

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Thailand	Project Title:	COVID-19 Active Response and Expenditure Support Program
Lending/Financing Modality:	Countercyclical Support Facility	Department/Division:	Southeast Asia Department/ Public Management, Financial Sector, and Trade Division

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General intervention

#### **A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy**

Resolving poverty and inequality is one of the urgent issues identified in Thailand's Twelfth National Economic and Social Development Plan, 2017–2021 (NESDP). The fundamental cause of poverty and inequality in Thailand lies in geographical disparities in the quality of social services, imbalanced economic structure, uneven distribution of development opportunity, and unequal access to justice. The NESDP aims that all Thai people should be able to access resources, job opportunities, and quality social services equally, and to increase average income per capita, including a target of at least 15% higher income for the poorest 40% of the population.<sup>1</sup> ADB's draft country partnership strategy (CPS), 2021–2025 for Thailand is designed to help the government achieve its development objectives of security, prosperity, and sustainability as defined in Thailand's National Strategy, 2018–2037. It does this through three broad CPS objectives: (i) improving connectivity; (ii) promoting sustainable and resilient growth; and (iii) broadening access to economic and financial opportunities.<sup>2</sup>

The COVID-19 Active Response and Expenditure Support Program provides budget support to the government to mitigate the negative economic impact caused by the coronavirus disease (COVID-19) pandemic and provides the needed public healthcare for infected patients. The support is critical in the context of Thailand's projected negative growth, reversed trend in poverty reduction, and rising income inequality. The program supplements ADB's ongoing health portfolio in the Greater Mekong Subregion, including Thailand.<sup>3</sup> The program corresponds to the government's NESDP and is aligned with ADB's draft CPS for Thailand. The program will contribute to the achievement of Sustainable Development Goals (SDGs) including no poverty (SDG1), good health and well-being (SDG3), general equality (SDG5), and reduced inequalities (SDG10).

#### **B. Results from the Poverty and Social Analysis during PPTA or Due Diligence**

**1. Key poverty and social issues.** Thailand has made considerable progress to reduce poverty. The national poverty rate declined from around 34.0% in 1988 to 8.8% in 2019. Despite overall progress, there continue to be pockets of poverty, primarily in the border regions in the northeastern and northern provinces, exacerbated by drought, and in Thailand's three conflict-affected southernmost provinces. The poorest groups are concentrated in the agriculture sector, and typically participate through the informal workforce—comprising part-time employees, self-employed households, informal small and medium-sized enterprises, and landless laborers. Since 1988, there have been five instances when official poverty rates increased, mostly around the time of financial crises and economic slowdowns.<sup>4</sup> This is mostly because of the fluctuations in the tourism and agriculture sectors. For example, Phuket—a tourist destination in Thailand—experienced the fastest poverty rate reduction when national economic performance was good and the tourism sector was booming. However, after the 2018 boat accident, which resulted in a slump in tourist arrivals from the People's Republic of China, Phuket experienced one of the fastest reversals in poverty reduction nationwide, highlighting the economic vulnerability of different regions and sectors. Between 2015 and 2018, poverty rate in Thailand grew from 7.21% to 9.85%, leading to an increase of 1.8 million poor people.<sup>5</sup> Before the COVID-19 pandemic, Thailand's economic slowdown, caused by ongoing trade conflicts, political uncertainty, and the worst drought in decades, had stalled the growth of household income and consumption. The COVID-19 pandemic is expected to accelerate a rise in unemployment and poverty levels with the expected dramatic fall of the number of foreign tourists in 2020 and closures of businesses (Thailand's tourism sector contributed one fifth of national income in 2019). The pandemic is expected to increase Thailand's poverty incidence from 8.8% in 2019 to 16% in 2020 under worst-case scenario. ADB estimates that 3.1 million Thai workers could become unemployed as a result of COVID-19. As of 9 June 2020, Thailand has carried out 6,708 tests per one million people, fewer than Singapore (69,858) and Malaysia (19,121). This equates to 3,368 tests per day since the first confirmed case in mid-January 2020. Thailand is highly vulnerable to the pandemic and recurrent waves of outbreaks. Before vaccine and effective treatments become available, more investment into testing and active case tracing is needed to prevent potential surges, especially that many COVID-19 carriers are asymptomatic.

**2. Beneficiaries.** As the program supports macroeconomic resilience and strengthening the government's response to the COVID-19 outbreak, the direct beneficiary would be the government that faces budgetary constraints to respond

to the economic downturn. The indirect beneficiaries of the program include individuals and businesses whose health or livelihoods are most likely to be impacted by the pandemic.

**3. Impact channels.** The program will provide budget support for immediate medical and social assistance to COVID-19 patients. It will also provide short to medium-term social assistance and broad-based fiscal stimulus to mitigate the impact of the pandemic on the economy.

**4. Other social and poverty issues.** Migrant workers not registered in the Social Security Fund and 480,000 stateless people are not eligible for financial support from the government's response package. Migrants in the informal sector are particularly vulnerable as their jobs are at risk, and the lack of labor and social protection measures will have a detrimental effect on their ability to meet their basic needs. There are no specific income measures to older persons, who are more vulnerable to COVID-19. The impact of the crisis on the conflict-affected southern provinces, where infections continue to be reported, requires monitoring. Additional unforeseen social and poverty issues may arise depending on the actual duration of the crisis.

