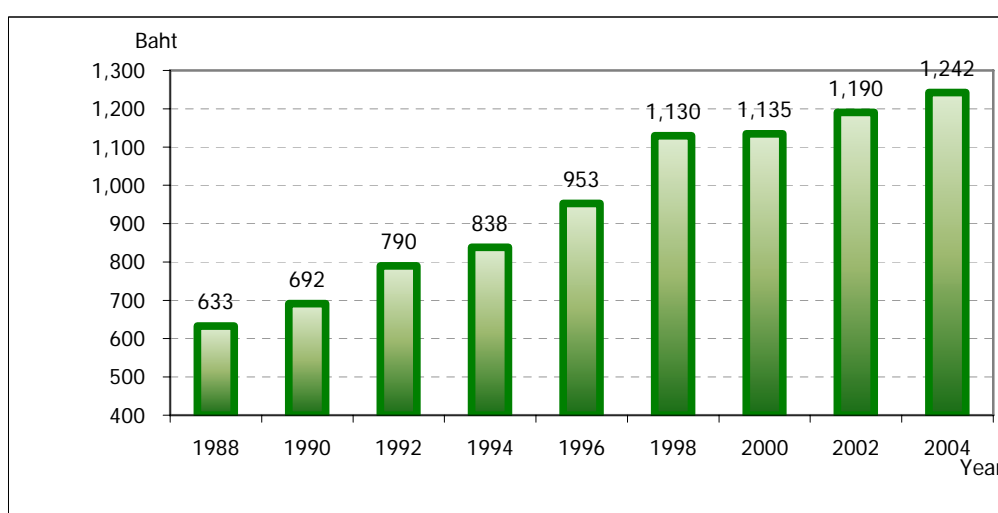


## Poverty in Thailand

### Defining and Measuring “Poverty”

1. Poverty incidence can be measured either in absolute or in relative terms. Thailand measures poverty incidence at household level by comparing per capita household income against poverty line—which is the income level that is sufficient for an individual to enjoy the society’s minimum standards of living. If such individual has income less than respected poverty line, he or she is classified as poor. The official poverty line<sup>1</sup> uses an absolute concept, based on cost of basic needs—the sum of food and non-food consumption. The food poverty line is given by calculating the cost of obtaining calorie requirements of food baskets. The non-food poverty line is calculated by using the estimated food to total expenditure ratio, adjusted for regional price differences. Hence, it allows comparison across regions and areas. It has been widely used to analyze the poverty profiles in Thailand. Meanwhile, the country also measures well being at village level by using basic minimum need and selected development indicators. Thai’s poverty line is shown in figure 1 below.

Figure 1: Thailand’s Poverty Line 1988-2004

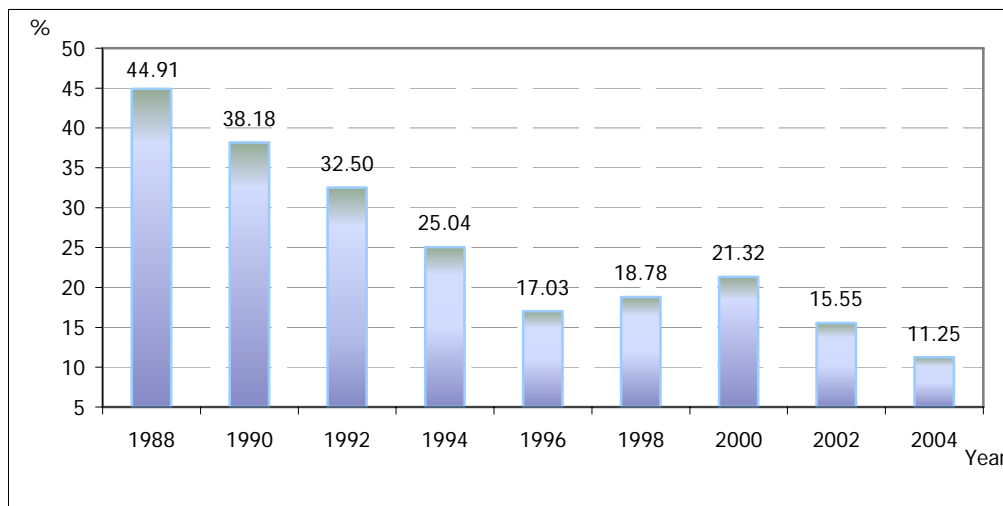


Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

2. As shown in Figure 2, poverty incidence in Thailand had gradually declined from 44.9% of total population or 23.5 million people, in 1988, to 17% or 9.8 million people, in 1996. However, economic crisis in 1997 resulted in an increasing of poverty incidence to 18.8% in 1998 with additional 1.2 million of new poor. Then, it deepened further to 21.3% in 2000. As poverty reduction has always been of high priority to government. Various interventions has been undertaken to strengthen grass root economy as well as reduce poverty incidence. As a result, poverty incidence declined to 11.25% in 2004, a level that is already achieved the MDG 1: Eradicate extreme poverty and hunger.

<sup>1</sup> The new national poverty line is revised in 2004 in response to changing patterns of consumption, updating calorie and protein requirement, updating regional prices and nutrition contents data. The calculation of food poverty line is based on consumer optimisation theory and economy of scale for determining non-food poverty line. Accordingly, it is still based on food and non-food requirements for different regions, population groups, consumption patterns, and consumer prices indices in urban and rural areas. Those who have monetary and in-kind income of less than the minimum level of daily subsistence are considered to be “poor.”

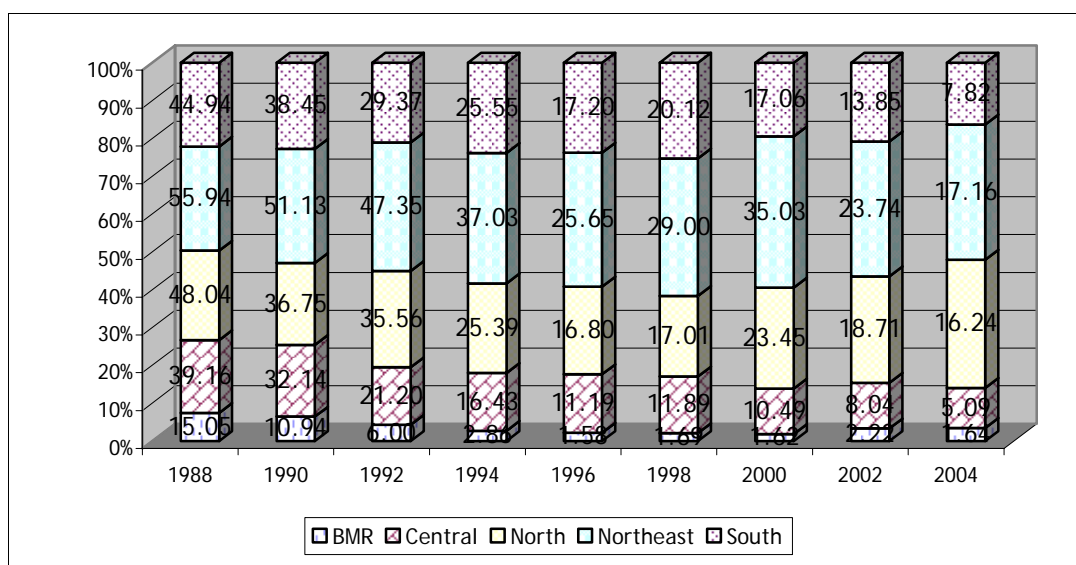
Figure 2: Thailand's Poverty Incidence



Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

3. In spite of these impressive achievements, major challenges remain. Persistent disparities among regions and groups within the country, including marginalized and vulnerable groups, need to be addressed. The North and the Northeast regions still have the vast majority of Thailand's poor. More than half of the 7.08 million poor in 2004 (51.57%) lived in Northeast region, following by the North region (26.94%), the Central (10.70%), the South (9.25%) and Bangkok Metropolitan (1.53%) respectively. Compared to the 1988 levels, the proportional reduction in poverty was largest in Bangkok, followed by the Center and South and slowest in the Northeast and North. With poverty falling faster in other regions, poverty becomes more and more concentrated in the Northeast. One in two poor persons lived in the Northeast in 1988, compared to one in three of the total population in 2004, but the share of poor has continuously settled at 50% for over a decade. This translates into 3.65 million poor living in the Northeast, compared to only 3.43 million in the rest of the country.

Figure 3: Poverty Ratio by Region



Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

4. Also, Poverty in rural areas is still the main problem of Thailand. In 2004, around 86.18 percentage point of all poor people lived in rural areas.

