefficient Community Economic Development and Income Distribution Office, National Economic and Social Development Board.

1.5.2. Selection of Target Area at the Community Level

Ms. Deepa Narayan, Senior Advisor from the World Bank suggested that selection of the community level target area should be based on the same principles used for selection of the provincial level target area in order to reflect the emphasis of the study on economic growth and inequality and its impact on moving out of poverty.

Thus consideration for the selection of community level target areas was based on economic growth and income distribution. The indicator used for community level economic growth is the average household income for 1996 and the Basic Minimum Needs data for 2004. Due to insufficient data to calculate the village level Gini Coefficient, the Theil Index is the indicator used to illustrate income inequality at the community level.

The Theil Index is the index that measures the development distribution by comparing the productivity ratio with the population ratio or the ratio of the employed within each area. If the productivity ratio of each area or the production sector has similar distribution characteristics with the population distribution or in the case that the distribution of the employed in each sector of production illustrates the distribution of compensation from production that is equitable. On the other hand, if the productivity ratio of the area of the production sector is more or less when compared to the population ration or the ration of the employed, it illustrates inequality of compensation in the area and production sector that should be resolved in order to create social justice.

The formula used for the calculation of the Theil Index is:

$$\text{Total Inequality Index} = \sum[(y_i/Y) * \log(y_i/Y)/(x_i/X)]$$

when y_i = Gross Domestic Product by sector/area
 Y = Total Gross Domestic Product
 x_i = Total Population by sector/area
 and X = Total National Population

In this case, the formula for calculating the Theil Index was adapted to correspond to the existing data and the case study as follows:

when i represents village/community in the total target sample = I
 y_i = income of sample community i
 Y = total income of sample community
 x_i = population of community i
 and X = total population of sample community

In the case that there is equity of income distribution, this means that the income ration corresponds to the population ratio or the ratio of the employed, *the value of the Theil Index of that sector will be zero.*

In the case that there is inequality of income distribution, this means that the ration of income does not correspond to the population ratio or the ratio of the employed, *the value of the Theil Index will be a positive or negative value that is far from zero. The greater the value, the greater the inequality.*

In order that the selection of the target area at the community level comply with statistical standards, the stratified random sampling method was used. The population/target was separated into small groups or stratum and random samples were taken from those groups in the 4 designated provinces. Sampling was implemented based on the growth of each community – 12 locations where the growth rate was higher than the average value and 8 communities where the growth rate was lower than the average growth value. From then, sampling was implemented for 3 communities in the high growth group where the value of the Theil Index is equal to or **near zero** and for 3 communities in the high growth group where the value of the Theil Index is **far from zero**. The same methodology was used to identify 2 communities in the low growth group where the Theil Index is equal to or **near zero** and 2 communities in the low growth group where the Theil Index is **far from zero**. Thus a total of 40 communities was identified per province in the four cases as follows:

High Growth – Near - Zero Theil Index 3 communities	Low Growth - Near-Zero Theil Index 2communities
High Growth - Far-Zero Theil Index 3communities	Low Growth - Far-Zero Theil Index 2communities

1.6. Steps and Methodology of the Study

- 1.6.1.** Community Profile Questionnaire and Key Informant Interview (Community Timeline)
- 1.6.2.** Focus Group Discussion: Ladder of Life
- 1.6.3.** Individual Life Stories
- 1.6.4.** Focus Group Discussion: Freedom, Power, Democracy and Local Governance
- 1.6.5.** Mini Case Studies: Community-Wide Triggers
- 1.6.6.** Focus Group Discussion: Aspirations of Youth
- 1.6.7.** Household Questionnaires

1.7. Community Level Analysis

1.7.1. Factors that Helps and Hinders Community Prosperity

- (1) Community Overview
 - Focus Group Discussion Participants
 - General information i.e population, occupation and information from questionnaires and interviews
 - Activity Reports
- (2) Community Timeline
- (3) Understanding Community Mobility
 - Presentation of overview of ladder of life activity that identifies the factors that helps or hinders movement out of poverty

1.7.2. Freedom : Power : Democracy and Local Government

- Economic Opportunities and Good Governance
- Freedom and Power
- Inequality
- Democracy and Local Governance

