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# Social Protection in Thailand: Issues and Options

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# Outline

- **Social protection floor**
- **Principal instruments to extend social security**
- **A new pension scheme for Thailand?**
- **Social protection: shaping the society we want**



# Social Protection Floor

On April 2009, the UN Chief Executives Board (CEB) has agreed on **nine joint initiatives** to confront the crisis, accelerate recovery and pave the way for a fairer and more sustainable globalization:

1. Additional financing for the most vulnerable
2. Food Security
3. Trade
4. A Green Economy Initiative
5. A Global Jobs Pact
- 6. A Social Protection Floor**
7. Humanitarian, Security and Social Stability
8. Technology and Innovation
9. Monitoring and Analysis

**“A certain minimum level of social protection needs to be an accepted and undisputed part of the socio-economic floor of the global economy”**

World Commission on the  
Social Dimension of Globalization



# A Global Social Protection Floor

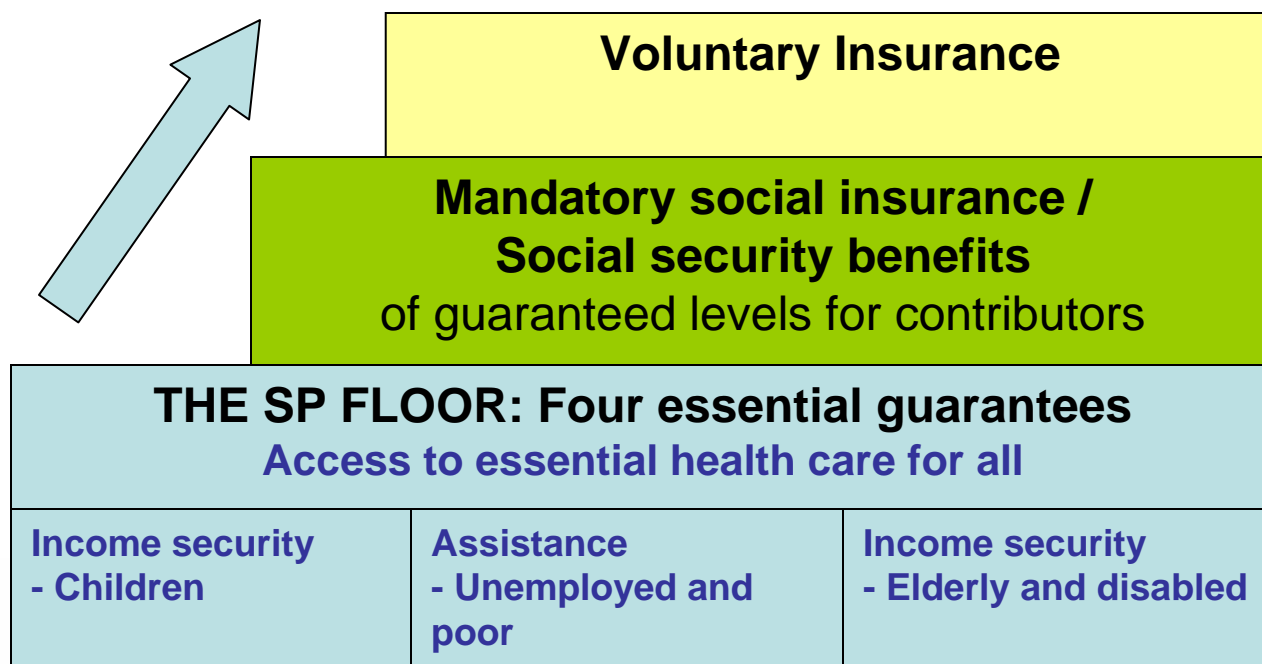
- Includes a basic and modest set of social security benefits for all citizens
- 4 types of social transfers in cash or in kind:
  - Financing universal access to essential **health care**
  - Income security for all children through **child benefits**
  - Some modest conditional **support for the poor in active age** (employment programmes, benefits), and
  - Income security through basic, tax-financed, universal non-contributory **pensions** for older persons, persons with disabilities and those who lost the main breadwinner in a family
- **Also access to essential services**



# Social Security Development Staircase

## Horizontal and Vertical Dimensions

**Thailand:  
Where it is now**



**SSF / GPF / Mutual retirement  
savings fund**

**CSMBS / SSS / UC**

**B 500 Elderly Support Fund**

SSF – Social Security Fund / GPF – Government Pension Fund

CSMBS – Civil Service Medical Benefit Scheme / SSS – Social Security Scheme / UC – Universal Coverage



# Social protection floor can be affordable



- An ILO study in 10 Latin American countries shows that:
  - A modest package of conditional child cash transfers, universal pensions and basic health care can cost **under 5% of GDP**
  - the poverty headcount effects can reach a reduction of more than 50%.
- Experience in a GTZ-sponsored targeted cash transfer pilot in Zambia suggests that scaling up to national level may be possible at affordable cost, possibly in the order of **0.5% of GDP**.
- Universal pension schemes in Botswana, Brazil, Lesotho, Mauritius, Namibia, Nepal, and South Africa, cost between **0.2 and 2% of GDP**.