Table 1: Poverty Ratio by Region (2004)

Regions	Area	Poverty Line	Poverty Ratio by Area	Number of Poor	Population
		Baht/person/month	% of the poor	(million)	
BMR	Urban	1,853	1.64	0.108	6.608
	Total	1,853	1.64	0.108	6.608
Central	Urban	1,525	3.29	0.166	5.055
	Rural	1,243	6.01	0.591	9.834
	Total	1,339	5.09	0.757	14.889
North	Urban	1,294	8.31	0.202	2.435
	Rural	1,089	18.31	1.705	9.312
	Total	1,131	16.24	1.907	11.747
Northeast	Urban	1,229	10.30	0.407	3.954
	Rural	1,043	18.72	3.243	17.326
	Total	1,078	17.16	3.650	21.279
South	Urban	1,313	4.56	0.093	2.057
	Rural	1,116	8.88	0.561	6.319
	Total	1,164	7.82	0.655	8.376
Total	Urban	1,525	4.86	0.978	20.109
	Rural	1,110	14.26	6.101	42.791
	Total	1,242	11.25	7.079	62.900

Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

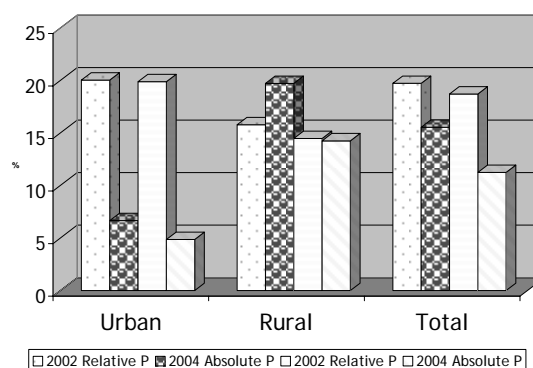
5. However, when comparing with Relative poverty, by using 50 percentage of the median income, the incidence of the poor in urban area is almost one-fifth or 19.89% of the total population, while in the rural area is around 14.48% of the population. This might reflex the differences of poverty between rural and urban areas.

Table 2: Poverty Ratio and Number by Relative Poverty Measurement (Median Income)

Area	Poverty Ratio (%)		Number of Poor (million)	
	2002	2004	2002	2004
Urban	20.04	19.89	3.918	3.999
Rural	15.79	14.48	6.573	6.194
Total	19.73	18.72	12.069	11.774

Source: Socio Economic Survey NSO, Compiled by NESDB

Figure 4: Comparison of Relative and Absolute Poverty by Area

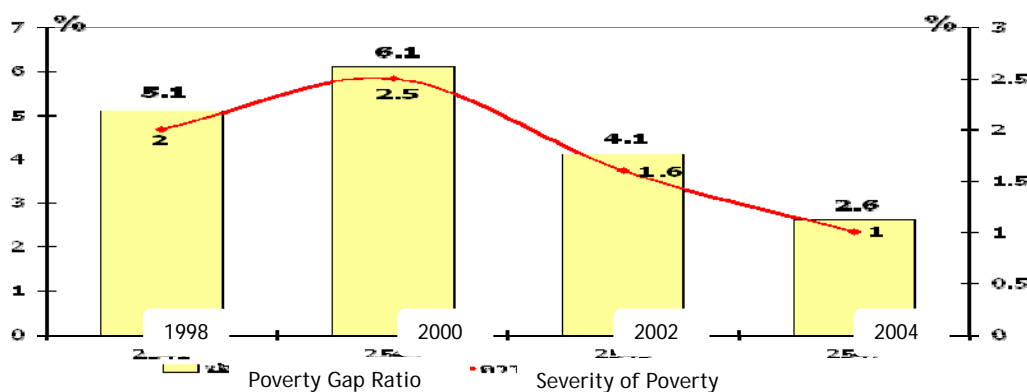


Source: Socio Economic Survey, NSO, Compiled by NESDB

6. The popular poverty measurement, the head-count ratio which is given by the percentage of population that is below the poverty line does not reflect the depth or severity of poverty suffered by the poor. The problem is how poor are the poor? They may have incomes that approximate the poverty line or incomes of almost zero. If the deviation of a poor person's

income from the poverty line is proportional to the degree of misery suffered by the person, the sum total of these deviations divided by the total population may be considered a desirable measure of poverty. This index called the poverty gap ratio measures the depth of poverty. The poverty gap ratio decreased from 6.1% in 2000 to 2.64% in 2004. While the severity of poverty is at 0.95 which means that the income distribution of the poor (under the poverty line) is getting better (figure 5).

Figure 5: Poverty Gap Ratio and Severity of Poverty



Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

7. The total number of poor, 7.1 million people, of these, 3.4 million are “ultra poor” and 3.7 million are marginal poor. Most of them live in the rural area. There are also 4.12 million people which are categorised as “near poor” group<sup>2</sup>. The marginal poor generally have a better chance of escaping the poverty trap. The ultra poor are often not reached by government programmes, and are excluded from benefiting from economic opportunities.

Table 3: Number and Ration of Poverty by Groups and Areas

	Ratio (%)						Number (million)					
	2000		2002		2004		2000		2002		2004	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Poor	8.7	27.0	6.7	19.7	4.9	14.3	1.6	11.2	1.3	8.2	1.0	6.1
Ultra Poor	4.9	16.6	3.4	11.2	2.3	6.9	0.9	6.9	0.7	4.7	0.5	2.9
Marginal Poor	3.8	10.3	3.3	8.5	2.6	7.4	0.7	4.3	0.6	3.5	0.5	3.2
Near Poor	4.1	9.9	3.8	9.3	3.0	8.3	0.7	4.1	0.7	3.9	0.6	3.6

Source: Socio Economic Survey NSO, Compiled by NESDB

8. On the other hand, measuring by 1 US\$ PPP/day benchmark (the international measurement for the Millennium Development Goals) the proportion of the poor in Thailand declined from 12.5% to 1.1% from 1990 to 2006.

<sup>2</sup> 1.2 times of the poverty line

Table 4: Poverty in Thailand Measured by 1 US\$ PPP/day and 2 US\$ PPP/day benchmark

Year	Mean Consumption (1993 PPP\$/month)	\$1/day		\$2/day	
		Headcount Index (%)	Number of Poor (million)	Headcount Index (%)	Number of Poor (million)
1990	102.88	12.5	7	47	26.1
1992	129.75	6	3.5	37.5	21.6
1996	143.92	2.2	1.3	28.2	16.9
1998	121.73	3.3	2	34.1	20.9
1999	123.50	3.1	1.9	33.6	20.8
2000	125.42	5.2	3.2	35.6	22
2001	131.21	3.6	2.2	32	19.9
2002	139.38	2.4	1.5	27.7	17.6
2003	145.46	1.6	1.1	24	15.3
2004	149.73	1.5	1	23.3	15
2005	153.83	1.4	0.9	22.6	14.7
2006	160.55	1.1	0.7	19.6	12.9

Source: The World Bank, 2005, East Asia Update

9. Thailand's poverty has stark regional features: poverty is highest in outlying regions and lowest in Bangkok and surrounding areas. Yet, poverty reduction extended all across the country. In terms of percentage points of poverty, progress in the Northeast was even the fastest. Between 1988 and 2002, the poverty headcount fell 31 percentage points in the Northeast, compared to 24 percentage points in the South, 22 percentage points in the North, 18 percentage points in Central and 3 percentage points in Bangkok. However, poverty reduction becomes more difficult the lower the level of poverty, so percentage changes relative to the initial level is a better performance indicator. Compared to the 1988 levels, the proportional reduction in poverty was largest in Bangkok, followed by the Central, South, and North, and slowest in the Northeast. With poverty falling faster in other regions, poverty becomes more and more concentrated in the Northeast. One in two poor persons lived in the Northeast in 1988, compared to one in three of the total population. The Northeast still accounted for roughly one third of the total population in 2002, but the share of poor had increased to 60 percent. This translates into 3.8 million poor living in the Northeast, compared to only 2.3 million in the rest of the country.

10. The social and economic inequality is also in the concern. The top 20 percent of households shares the total income of 54.9 percent, while the bottom 20 shared only 4.5 percent of the total income in 2004. The share of the poorest quintile has remained stagnant at 4 percent over the past decade which results in the continuous widening gap of the average per capita income between the rich and the poor.

Table 5: Share of Income by Quintile

Group	Share of Income (%)								
	Total			Urban			Rural		
	2000	2002	2004	2000	2002	2004	2000	2002	2004
Quintile 1	3.9	4.2	4.5	0.7	0.8	0.9	7.6	8.1	8.3
Quintile 2	7.3	7.7	8.0	1.9	2.2	2.7	13.3	13.9	13.5
Quintile 3	11.5	12.1	12.4	5.3	6.1	6.7	18.5	18.8	18.3
Quintile 4	19.8	20.1	20.2	16.7	17.2	17.7	23.3	23.3	22.7
Quintile 5 (richest)	57.5	55.9	54.9	75.4	73.6	72.0	37.3	36.0	37.1

Source: Socio Economic Survey NSO, Compiled by NESDB

## Characteristics of the Poor

11. Further analysis reveals characteristics commonly observed among the poor—households which average income per capita were below poverty line in such corresponding period. Those, most of them have low education attainment, which limit their job opportunity or low earning ability. Half of the poor in Thailand were in agricultural sector, majority of them were landless farm workers. Understanding of these characteristics of the poor helps design interventions to address poverty problems. While some of these characteristics indicate symptoms of poverty. At the same time, some also reflect cause or structural problems that entrap the poor as well as their children into vicious cycle of poverty.