1.7.3. What Helps and Hinders Movement Out of Poverty

- Presentation of findings from the Ladder of Life Focus group Discussions with definitions for the steps on the ladders, clarifications of the factors that facilitate movement out of poverty and the increase or reduction of poverty and explanations based on the existing situation inconsistencies.
- Explanations of the details provided in the Individual Life Stories i.e. access to credit

1.7.4. Aspirations of Youth

- To explore youth aspirations for earning a living; and steps they are taking to prepare for their future.
- To explore youth understandings of the concepts of freedom, power,

The presentation should provide an overview of the perceptions of the participants and reflect as much as possible the things that were said. These perceptions should be separated from the attitudes of the data collection team. The perspectives of the research and data collection teams should be kept separated and clearly indicated. The analysis should provide:

- Qualitative and quantitative integration of data collected in order to clarify findings.
- Factors, trends or policies that are linked to policy formation
- Identification of policies that clearly impact upon the ability to move out of poverty

1.8. Analytical Framework

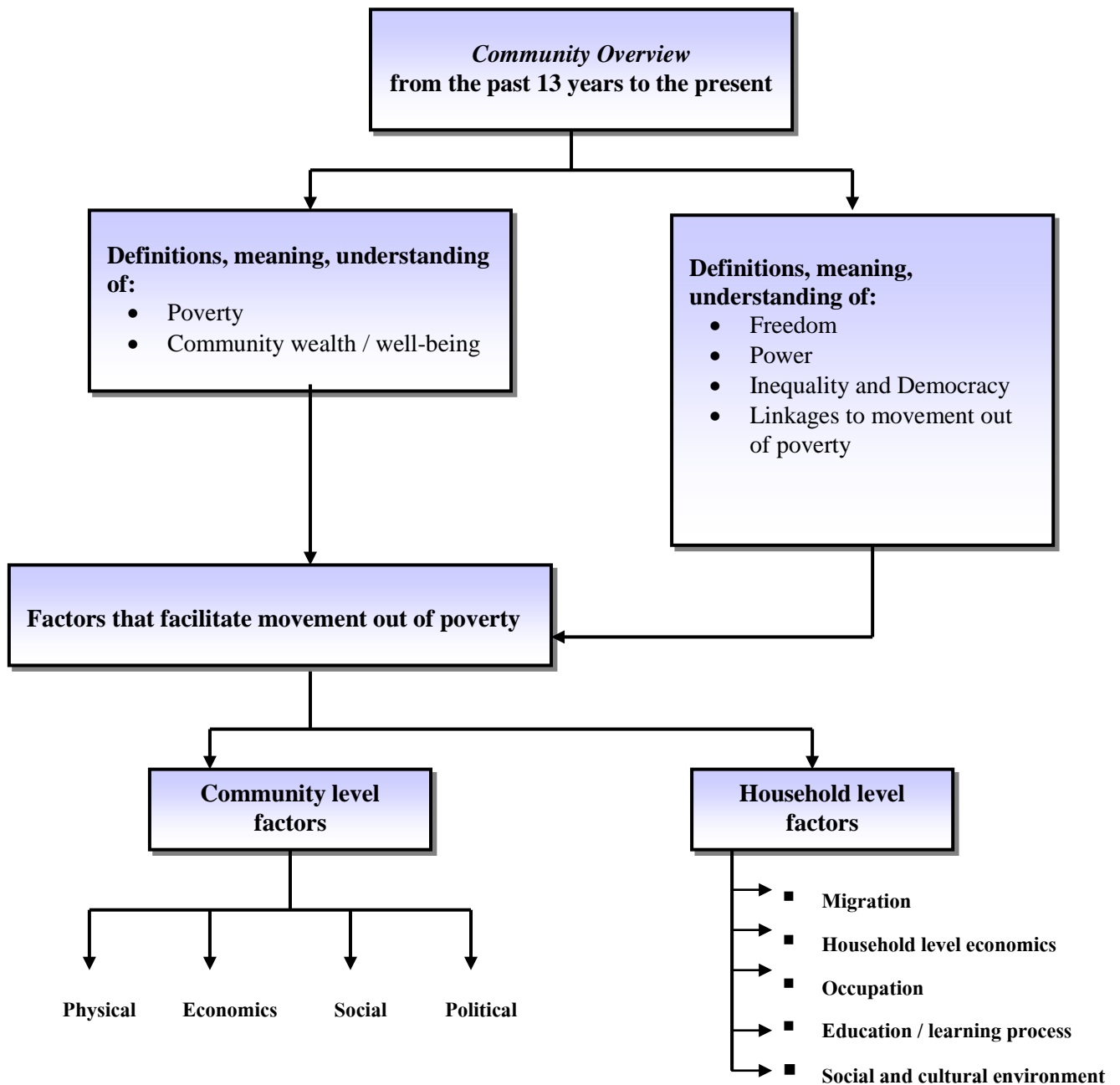


Table 1 – 1 Data Collection Target Area

Kampaengpetch Province			Prachinburi Province			Chaiyaphumi Province			Nakon Si Thammarat Province		
Village	Sub-district	District	Village	Sub-district	District	Village	Sub-district	District	Village	Sub-district	District
Pang Maka	Pang Maka	Khanuworalakburi	Nong Ree	Muang Kao	Gabinburi	None Sung	Hua Talay	Bamnejnarong	Kiak Kai	Ta Rua	Muang
Nakon Choom	Nakon Choom	Muang	Hua Boong	Nern Hom	Muang	Huay Bong Nua	Huay Bong	Muang	Koke Lek	Taiburi	Ta Sala
Nong Choom Saeng	Wang Chaploo	Khanuworalakburi	Nong Talaya ^a	Dong Ki Lek	Muang	Koke Matoom	None Koon	Don San	Pang Gum	Chalong	Sichon