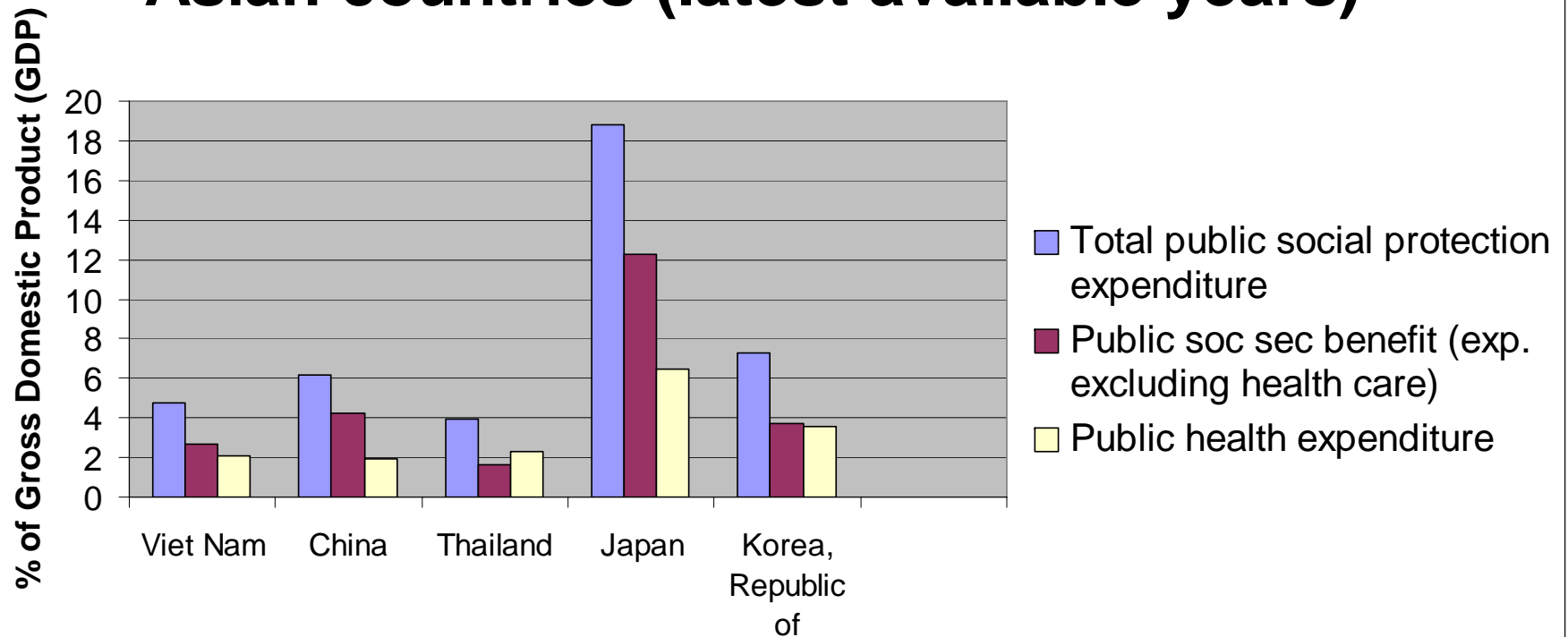


# Social protection floor can be affordable



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## Cost of social protection in selected Asian countries (latest available years)



# Principal instruments to extend social security

- **Option 1: Extending classical social insurance**
  - earnings-related and meets “fairness” considerations (benefits linked to contribution)
  - Smooths consumption over the life cycle
  - primarily designed for the formal sector, gender bias
  - no redistribution towards excluded segments of the population