12. The household size is an important demographic variable that has an impact on poverty. Table 6 shows that poverty increases monotonically with the household size. For instance, in 2004, the percentage of poor among one person households was only 7.9 percentage points but among the households with 6 and 7 or more persons, the percentage of poverty was 14.6 and 13.3 respectively. Why poverty is much higher among large households is an essential question for policy makers to explore.

Table 6: Poverty Incidence by Household Size

Year	Household Size/Poverty Incidence						
	1	2	3	4	5	6	7 or more
1996	9.6	9.4	13.0	17.0	20.2	23.7	18.8
1998	8.7	10.6	13.7	18.2	22.8	24.6	23.3
2000	10.6	11.5	16.7	22.6	24.3	27.5	26.3
2002	9.2	9.0	12.9	16.3	18.1	19.9	18.7
2004	7.9	8.1	9.0	12.3	12.0	14.6	13.3

Source: Socio Economic Survey NSO, Compiled by NESDB

13. Table 7 shows the characteristics of the poor by the age of heads of households. Although the percentages of poor among households are distributed somewhat equally among 30 to 59 age groups, the incidence of poverty rises perceptibly with the heads of households aged 70 or higher. This general trend is true for both rural and urban households signing a growing concern about the welfare of persons living in households headed by the elderly in the present economic and social conditions. It would be revealing

to look at the distribution of poverty among households headed by elderly people (70 years or more).

Table 7: Poverty Incidence by Age of Heads of Households

Year	Age of Heads of Households/Poverty Incidence						
	< =19	20-29	30-39	40-49	50-59	60-69	70 or more
1996	17.9	10.6	16.3	14.0	13.0	18.4	20.3
1998	23.0	9.8	16.9	15.8	14.8	19.3	22.6
2000	20.7	9.1	20.4	17.8	17.9	20.6	24.7
2002	15.7	9.3	13.9	12.3	12.9	16.5	20.0
2004	15.2	5.3	9.5	9.5	8.8	12.4	16.9

Source: Socio Economic Survey NSO, Compiled by NESDB

14. It is widely recognized that education has a strong impact on poverty. The household heads are generally the main earner in the household. And, therefore, education of heads should be a dominant factor in determining the household welfare and poverty. It is evident that heads of the poor households have much lower level of education than those of the non-poor households. On average, the poor household heads with lower educational levels face serious problem to be poor. This shows that education of heads is closely related to poverty. This observation supports the commonly held view that the enhancement of education in the population can be an important policy to alleviate poverty.

Table 8: Poverty Incidence by Level of Education of Poor Household Head

Level of Education	1996	1998	2000	2002	2004
No education	28.8	29.6	32.7	28.9	24.2
Kindergarten	-	-	-	-	18.2
Lower Primary Education	17.3	20.2	23.2	16.8	12.3
Higher Primary Education	12.6	16.0	18.2	14.0	11.1
Lower Secondary Education	6.3	6.1	7.9	4.6	4.8
Higher Secondary Education	6.8	3.3	4.6	4.7	3.0
University	2.6	1.2	7.3	1.3	0.5
Vocational or Teacher College	1.1	1.4	1.0	2.5	1.9
Others	-	-	3.5	-	-

Source: Socio Economic Survey NSO, Compiled by NESDB

15. The poverty estimates in Table 9 reveal that poverty among household heads as agriculturalists is the highest. In 1988, 45.6 per cent of the population in these households was poor. This figure reduced to 38.6 per cent in 1990 and to 35.7 per cent in 1992. From 1992 onwards, rate of poverty reduction among these households accelerated with the percentage of poor reducing to 26.6 in 1994 and to 18.8 in 1996. Still the agriculturalist

households contribute most to the poverty in Thailand. This observation strongly supports the traditional view that poverty in Thailand is mainly a rural phenomenon. The good news is that the rural poverty is declining rapidly.

16. The other household groups which have a very high degree of poverty are the ones whose heads are disabled or retired workers. The percentage of the poor living in households with disabled workers increased from 35.1 in 1988 to 42.9 in 1990. Since 1990, there has been a substantial reduction in poverty among people in these households. In 1996, only 15.8 per cent of the population living in households with retired head has also been declining rapidly, reaching 13.5 in 1996. These observations suggest that benefits of economic growth are indeed reaching the weaker sections of the society.

Table 9: Percentage of Poor by Occupation of Household Heads

Socio Economic Class	1996		1998		2000		2002		2004	
	ratio	number	ratio	number	ratio	number	Ratio	number	ratio	number
	(%)	(million)	(%)	(million)	(%)	(million)	(%)	(million)	(%)	(million)
Farm Operator										
Mainly Owning Land	30.1	4.4	31.9	4.7	39.9	5.3	27.3	3.4	19.3	2.3
Mainly Renting Land	31.0	0.7	30.4	0.9	42.9	1.2	28.4	0.8	22.5	0.7
Entrepreneurs, Trade and Industry	5.7	0.5	8.3	0.8	7.6	0.8	4.9	0.5	3.9	0.4
Professional, Technical & Managerial	2.6	0.1	2.4	0.1	2.9	0.1	1.4	0.1	0.9	0.1
Farm Workers	38.2	1.2	43.2	1.5	45.8	2.0	38.5	1.6	25.4	1.1
General Workers	23.7	0.4	27.9	0.2	26.2	0.3	23.6	0.2	18.3	0.2
Clerical, Sales & Services Workers	3.0	0.2	3.4	0.3	5.0	0.4	4.0	0.3	3.8	0.3
Production & Construction Workers	12.1	1.1	13.7	1.2	10.4	0.8	11.0	0.9	7.5	0.6
Economically Inactive Households	16.9	1.0	21.3	1.3	25.4	1.9	20.6	1.6	17.3	1.4
<b>Total</b>	<b>17.0</b>	<b>9.8</b>	<b>18.8</b>	<b>11.0</b>	<b>21.3</b>	<b>12.8</b>	<b>15.5</b>	<b>9.5</b>	<b>11.3</b>	<b>7.1</b>

Source: Socio Economic Survey NSO, Compiled by NESDB

### Children and Elderly in Poverty

17. Children and elderly are a dependent group in the society. They are generally more susceptible to poverty. It can be observed that in the whole Kingdom, 1.87 million children of less than 14 years old lived in poverty in 2004. This incidence of poverty among children is generally much higher than the average for the whole Kingdom. In 2004, 12.12 per cent of children in the age group less than 14 years were poor compared to the total poverty of 11.25 per cent. The age group is extremely important for children's physical and mental development. This is the period when children start going to school. It is, therefore, of crucial importance that these children are not deprived of minimum basic needs of life. If they are, it will have a long term impact on Thai population.

18. The incidence of poverty among elderly is not as severe as among children. There were around 0.56 million poor elderly in 2004. It is evident that Thailand has made good progress in reducing poverty among elderly. There already exists many programmes in Thailand which provide residential and non-residential services to elderly. At present, the Government operates 20 homes for the elderly and 13 elderly centres which provide day care services, emergency shelter services and mobile services for older persons living in the communities. Several community centres for older persons have been set up in



temples in rural areas by the support from the local government administration. These community centres provide recreation activities and health promoting programs. The non-residential programme provides medical services, physical exercises, social work, education, recreation and religious activities. Emergency home is provided to elderly who have been evicted by the family. Residence in the home is temporary. In addition, some elderly are provided with a monthly assistance. Since 1999, the monthly allowance has been increased to 300 Baht per month. About 400,000 older persons receive this payment. This monthly allowance is now operating and partly supporting by the local government and community.

### **Information System for the Poverty Reduction in Thailand**

19. One essential problem for the analysis of poverty in Thailand is how to locate or to target the poor also to reduce the leakage of programmes alleviating the poverty to the non-poor. One of the approaches taken recently to tackle the poor targeting problem is to identify the geographic areas where the poor population is concentrated. This 'area-based' approach is not new, governments have long identify regions where resources were poured into in order to reduce the level of poverty. However, with the dwindling number of the poor and the fact that there are often communities or localities that remain poor even though their immediate neighbors have long escape the poverty, it is increasing important that the geographic targeting needs to go down to smaller localities.