Klong Pattana	Ta Makhua	Klong Kloong	Mon	Wat Boat	Muang	Wang Po Tong	Loom Nam Chee	Ban Kwaow	Talat Don	Khao Pung Grai	Hua Sai
Wang Sai	Kosampee	Kosampee	Koke Mai Lai	Koke Mai Lai	Muang	Huay Wa	Nong Waeng	Nong Bua Deamg	Sa Nang Manora	Prik	Toong Yai
Nong Bua Samakee	Kosampee	Kosampee	Laem Yaow	Koke Mai Lai	Muang	Salieng Tong	Na Yang Glug	Thep Satit	Gor Node	Ta Samed	Cha-ouad
Koke Mo	Ta Khun Ruam	Muang	Nern Din Daeng	Ban Phra	Muang	Ba Sieow	Nong Chim	Nern Sa-nga	Rai	Ta Kuen	Ta Sala
Ta Mai Daeng	Lan Dok Mai	Muang	Prasat	Had Nang Gaew	Gabinburi	Naree	Nong Waeng	Nong Bua Deamg	Nai Pud	Lan Saka	Lan Saka
Nong Ma Koh	Nong Luang	Lan Krabue	Ta Udom	Na Khaen	Gabinburi	Gud Gao Noi	Ban Gaeng	Gaeng Kro	Khao Goi	Khao Pra Tong	Cha -ouad
Bueng Lom	Kosampee	Kosampee	Yannaka	Bang Taen	Ban Sang	None Fai	Nong Doan	Jaturat	Sala Takien	Karaket	Chiang Yai

Table of Communities distributed according to Growth and Theil Index Indicators

<p>Naree, Chaiyaphumi Province Gud Gao Noi, Chaiyaphumi Province None Fai, Chaiyaphumi Province Koke Lek , Nakon Si Thammarat Province Nai Pud, Nakon Si Thammarat Province Sal Takien, Nakon Si Thammarat Province</p> <p style="text-align: center;">High Growth Near Zero Theil</p>	<p>Koke Matoom, Chaiyaphumi Province Wang Po Tong, Chaiyaphumi Province Kiak Kai, Nakon Si Thammarat Province Rai, Nakon Si Thammarat Province</p> <p style="text-align: center;">Low Growth Near Zero Theil</p>
<p style="text-align: center;">High Growth Far Zero Theil</p> <p>Huay Wa, Chaiyaphumi Province Salieng Tong, Chaiyaphumi Province Ba Sieow, Chaiyaphumi Province Gor Node, Nakon Si Thammarat Province Pang Gum, Nakon Si Thammarat Province Khao Goi, Nakon Si Thammarat Province</p>	<p style="text-align: center;">Low Growth Far Zero Theil</p> <p>None Sung, Chaiyaphumi Province Huay Bong Nua, Chaiyaphumi Province Talat Don, Nakon Si Thammarat Province Sa Nang Manora, Nakon Si Thammarat Province</p>

Note: 20 communities used for the draft National Synthesis Report