



# CENTRE ON INTEGRATED RURAL DEVELOPMENT FOR ASIA AND THE PACIFIC

## RURAL DEVELOPMENT AND POVERTY ALLEVIATION POLICY BRIEF

### THAILAND

Thailand economy over time has shown positive changes in favour of the bulk of the population in agriculture. Tied with the level of consumption expenditures, the poverty line tends to increase over the last two decades, but the absolute number of the poor has steadily declined. The important thrust areas for Thailand still are wide-ranging; they cover a number of issues such as poverty reduction, management of natural resources, etc.

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) was established in 1979 to assist national action and promote regional cooperation relating to integrated rural development in the region, and to act as a catalyst for related activities among its member countries.

In the Sixteenth Governing Council Meeting in Manila in 2007, there was a discussion on the changing context of rural development (RD) initiatives and the need to review past policies and to identify policy-level issues and concerns. Accordingly, the CIRDAP Governing Council decided to commission a series of country studies for reviewing past policies and identifying policy issues and concerns with which CIRDAP can engage itself further through strengthening several actors at national and regional level for information generation, policy development and regional cooperation. The country studies as suggested should examine the role of the CIRDAP link institutions and also the need and scope for other linkages. Subsequently, each of the member countries nominated a researcher to work on the country studies. The researchers decided that each country would examine the RD initiatives from the point of future opportunities for CIRDAP.

Twelve countries have submitted the reports out of 14 countries. The country reports vary substantially in nature. Southeast Asian countries, especially Malaysia, Thailand and Vietnam, adopted market based reform policies much earlier than the South Asian countries. The focus in Malaysia and Thailand and now across all the Southeast Asian countries, was on the development of infrastructure, encouragement to foreign capital investment in manufacturing, and providing employment in organised enterprises as well as services catering to the market economy, tourism, restaurants and the like. The focus of development in the first four decades after independence in South Asia was quite different. It focused on the preservation of the rural economy, and attempted to increase employment opportunities in rural areas through public expenditure programmes, and essentially tried to maintain the rural character of these economies. The approach to poverty alleviation has thus been very different in the two regions. While South Asia focused on gains in agriculture and rural employment, Southeast Asia turned to commercialisation of agriculture and more market-oriented growth.

CIRDAP has published all the findings in a separate volume for each country. In this brief note, some of the important findings and policy issues for Thailand are highlighted.

### Major Findings

Thailand economy over time has shown positive changes in favour of the bulk of the population in agriculture. Tied with the level of consumption expenditures, the poverty line tends to increase over the last two decades, but the absolute number of the poor has steadily declined. The per capita monthly income has been more than double to the level of Baht 5,221 in 2006 compared to 1994. The rural population has gained better than the urban counterpart, but the income gap is still wide. While there is a certain degree of inequality in land ownership, its distribution appears to be more equal than expected. In terms of income inequality, the government has not been successful in narrowing the gap between the rich and the poor. However, inequality as measured by the amount of consumption expenditures seems to have reduced over time. The GDP in constant prices has increased by nearly 50 per cent from Baht 2,941 billion in 1995 to Baht 4,369.4 billion in 2008. This is also similar with the case of per capita GNP at current prices. The share of agriculture in GDP has decreased steadily, implying a decline in importance of raw agricultural produce and an increasing contribution of food processing as a value-added component to the Thai economy. In general, crop and animal production has increased. Export earnings from farm products have gained quite well over the last decade. Access to health services increased with the subsidised costs. Schooling is free for all and the literacy rate among youths of 15-24 years of age has reached to 98 per cent.

The important thrust areas for Thailand still are wide-ranging; they cover a number of issues such as poverty reduction, management of natural resources, etc. The government has implemented a number of projects and programmes, specially directed toward the poor and the rural population. It has undertaken a series of bureaucratic reform that resulted in decentralisation and empowerment of local governments. Projects such as one-million baht Village Fund, village development fund, SMEs, OTOP and refinancing of farm loans are prime movers of rural development. From these experiences, future opportunities for CIRDAP lie in the conduct of research in key areas, training in specific subject matters such as bio-fuel crop production and participatory approach to development, organising of high-level conferences and seminars on policy issues common to countries in the region, and finally, the enhanced role as a facilitator in the private-public partnership relating to rural development.

The United Nations Development Programme has formulated the Human Development Index and the Human Achievement Index to monitor developments in various countries. The HDI covers four major areas: inequality, negative environmental impact, breakdown in family and community relation, and loss of control over life and leisure. The Human Achievement Index is, in turn, a composite index to assess the state of human development at sub-national level. It includes health, education, employment, income, housing and living environment, family and community life, transport and communications, and participation. However, these indices indicate the degree of developments in the economy, but do not go far enough to measure the level of happiness achieved. Thus the concept of Human Happiness Index which can consist of five main areas: economics, health, education, social and environment may employ to measure the index. The Thai Ministry of Agriculture and Co-operatives has proposed a number of indicators to build a composite index of happiness among farmers; for example, farm income, household savings, debt-asset ratio and consumption expenditures may be considered. With regard to health, farm families should consume quality and safe food. Hygiene is to be maintained within farms. In education, farmers should be able to receive regular trainings and technological transfer with respect to farming practices. In social terms, farmers should adopt sustainable development approaches. The old should receive special attention from the family members. With regard to the environment, more attention should be given to reforestation and soil improvement. These indicators must admittedly be refined or even expanded when more is known and quantifiable. For instance, health and family care in early childhood can lead to later positive outcomes. The mental and physical capacities of the ageing people show the level of happiness a society has attained.

Another important thrust area lies in the pending disaster exemplified by climate change. Global warming came into the limelight only a couple of years ago and now has taken the central stage in almost all fora in the international community. It does affect everyone, in varying degrees, no matter where he or she lives. How will global warming affect Thailand and what are the options available to deal with such phenomenon? People in rural areas are probably more susceptible and vulnerable to the effects of global warming than those who live in the cities. How can they be prepared to avert or to accommodate the kind of disaster caused by it?

### **Policy Priorities**

The specific thrust areas for Thailand are:

- Estimation of the Human Happiness Index;
- Sustainable Rural Development Index;
- UNDP's Human Development Index;
- Global warming resulting in climate change;
- Trade liberalisation;
- Regional trading arrangements; and
- Research and development.