20. The essential approaches are the Community Information System, and the Poverty Map. **The Community Information System** consists of two sets of data: The Basic Minimum Needs and the National Rural Development 2C. Both data are developed by the Community Development Department (CDD), Ministry of Interior (MOI). The data have been collected since 1980s but the information system is still in the developing process. The Community Information System is a web-application, based on a geographic information system. CDD is also improves the process of collecting data by using Pocket PC, which the CDD believes that it will increase the accuracy of the data as the data can be checked and reported at the time the data is inserted. The information system and the use of Pocket PC in the data collection processes are planned to be fully functioned at the end of FY2006.

21. **The basic Minimum Needs (BMN)** is household information that presents life quality of household members in different aspects at a specific period. Those aspects are altogether defined as a living standard of people that one should have to live happily in society. The BMN indicators are revised every five year matching to a period of the national development plan. The BMN data are collected at household level every year. Collection of BMN is a bottom-up processes. The method of collecting the data is interviewing method by which a village committee and village volunteers are those who conduct the interviews through a questionnaire. The data is processes at the Tambon (sub-district) Administration Office (TAO). Then the district, provincial, and CDD board check, compile and process the data into district, provincial, and national level respectively and then the Life Quality Development Facilitation Board approves the data. The BMN is now covered both urban and rural areas (covered around 50% of the urban areas and will be fully covered around the end of FY2006). CDD claims that this set of database can generate a poverty map to the individual level as the BMN can tackle down to household and individual level. BMN consists of 6 groups, 37 indicators.

Table 10: Basic Minimum Needs Indicators (2005)

<p>1. Health</p> <p>1) Pregnant women obtain health care before delivery.</p> <p>2) Pregnant women obtain delivery service and health check after delivery.</p> <p>3) Birth weight of new born babies is not less than 2,500 grams.</p> <p>4) Infants under 1 year old are given all necessary vaccines.</p> <p>5) Infants are exclusively breast fed at least the first four months.</p> <p>6) New born - 5 years old children grow up at standard rate.</p> <p>7) 6-15 years old children grow up at standard rate.</p> <p>8) 6-12 years old are given vaccines.</p> <p>9) Everybody in a household has quality and standard food.</p> <p>10) A household correctly knows about medicine usage. (in case of getting little ill)</p> <p>11) 35 years old up have an annual health check.</p>	<p>3. Education</p> <p>20) 3-5 years old children obtain proper care services.</p> <p>21) 6-15 yrs old children obtain compulsory education.</p> <p>22) Those who have completed a compulsory education continue to high school level.</p> <p>23) Those students who have not continued their study receive occupational training.</p> <p>24) 15-60 years old in a household can read and write Thai.</p> <p>25) A household receives advantageous information at least 5 times a week.</p>
<p>2. Housing</p> <p>12) Housing is durable at least for 5 years and has tenure security.</p> <p>13) A household has sufficient water to consume.</p> <p>14) Household has safe water sufficient to drink.</p> <p>15) A household area is healthily managed.</p> <p>16) A household does not bother from pollution.</p> <p>17) A household knows how to prevent the accidents</p> <p>18) A household has no harm to lives and properties.</p> <p>19) A warm family</p>	<p>4. Economy</p> <p>26) Household income is on the subsistence level (at least 20,000 baht per head per year).</p> <p>27) 18-60 yrs. old people are fully employed.</p> <p>28) A household has regular saving.</p>
	<p>5. Ways of Living</p> <p>29) Household members are not alcoholics.</p> <p>30) Household members do not smoke cigarette.</p> <p>31) A household does religious activities at least once a week.</p> <p>32) Elderly receive care.</p> <p>33) Disabled receive care.</p>
	<p>6. Participation</p> <p>34) A household belongs to at least one community group.</p> <p>35) A household participates and shares their thought in community meetings.</p> <p>36) A household participates in community activities.</p> <p>37) Qualified members use their votes in the last election</p>

Source: Community Development Department, 2003.

22. The National Rural Development 2C is the baseline data collected at the village level on two year time frame. Six groups, 30 indicators (table 3) are collected in the village from the data collection working group: village committee, village heads, local government officers and 7-10 key informants. The group investigates the questionnaire together and then fill in and recheck the questionnaire. Then, the district, provincial, and CDD board check, compile and process the data into district, provincial, and national level respectively. The data is aggregated and computed into indicators, using a scorecard system to rank the villages. For each development dimension, the villages are given a score of 1 to 3 (least developed to most developed), indicating the development level in that dimension. The villages getting the score of 1 more in more than 10 dimension is given the overall score of 1, those getting the score 1 in 6-10 dimension is given the overall score of 2, and the rest given the overall score of 3.

Table 11: NRD2C Development Variables (2005)

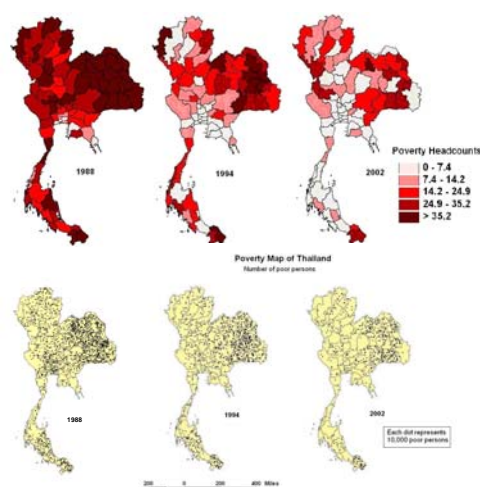
Variable	NRD2C Development Variables	Variable	NRD2C Development Variables	Variable	NRD2C Development Variables
1. Infrastructure		3. Health		5. Community Strength	
1)	Transportation	15)	Work Safety	22)	Community Acquisition of Knowledge
2)	Drinking water	16)	Protection from Contagious Diseases	23)	Social Protection
3)	Non-Drinking Water	17)	Sports	24)	Community Participation
4)	Water for Agricultural Purpose	18)	Free from Drugs	25)	Villagers' Grouping
5)	Electricity	4. Knowledge and Education		26)	Access to Funds
6)	Land Ownership	19)	Villagers' Education Level	6. Natural Resources and Environment	
7)		20)	Continuing Education Rate	27)	Soil Quality
2. Occupations and Employment		21)	Knowledge Provided	28)	Soil Use
8)	Employment			29)	Forest
9)	Working in Industrial unit			30)	Environment Management
10)	Outputs from Rice Farming				
11)	Outputs from Crop Farming				
12)	Outputs from Other-Plants Farming				
13)	Household Business				
14)	Benefits from Local Tourist Attraction				

Source: Community Development Department, 2003.

23. At the provincial and district level, BMN and NRD2C have a role in formulating the strategy, in particular being the KPI of the government agencies in the area, especially the Ministry of Interior which has a main responsibility in dealing with poverty in the rural areas. The government also encourages the district administration to combine all data at the district level to be one set off all data that can represent situation of each local area.

24. Thailand has also developed a poverty maps since 2001, which already released the first (draft) poverty map in 2002. The Thai poverty map is in the process of developing.

Picture 1: Poverty Map of Thailand



25. On the other hand, the Government also has a plan to adopt the geographic information system (GIS) and the management information system (MIS) as new administrative tools. The Government would produce a map at the scale of 1:4,000 from aerial photos. The map would show the past and the present conditions and it would also enable the Government to predict the future more accurately. These tools could link with various databases and they would provide officials with a bird's eye view of all information. For example, the Prime Minister said that officials might simply sit in their office looking at the map on the computer scan with information on all areas in the country flowing in. These tools will be installed at various ministries, provinces, and districts, bringing them knowledge and useful information. However, this plan is still in the processes and will not become available very soon.

### **Poverty Reduction Strategy**

26. According to the Government policy and the Ninth Development Plan, a poverty reduction strategy plan was formulated in 2002 in order to gain a comprehensive, multifaceted, and properly integrated plan. The strategy states the view of poverty as encompassing not only low income and consumption but also structural problems that prevent the poor to escape from poverty.

27. The strategy consists of five main aspects: Macro Economic Strategy, Strategy for Capability Building, Strategy for Social Safety Net Improvement, Natural Resources Management Strategy, and Public Sector Restructuring Strategy. These strategies will lead to three fundamental targets: (1) to reduce the incidence of the poverty to be less than 12 percent of the population in 2006; (2) to redistribute and extend the provision of economic and social services, so that both urban and rural poor will have a more equitable access to basic services; and (3) to reduce inequality among the poor and others by readjusting structural mechanisms that have been obstructive to the poverty reduction.

28. **Macro-Economic Strategy:** This strategy is drawn up to construct fair and equitable economic growth contributing to more employment in agricultural sector, which is the main source of income of the poor. This strategy also emphasizes on the necessity of an enactment of policies as the following to advocate just and equitable economy. These policies aim to (1) Set up suitable inflation rate to support economic expansion; (2) Urge progressive tax especially land tax (to distribute land holding), general property tax and inheritance tax; (3) Advance legislative system to cover the protection for micro-enterprises; (4) Provide equitable access for the poor to information and technical assistance that the poor can effectively utilize to cope with the risks.