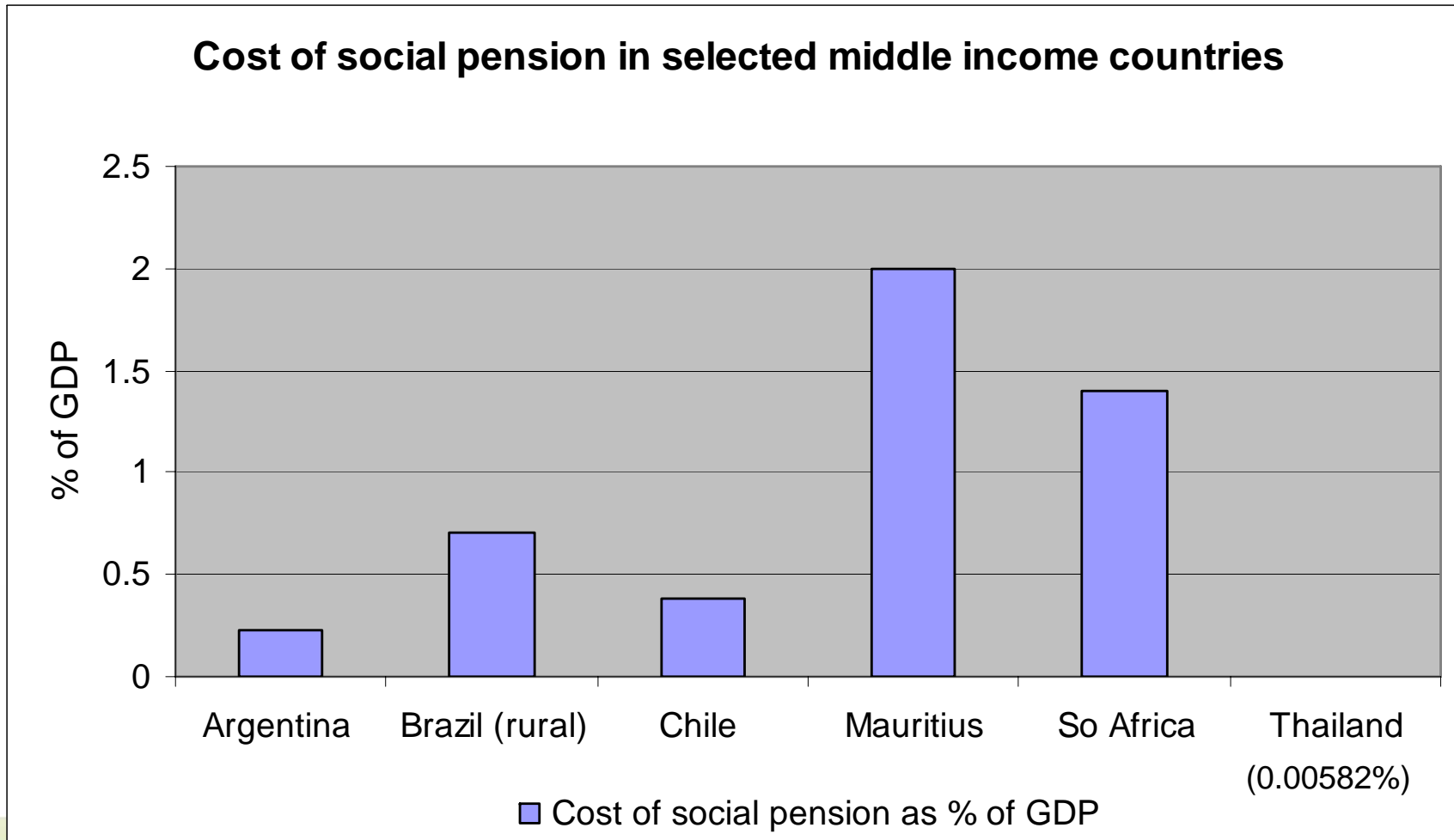


# Principal instruments to extend social security

- **Option 2: Extending tax-financed schemes (conditional, unconditional, means-tested, universal)**
  - Can reach out to entire population subgroups; requires some basic logistical capacity
  - Can be tailored to cost considerations (e.g. budget can determine eligible minimum age and benefits)
  - Poverty impact of minimum income in old age for all
  - Some level of social security can be afforded by all
  - **Probably the biggest potential**
- **Social security systems often mix non-contributory and contributory schemes.**



# Expenditure on social pension in selected middle income countries



# A new pension scheme for Thailand?



- **Social protection for more or social protection for all?**
- **Decent pension or maximum coverage?**
  - Pension for all – but universal 500 baht scheme too low for significant poverty and security impact
  - Pension for all – but global evidence that mandatory membership of contributory schemes in the informal sector is impossible to administer



# Social protection: shaping the society we want



- **Poverty reduction**
- **Equity**
- **Social cohesion**
- **Nation building**
- **Economic growth**

**(These could all lead to more effective poverty reduction)**





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# Thank you