29. **Strategy for capability building:** As widely known, providing education and career-relating knowledge is the fundamental requirement for refining the poor's capabilities and analytical skills. The training activities should be held with the purpose to prepare the poor to deal with the adverse risks and shocks. Furthermore, as the majority of the poor are those who work in micro-enterprises with less and unequal access to basic services and legal lending institutions, the establishment of legal lending institutions that provide low interest rates for the urban poor is necessary to soothe the poverty. Moreover, community empowerment towards self-reliance is another essential practice. The first step is to enhance collective process to solve poverty and vulnerability through empowering local communities, which can function as a means to demand for public services and organise their voices in designing policies and national development plans.

30. **Strategy for Social Safety Net Improvement:** A critical condition for accomplishing capability building strategy is an equitable access to education and professional training which should be diversified and adjusted in accordance with the needs and skills of the poor and the underprivileged. There is also a need for improving regulations on loan programs for education to be more open for the poor and the underprivileged. Another means to enable the poor and the underprivileged to income-generating assets is micro-

credit from lending institutions run by the Government. Also, an establishment of community managed social fund programs with the support from public sector is required so that people in the community can manage the money to cope with adverse shocks.

**31. Natural Resources Management Strategy:** The most effective natural resources management with the main focus on land and water management for the poor farmers should grant the community to dramatically participate in every level of planning and implementation. There should, consequently, be an establishment of local organization whose responsibility embraces running community managed fund for natural resources restoration. The local organization can also operate as a community stage for expressing local residents' opinion. To make natural resources management successful, an Act of legislation relating to this issue such as forestry, fishery and also land and water need to be drawn up and brought into practice soon.

**32. Public Sector Restructuring Strategy:** The role of central government has been changed from designing policies and controlling implementation process to facilitating and supporting the local institution/organization to work and participate in analyzing and solving the problems along side with other actors. The local institution and organization previously were objects. They adopted policies from the central government and implemented by themselves. Nowadays, they turn to be subjects as they motivate changes in policy designing and implementation process and work as coordinators between the central government and local people. The local people are presently required to aware of their power to bring positive changes to their communities through their active participation with the application of local wisdom in the process of designing and implementation of plans.

### Government's Intervention

**33. Poverty reduction strategies during the Ninth National Development Plan (2002-2006)** focus on macroeconomic management that strengthening grass root economy—pro-poor growth policy, building capacity as well as enhancing employment ability of the poor, prudent natural resource management, providing social protection and safety net for the vulnerable groups, and constructively engaging community organizations and local authorities in poverty reduction. In terms of management, there has been gradually transferring responsibilities from public agencies to community, civil society, and local authorities. Table 7 depicts key interventions corresponding to each poverty reduction strategy.

Strategies	Selected Interventions	Remarks
Macro and Micro Economic Management	<ol style="list-style-type: none"> <li>1. Village and Urban Revolving fund</li> <li>2. People's bank</li> <li>3. Debt moratorium for small farmers and agricultures</li> <li>4. One tambon-one product</li> <li>5. Soft loan with interest subsidy for housing</li> <li>6. Changing asset (of the poor) to capital</li> <li>7. Long-term credit facility to refinance loan from informal source</li> </ol>	
Capacity Building and Enhancing Employment Ability	<ol style="list-style-type: none"> <li>8. School bicycle program</li> <li>9. Ensuring completion of 9 years compulsory education and 12 years basic education of school aged children from poor households</li> </ol>	No.9 is in pipeline to be implemented.
Social Protection and Social Safety Net	<ol style="list-style-type: none"> <li>10. Universal health insurance coverage (30 baht Treat All Scheme)</li> <li>11. Cash transfer for indigent elderly</li> </ol>	No.12 is in pipeline to be implemented.

Strategies	Selected Interventions	Remarks
	12. Benchmarking living standard	
Natural Resource Management	13. Water resource management 14. Land settlement 15. Land reform scheme	
Streamlining Public Administration	16. Devolution of public resource management & responsibilities 17. Community Action Plan for Poverty Reduction	

34. The PRS have shifted the paradigm of poverty reduction from general policy to target areas and the poor (16,735 targeted villages and people under the poverty line and the registration of people with social problems); from government led interventions to community, civil society, community and people participation (community plan); and from segment solution to holistic approach (integrated budget and administration plan). One important thing about strategy in Thailand is that it needs to be translated into action. Therefore, these strategies are translated into three essential frameworks: income generation, expense reduction, and opportunity enhancement. Key government's initiatives comprise of the following:

35. **The three-year debt suspension program** was launched on 1 April 2001 and ended on 31 March 2004. It was one of the Government's urgent policies to ease farmers' debt burden and reduce their poverty. Under the program, small farmers, owing the BAAC not more than 100,000 baht each, were entitled to benefit from the debt restructuring and interest suspension scheme. The program was carried out together with occupational development and rehabilitation for farmers to become self-reliant and better help themselves. More than 1.9 million farm families joining the debt suspension program were provided with assistance in career rehabilitation, thus enabling them to save over 13 billion baht with the BAAC. As of 31 March 2004, more than 878,000 farmers still owed the BAAC about 41 billion baht. According to an assessment made by the Bank of Agriculture and Agricultural Cooperatives (BAAC) after its inspection of the farmer customers, 89 percent of them are expected to have no problem about debt repayment. As for those who have the problem of debt repayment, numbering 111,000, the Government will offer a helping hand in debt restructuring, so that they will be able to repay their debts with the BAAC.

36. **One Tambon, One Product** scheme or OTOP sought to draw upon the local knowledge and ingenuity of Thai villages, regions, and the entire nation at large. While encouraging the people to produce local products using their home-grown skills and expertise, the Government provided the villagers with technical assistance and advice to enable them to produce their goods more efficiently and of higher quality. Once they improved the quality of their products, the Government then assisted them in marketing their goods throughout the country and around the world. In the social dimension, OTOP literally prevents the emigration of people to large cities such as Bangkok. It provides local people with jobs and income in their own localities, thus making it unnecessary for them to leave their homes and families in search of employment elsewhere.

37. The Government established the **National Village and Urban Community Fund program** in July 2001 as a micro-credit scheme to provide a revolving fund of one million baht, or 24,000 US dollars, to each of more than 70,000 villages in Thailand. This one million is utilized as start-up capital for each village to develop occupations and create economic activities that will generate income. The money may also be used to for public services in each rural village or urban community, which forms a committee to manage the revolving fund. This micro-credit scheme is linked with other major government

projects, such as the “One Tambon One Product” program, the People’s Bank, and the debt suspension program for small farmers. The Government wanted to use these schemes as mechanism to tackle poverty and enable the poor to help themselves. Out of more than 70,000 village funds nationwide, 24,745 were rated excellent in terms of their management without the problem of debt repayment. More than 40,000 villages were rated fairly good, while only about 1,800 villages, representing 2 percent, faced the non-performing loan problem. As for the villages graded AAA in terms of credibility, the Bank for Agriculture and Cooperatives will upgrade their Village Fund program to a village bank. The village bank, based on the general banking system, will offer loans and accept deposits.

38. “Opportunity Loans” as Part of the Government’s Asset Capitalization Program in which the low-income earners will be offered “opportunity loans” as part of the Government’s asset capitalization program, which documents are issued to guarantee the assets of the poor, so that they will be able to use them as collateral to secure opportunity loans from banks. But they must tell credit extension officers about the projects on which they will spend the loans. For example, they will spend them on a project to buy tractors for use in their farms. As of 15 March 2004, 430,000 documents were issued, and 7,000 to 8,000 people took part in the asset capitalization scheme. The scheme has already lent more than 200 million baht to the people, accounting for one percent of the set target.

39. It should be noted that numbers of interventions in particularly village and community fund and people’s bank are of microfinance nature. For example, village and urban revolving fund is the scheme that government has granted one million bath to each village and urban community to be used as microfinance<sup>3</sup>. It also requires each village to set up their own committee to manage this credit facility by themselves. In addition, their performance is also monitored by external development partners. While, benefit incidence analysis from 2002 Household Socio-Economic Survey showed that limit number of the poorest income quintile have direct access to this credit facility. Initial rapid assessment, using social accounting matrix 1998 developed by the NESDB, indicated that the scheme could help reducing poverty incidence by 1.6 percent. It would have yielded greater impact if the poor have more access to the scheme.

40. The Government on 15 July 2005 officially launched a project to develop the potential of “SML” -“small, medium, and large”- villages. The aim of the policy is to urge villagers to take part in solving community problems in response to local needs. The “SML” Fund was intended to provide national funds directly to villages of various sizes, so that local villagers would use them to tackle their own problems. Prior to spending the SML fund, local villagers must hold a community meeting to discuss their problems and make decisions on how to use the fund. A small village with at least 100 people but not over 500 people would receive 200,000 baht. A medium-sized village, comprising between 500 and 1,000 people, would get 250,000 baht. A large village with more than 1,000 people would receive 300,000 baht. The distribution of funds to various villages was considered a democratic principle that would complement the decentralization of administrative power to the regional areas of the country. The SML project differs from the National Village and Urban Community Fund Program despite some similarities. The National Village and Urban Community Fund Program offers a revolving fund for each villager to borrow to create economic activities that will generate income, but the villager must repay the loan. As for the SML fund, it would be allocated for each village to solve the common problems of the village, not the problems of individuals. This would create unity among villagers and enhance knowledge at the grassroots level. The Government would allocate SML funds each year without asking for repayment. Citing the SML project as the first budgeting for

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<sup>3</sup> In 2002, government spent altogether 75,547 million baht or approximately 1,800 million USD for village and community fund.

the civic sector, the Government believes that the development of the SML project would help ease the poverty problem as a whole in the future. The Government on 15 July 2005 transferred a 20-billion-baht fund to SML villages.

41. An establishment of "**Special Purpose Vehicle**" (SPV) Company: A New Program for Poverty Eradication, was approved by the Cabinet during its meeting on 29 March 2005. It aims to promote agricultural business, as proposed by the Ministry of Finance. The new company will serve as a major financial mechanism to secure capital resources for farmers in the form of a production factor. It will also help in management to enhance farmers' capability, so that they will be equipped with knowledge on appropriate production techniques, processing, and marketing. The SPV firm will also help farmers in risk management. Since the Ministry of Finance will be the sole shareholder of the company at the initial stage, the SPV firm will have the status of a state enterprise, with registered capital of one billion baht. The paid-up capital will be 250 million baht and will come from the national budget. At a later stage, the company will mobilize funds through entities for use to carry out various projects in support of the agricultural business. In the first stage, the firm will go into the livestock business, which will provide opportunities for farmers to earn more income from raising five million head of cattle within a period of five years. It is expected that cattle producers will earn an extra 33,000 to 44,000 baht per family each year. Thailand will also reduce its dependence on imported beef cattle, which is presently worth 3.13 billion baht each year. Since SPV firms are likely to face the risks of communicable diseases or natural disasters, the Department of Insurance will coordinate with insurance companies in arranging an insurance system for the program. The risks also involve price fluctuation and quality control.

42. The "**Fix-It Centre**" has been launched, aimed at reducing people's expenses as a way of eradicating poverty. The project is operated jointly by the Office of the Vocational Education Commission and the Office of Knowledge Management and Development, the Office of the National Economic and Social Development Board, the Community Development Department, the Department of Skill Development, and the Bureau of the Budget. It is responsible for providing technical know-how on the maintenance of engines, tools and other machinery used in daily life or for making a living. Apart from reducing people's expenses in both the agricultural and non-agricultural sectors by making their machines and instruments durable, the project is also intended to increase production in various communities. By so doing, local occupational groups and households will be able to create greater value for their products and provide more employment opportunities. The Fix-It Centre also serves as a venue for students to develop their skills and provides jobs for needy students to earn money for their education. A Fix-It Centre committee will be formed at national, provincial, and operation levels, linking with all related networks. The Government believes that the centre will save the country's foreign currency by reducing imports. The project is divided into two phases, covering altogether 20,000 villages nationwide. The first phase, from 15 August to 14 October 2005, involves 2,000 villages. The second phase, from 15 October 2005 to 14 February 2006, involves 18,000 villages.

43. **The Poverty and Social Problems' Registration** has been put into practice in 2004. The Taksin Government launched a nationwide poverty registration program to allow people all over the country to register their grievances. According to the outcome of the registration program, more than eight million people came up to register a total of 12 million problems. People in the programme were divided into seven categories: landless people, the homeless, illegal business operators, needy schoolchildren and students, those who have fallen victim to dishonest schemes, debt-ridden people, and those wishing to have their own houses. Under the registration programme, a detailed re-checking of all villages and communities have been carried out. The re-checking processes have been done through a participation approach, government officers, local government officers and community members take part in the processes. This process has also generated a "Family Folder" which contains all basic information about the registered household such



as family size, household income, capacity/educational level/skill of each member of the registered household etc and their problems. However, there is one significant concern for the registration approach is that the registration is not targeted only the poor but it also invited any Thais that wants to register in the seven categories without concerning that he or she is poor or not. Therefore, it will be a mistake if we count all the registered people as poor. Accordingly, the NESDB has reported that there is around 36 percentage of the registered persons can be considered as poor according to the national poverty line.

44. The Cabinet established the **National Poverty Eradication Centre** to coordinate efforts in fighting against poverty. The National Poverty Eradication Centre will serve as the core agency to integrate plans, projects, activities, and funds of all related government units, local administrative organizations, private-organizations, and people's organizations, in the fight against poverty. The Government has established mobile units, known as "poverty eradication caravans," to be sent across the country to help solving poverty problems by giving advice and services for occupational development and providing skill training. The poverty eradication caravan project came after the nationwide poverty registration program. The first batch of poverty eradication caravans was launched on 5 November 2004. Under the caravan project, a detailed checking of all villages and communities will be carried out. People's demands will be classified, so that suitable and immediate assistance can be prepared. Occupational training and extra jobs will be provided for needy people. Additional services will also be arranged. They include medical check-ups, various types of registration, mobile libraries, and short-term training in certain courses, such as cooking and preparation of herbal medicine. Other activities will be arranged as well to prevent the poor from returning to the poverty cycle and to make the solving of poverty problems sustainable. The strategies for poverty eradication aim to balance income and expenditure based on the "Sufficiency Economy" concept. In this connection, local people would be urged to keep household accounts, so that they would know their exact earnings and expenses to help plan their spending. The area approach was adopted to ease the poverty problem at village, community, district, and provincial levels. The Government would give financial support to tackle the problem, while all ministries involved would offer help in employment generation.

45. The Government has appointed the district chief as the CEO in reducing poverty and problems for the registered people at the district area. The district chief with the Poverty Eradication Centre at the district level will set up a district action plan that will meet the demand and the supply side together. The demand side consists of overall registration problems with all family folders problems while the supply side consists of all projects, capacity of the government agencies, local wisdom, employment opportunity, and development partnerships in the area that can facilitate the processes of poverty and social problems. Then a family plan according to the family folder and the district's supply will be carried out by the district team. This means that solution in dealing with registered problem will not be a single solution or might not be the solution directly resolves the registered problem. Moreover, the family plan will state conditions for registered person in order to get supported such as an agreement to cut out unnecessary expenditures; drugs, drinks, gambling etc. The family plan will have to be accepted from government side, community, and the registered person before being implemented. For example, from the Ajsamart case study, a registered person might register for a land but when considering the skill of this family; the district team will support this family to do a small business such as leather goods and supports a scholarship for their kids. This is because the family folder indicates that the head of this family has a very good skill for making leather goods but has no skill in agriculture at all and this family has some expenditure for the education of their kids. This means that the registered persons will be supported to do what is really suited to their capability and needs.

## **The Way Forward: The Tenth National Economic and Social Development Plan: Sufficiency Economy and People-Centred Development Paradigm**

46. In close to five decades, Thailand produced altogether nine national economic and social development plans. The current plan is the ninth in this series and will conclude in September 2006. The Tenth Plan will be officially set as the National Economic and Social Development Plan in October 2006 and for the next five years. The main principle of this plan is to create balance and sustainability in all areas of national development. The plan is also designed to create "immunity" to protect people against any impact caused by external and internal changes. The Plan will focus on 'Human' as center of development efforts. Three main elements are accentuated: sufficiency economic, sustainable development, long-term planning vision spanning the next 20 years to provide 'change management'.

47. The "Sufficiency Economy" philosophy, initiated by His Majesty the King, has been adopted as the guideline for working out the plan. In fact, this philosophy has already been incorporated into the current Ninth Development Plan, 2002 to 2006, which aims to tackle the poverty problem and upgrade the people's quality of life. This concept is considered the key to sustainable development and can also be linked with the modern economic system through the cooperative system. It has been publicized widely and has also gained the recognition of the international community. "Sufficiency" means moderation, reasonableness, and having an adequate "immune system" to protect each level against impacts caused by both external and internal changes. This concept is connected with His Majesty's "New Theory" in agriculture, aimed at helping small landholders to increase farm income and food production through the appropriate division and utilization of land. The concepts of Sufficiency Economy and sustainable development are interrelated and will lead to self-reliance, thus contributing to efforts to eradicate poverty in the long run.

48. The principle of sufficiency economy, based on the middle way and self-reliance, is practiced by the poor; this will result in poverty alleviation in all sectors. The principle is classified into three steps. First is to raise awareness of self-reliance. The poor have to recognize their own problems and are able to address solution to such problem, by themselves. For example, if they have high level of household expenditure arising from unnecessary consumption or production cost, they must seek ways and means to decrease such household expenditure. If there are opportunities to cease, they could gain income from supplement work. The important thing is to encourage the poor to reduce/quit gambles. Step 2 is to create cooperative network within the community. It is aimed at campaigning farmers to formulate the community's Master Plan. The plan that the local administrative organization initially participated and now becomes as a key force in the plan formulation process, results in greater understanding between the local administrative organization and community. The last step is an extension of business process to outer community. There will be greater development, for instance, standard and quality inspection of goods, if community requires extending market to outer community in the future. The Agricultural and Cooperative Bank will give financial support, in case community is strengthened by itself. At the present, the Government has adopted the philosophy of sufficiency economy into the processes of poverty reduction at the district level.

49. The Tenth Plan places an emphasis on making use of the country's economic, social, and natural resource capital for empowerment at individual, family, community, and national levels. It will focus on five development strategies in the next five years.

50. The first strategy seeks to develop Thai society into a knowledge-based society, and the potential of Thai people will be enhanced to enable them to keep pace with the changing world. It focuses on a peaceful society and maintaining Thai identities. This

strategy will also prepare for demographic changes resulting from the growing number of older persons.

51. In the second strategy, community empowerment will receive greater attention in order to establish firm foundations for the country. Emphasis will also be placed on social justice, while promoting processes of learning and maintaining cultural diversity and Thai wisdom. Community economy will be stabilized and poverty will be eased.

52. The third strategy calls for economic restructuring to create equilibrium and competitiveness during this century of Asia. In this regard, the Thai economy will be strengthened with less dependence on external factors. The country's infrastructure, logistics, and energy will be developed together with the production sector.

53. In the fourth strategy, Thailand will be developed on the basis of biodiversity. Communities will be allowed to play a greater role in natural resource management. Environment-friendly production and services will get a major boost.

54. The fifth strategy calls for the decentralization of administrative power and distribution of resources to the regional areas of the country. It also focuses on creating a culture of democracy and encouraging people to participate more in national development.

#### **Best Practices in Poverty Reduction: Community Plan as a Holistic Approach in dealing with Poverty at Area Levels**

55. New administrative paradigm in poverty reduction is to promote community participatory process, due to the fact that poverty in Thailand arises from systemic and structural problems. Thus People and local communities must participate in decision-making, planning, finding and formulating solutions to any development problems, especially poverty, by themselves.

56. In this connection, first of all, Thai government promotes the decentralization of powers to local government in accordance with the intent of the Constitution of the Kingdom of Thailand B.E. 2540 (1997). The functions, responsibilities, personnel, and budget<sup>4</sup> are fully transferred from central to local administrative organizations by 2009/10. Public services are provided through people participation in local administrations' decision-making processes and in the monitoring of their operations, in line with the people's needs and problems, and are equitable distributed.

57. Another project supporting by the public sector, in 2003 Thai Government made to translate the Poverty Reduction Strategies into action by launching a **Project of Community Action Plan Integrations for Poverty Reduction** in order to promote community learning process in developing communities/localities and determining solutions to the poverty problems.

58. The Community Action Plan is a development activity by the people, for the people, in each community, while the public sector provides support for community to develop the action plan. It is aimed at providing a guideline for community/local development responsive to needs and problems. People in communities will share idea, and determine guidelines, activities for community development based on self-reliance, not reliance on foreign countries, compatible with community's potential, resource, wisdom and culture, way of life, and environment. If communities cannot conduct some activities, they can ask for support from outer agencies, for examples- by integrating the community plans into plans of local administrative organization.

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<sup>4</sup> Local governments shall be entitled to at least 20 percent of the government's total revenue in the year of 2000/01, and growing to at least 35 percent by 2005/06. Transfers of function to local governments will include infrastructure and planning, education, health and social welfare, social order, promotion of investment, commerce and tourism, environment, and local culture.

59. The Project's targeted areas will cover all sub-districts/municipalities in 75 provinces by the year 2005, except Bangkok. The duration of the project is 3 years, from 2003 to 2005). The procedure is divided into 3 phrases. Phrase I (May - Sept. 2003): Enhancing 3,049 Tambons' plans to serve as learning sources to the others. Phrase II (Oct. 2003 - Sept. 2004): Promoting 2,673 Tambons' plan formulation, including the targeted Tambons for poverty reduction, Tambons without community plans, and municipalities with ready community plans. Phrase III (Oct. 2004 - Sept. 2005): Supporting the rest, 1,683 Tambons' plan formulation.

60. This is incorporation with several agencies including: public agencies consisting of the Office of National Economic and Social Development Board, Ministry of Education, Ministry of Interior, Ministry of Defence, Ministry of Agriculture and Cooperatives, and Ministry of Public Health, coupled with Community Organization Development Institute (Public Organization), and Office of National Village and Urban Revolving Fund. In addition, development networks will provide technical, budgetary, and personnel supports for this project. Hence, the Project of Community Action Plan Integration is a government effort to eradicate poverty in all areas, with the concerted incorporation of all development networks- from government agencies, private sector, civil society, and community organization networks. The community action plan is an instrument aimed at creating community's learning process and co-management, together with having a role of development movement. The apply of local social capital, culture and wisdom as a basis on community development in regard to its objectives and needs, will finally lead to the ultimate goal that is strengthening community for community and country's poverty reduction.

61. A community called "Mai Riang" in Nakornsrihammarat, the South province of Thailand, has been recognised as the first community in Thailand that have processed the community plan. Mairiang is a small subdistrict in Chawang District, Nakhon Si Thammarat Province. It was known many years ago as an important mining area, with Kao Soon as the centre for drilling and mining minerals, which were of tremendous interest. However, underground natural resources or even above-ground resources such as rubber (latex) did not help the people there to improve in any way. On the contrary, they became overwhelmed with debt. They could not solve their problems even when the government agencies introduced many development projects into the community.

62. A number of community leaders of Mairiang, led by Mr. Prayong Ronnarong, a rubber planter tried to seek knowledge in order to find a way out. In 1984, he finally sought a million baht from other planters there to set up a rubber-sheet factory. This enabled the community to solve problems related to the quality of the rubber-sheets being inconsistent; as a result, the price of their rubber output began to increase. This case has become a model for the same type of operations in many other communities, supported partly by the government and partly by the communities concerned.

63. However, this success did not immediately solve the community's problem. The people later found out that, although the rubber price had gone up, there were yet problems with their way of life and they still were incurring debts. They finally had the idea that, if they continued to tap rubber trees, they would need a plan or strategy. This would require information and knowledge in order to set up a well rounded plan and not merely improve the quality of their rubber sheets. They needed to consider rubber in all its aspects, all the stages and processes involved, from growing trees and obtaining the latex to transforming it into rubber sheets and selling them to merchants and factories or even transforming them themselves for export.

64. This is the origin of "Thai Para Rubber Master Plan", developed by Nakhon Si Thammarat's rubber planters, starting with information acquired from documents, from their real life experience in the village forum and related to all the subjects they needed in order to shape their future. When a certain document appeared in 1997, the rubber

planters realized that change was coming. However, it would come to them not from "above", shaped by politicians, merchants and government officials who had jointly shaped the rubber planters' lives for almost 100 years. It would come from themselves. Accordingly, life in Mairiang has changed. Mairiang people continue to discuss things in order to solve problems and even more until they come up with more systematic management. Each village would elect 5 representatives to form a lead committee, i.e., a committee of 40 representatives from 8 villages. This group would discuss overall plans for the community and for learning, as well as for managing the economy.

65. For example, Mairiang analysed its production and consumption and found that certain members grew vegetables for sale in the town market and others went to that market to buy them back for sale in the village. This applied to other products as well. In a well-managed system, the producers would get a better price while the consumers would acquire good things at a cheaper price. While it is true that they needed to buy certain things from the market, they could produce most other things, such as shampoo, soap, liquid detergent and organic fertilizers. The leaders sought ways to manage such a situation so that the planters could learn and understand the production process that they could consider as joint investment, production and consumption and not compete against each other until they would eventually go bankrupt. Groups were divided as to who would produce certain products and who would oversee certain areas until the products were sold to other groups. Implementation of any work starts with learning. The group with interest in any subject would have the chance to learn about the subject well enough to implement it. Groups were thus divided into those interested in raising chickens, growing vegetables, producing fertilizers and undertaking fish culture. Learning is the key issue and the main condition in implementing any work.

66. This is the origin of the community's master plan. The plan slowly comes into shape by incorporating ideas and experiences from various communities until it becomes a community master plan. Currently, their approach is in practice all over the country: people are adopting the "content" of learning from the Mairiang people, something which is not more complicated than enabling the community to "learn everything they want to know and to learn everything they need to do".

67. Another best practice in community-based development is the **In-Pang Network**. In-Pang is the name of a community-based organization network which began in Sakon Nakhon Province, the North-Eastern Region of Thailand, before the idea was spread to other villages, districts in Sakon Nakhon and adjacent provinces. It began when people in Baan Bua, Kudbarg District, Sakon Nakhon Province learned that the main reason they became poor and were overwhelmed with debt was because they had destroyed the forest. In 1964 they had cleared the land to grow jute and became rich for one or two years before becoming poor again. Then they began to cultivate cassava in 1970; again they became rich for one or two years before becoming even poorer. They cleared more land to grow more of the crop, hoping to gain more income but instead they incurred more expenses. In 1976, roads were constructed in the area, and electricity was extended to the area in the following year. The problem of indebtedness began as the people borrowed money to live and to buy electrical appliances and other labour-saving devices. Their lives soon changed and everything they found in the woods, in the ponds and rivers were used up completely until the "gods and goddesses" of the forests, rivers and land could not help them to quickly, catch up with their consumption.

68. Looking back to the past to search for the cause of today's problems opened the eyes of the people in this community to see a way out: "from which direction the problem comes, so does the solution". They "traced back" the direction of their problems, but this time with new management; they adjusted it to suit the situation which had already changed. In this way, they learned about and searched for wild plants. Whatever they want to eat, they grow in their own orchards. Some grew more than 100 kinds of plants

and others over 200 until they had too much. So they either give away their surplus or sell it to repay debts. For many of them, they had enough surplus money to support their children in school.

69. The experience of In-Pang and other similar communities became an important factor in doing “people research”, as they observed the power of information regarding the evolution of their community, the search for and revival of their local resources, joint production, joint consumption, joint capital and joint management. In In-Pang’s case, they began to produce juice made from wild fruits, and produced more than 25 million plant seedlings during the past 15 years.

70. All this output came from “information”. The most important information was the information on consumption. Once their desire to buy things was reduced and producing for their own consumption increased, they could surely reduce their expenses, increase their income and subsequently attain good health. In Kudbarg District, the consumption of carbonated beverages valued at Baht 800,000 per year was transformed into the production of fruit juice for their own consumption, which later inadvertently created a product for sale in the wider market and subsequently generated a huge amount of income for the community. We can see from the In-Pang case that, if the community learns how to conduct research and trace back to its roots and culture, its members would be proud of themselves and have self-confidence. People from many other villages all over the country have started to do this kind of research, and they too have discovered the power of information in directing their lives.

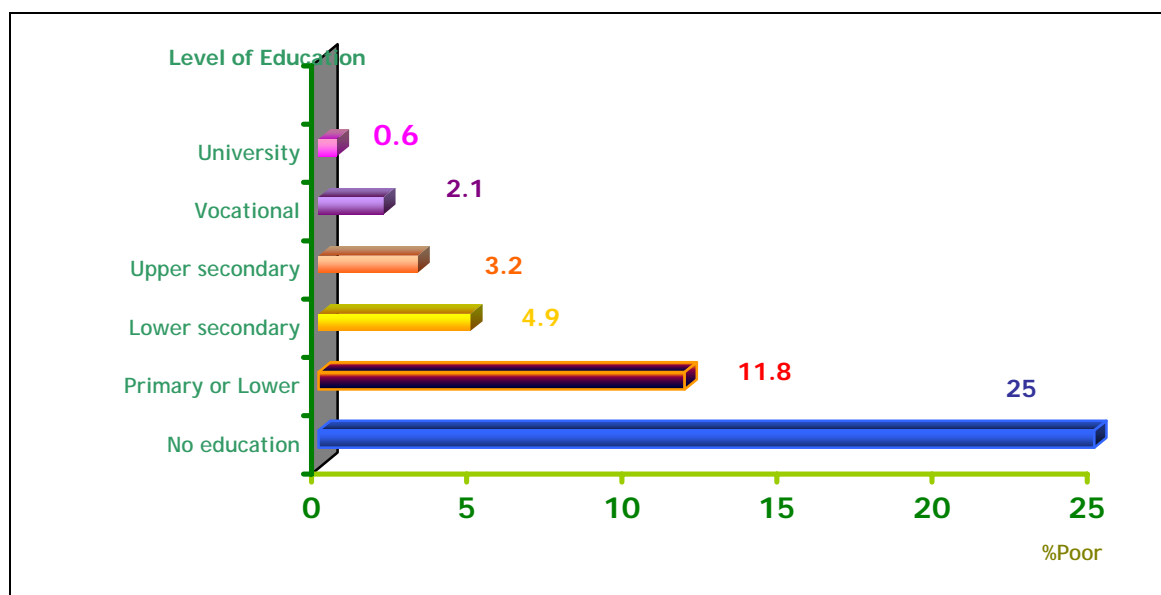
### **Best Practices in Poverty Reduction: Strategy for Children in Poverty**

71. Child poverty is not only about income. It is also about inequitable access to services, lack of opportunities, reduced outcomes, and reduced hope and expectations. An effective anti-poverty strategy must address educational inequalities, and an effective measure of child poverty will take them into account. The correlations between poverty, social class and poor educational attainment are strong. They are evident before entry to primary school; they strengthen in primary school, strengthen further during secondary schooling, and are reflected in differential rates of access to further and higher education.

72. The causal relationships are complex. Poor children are less likely to flourish at school. School leavers with poor educational attainment are more likely to become poor adults, and in turn their own children are more likely to be brought up in poverty. Poor education is the key vehicle through which poverty is passed on from one generation to the next - and good education can be the most effective means of helping to counteract the damaging effects of poverty. However, the relationship between poverty and education is not immutable - some poor children excel in school. In addition, measures to intervene either in educational inequality or in income inequality are likely to impact positively upon each other.

73. The socio-economic survey in 2004 showed that around 32.87% of the poor population were in the age group between 0-17 years old, 59.64% of the poor population were 18-59 years old, and the rest were the poor with an age over 60 years old. Further analysis reveals characteristics commonly observed among the poor—households which average income per capita were below poverty line in such corresponding period. Those, most of them have low education attainment, which limit their job opportunity or low earning ability.

Figure 6: Proportion of Head of Poor HH by Education Level 2004



Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

74. From the 2000 labour force survey, people with low educational level had difficulty in finding jobs, also limitation in earning ability.

Table 13: Unemployment Rate by Level of Education, 2000

Region	Primary	Lower Secondary	Upper Secondary	Vocational	University	Total
Bangkok Vicinity	0.83	0.44	0.24	0.31	0.7	2.75
Northeast	1.89	0.64	0.2	0.19	0.11	3.24
North	0.74	0.28	0.2	0.09	0.14	1.59
Whole Kingdom	1.12	0.44	0.2	0.17	0.25	2.39

Source: Socio Economic Survey, National Statistical Office (NSO), Compiled by NESDB

75. In 2004, Thailand formulated a strategy for Children in Poverty which can be said that it is the first strategy that has a direct target to the children in poverty, including vulnerable children. The strategy focuses on a holistic approach that point towards the development of children for all aspects, in particular capacity of the children, readiness for varieties in life, and environment of the development of the children. The strategy aims to strengthen the access of the children to basic services especially educational services.

76. From the strategy above, the Government launched the **One District-One Dream School** project on 1 October 2003, aimed at developing the quality of schools in all districts to ensure that every district has at least one high-quality school. The project was also intended to fulfil children's dream of attending good schools in their locality. At the initial stage, one model school was established in each district, and it would encourage other schools to improve themselves. The Government wants high-quality schools to be developed in the entire education system to achieve education reform. The Government has urged the business sector and various government agencies to provide support for these model schools. Tax reductions are offered to those who give donations to the schools.

77. To provide opportunities for children to be in the education, the Government provides greater opportunities for young people through the “**Income Contingency Loan**” program. Under the program, needy students may secure a loan to support their studies from vocational to university levels. They will repay the loan by instalments when they start earning salaries. The interest-free loan is connected to future income and would be extended widely in tertiary education. The students do not have to worry as much as before about finances, as they will not be asked for loan repayment until they have a chance to start employment. In case some subjects of study require high costs, the Government will offer scholarships to offset part of the costs, and the rest will be secured by the loan. The program, to be operational in the 2006 academic year, will enable poor students to continue their studies at the university level by using their future income to support their present education. The Government regards human resource development as an investment, not expenditure, saying that if people become healthy physically, mentally, and intellectually, the country will grow more prosperous.

78. Another measures, which we consider as the most important tool to overcome poverty in children in the present is **the scholarship programme**. The Government has provided financial support for students selected from Tambon or sub-district all over the country, using money raised from the benefit of the lottery of Thailand (2 and 3 digit lotto, formerly sold underground). At the present there are almost a million students who have got the scholarship. This scholarship not only provides basic educational level but also a higher education at both in the country and international university upon the capacity of the student.