**5. Design features.** The program is designed to provide budget support for crisis response and introduce critically needed fiscal stimulus to boost the economy. Key reform areas will support immediate medical and social support, short to medium-term social assistance programs, and a broader fiscal stimulus program to mitigate shocks.

### C. Poverty Impact Analysis for Policy-Based Lending

**1. Impact channels of the policy reforms.** The program's policy reforms will strengthen the government's ability to respond to the crisis and minimize the impacts through fiscal stimulus and spending on healthcare and other social assistance programs.

**2. Impacts of policy reforms on vulnerable groups.** Positive impacts include medical and social support as well as social protection and relief to vulnerable populations and to those who have been most impacted by loss of employment.

**3. Systemic changes expected from policy reforms.** The program contributes to the goals of the NESDP and the CPS related to poverty reduction and inclusive economic growth.

## II. PARTICIPATION AND EMPOWERING THE POOR

**1. Participatory approaches and project activities.** Due to the urgency of the program, reforms have been designed based on high level discussions with government stakeholders as well as recently developed or approved programs in health, financial, and social sector reforms, which consulted a wide range of relevant stakeholders including the government, private sector, and non-governmental organizations.

**2. Civil society organizations.** TBD

**3. Civil society organization participation during implementation:** ☒ Information sharing (L) ☒ Consultation (L) ☒ Collaboration (N) ☐ Partnership (N).

**4. Participation plan:** ☐ Yes ☒ No: The program supports government consultation and participation processes.

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming

**A. Key issues.** In 2017, Thailand ranked 93 out of 160 countries on the gender inequality index (GII). This assessment was based on women's: (i) low participation in parliament (5.3 %); (ii) secondary level education rate lagging behind men at 42.4% and 47.5% respectively; (iii) lower labor market participation rate of 59.5% compared to men at 76.2%; and (iv) low maternal mortality rate of 20 (below the global average), counterbalanced by an adolescent birth rate of 42.456 as compared to the global average of 44.9 (births per 1,000 women ages 15-19). Though women's parliamentary participation increased to 16.2% in 2020, this remains below the East Asia and the Pacific's average of 20.3%. In Thailand, women undertake 76% of the unpaid care work including child rearing, housekeeping, care for the sick, disabled and elderly, and ensuring household access to basic items such as food and water. This increases their vulnerability during the COVID-19 crisis as social isolation and reduced mobility affect daily living. Key gender issues during the COVID pandemic include: (i) as primary caregivers, women are at greater risk of exposure to the virus and transmission; (ii) fear of lost wages may promote risky behaviors such as prophylaxis medication use to suppress symptoms and enable work; and (iii) stresses induced by lost wages and confinement can result in anger, frustration, depression, and anxiety, which often stimulates a rise in negative coping behaviors including violent communication, domestic or gender-based violence of intimate partners and dependents, and sexual harassment and assault. Other vulnerable groups include older persons, those with underlying medical conditions, migrant workers, and disabled people.

**B. Key actions.** The program is categorized as effective gender mainstreaming (EGM). The CARES program recognizes that women healthcare workers face a disproportionate risk of transmission and infection (48% of doctors and 95% of nurses are female) and responds by ensuring improved testing of healthcare workers through specific protocols, and equal incentive payments for male and female healthcare workers during the COVID-19 crisis. Further, the program responds to the different needs of women and men by: (i) ensuring equal access to health coverage for COVID-19-related expenses; (ii) extending the cash handout program to 16 million workers who are not registered in

the social security system (45% are women); (iii) providing unemployment benefits to at least 50,000 migrant workers (30% are women); and (iv) delivering economic supporting to highly affected sectors including those with a high representation of women workers such as manufacturing (48%), tourism (50%), accommodation and food services (63%), health and social work (76%), education (65%) and home-based domestic workers (86%).

☐ Gender action plan ☒ Other actions or measures (Gender Monitoring Matrix) ☐ No action or measure

#### IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

**A. Involuntary Resettlement** **Safeguard Category:** ☐ A ☐ B ☒ C ☐ FI

**1. Key impacts.** The project will not involve civil works and will not lead to any land and assets acquisition. There will be no physical displacement or temporary involuntary resettlement impacts under the proposed project.

☐ Resettlement plan ☐ Combined resettlement and indigenous peoples plan

☐ Resettlement framework planning framework ☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement ☐ Social impact matrix

☒ No action

**B. Indigenous Peoples** **Safeguard Category:** ☐ A ☐ B ☒ C ☐ FI

**1. Key impacts.** Assessment of policy actions indicate the program will not impact on indigenous communities. Is broad community support triggered? ☐ Yes ☒ No

**2. Strategy to address the impacts.** Not applicable.

**3. Plan or other actions.**

☐ Indigenous peoples plan ☐ Combined resettlement plan and indigenous peoples plan

☐ Indigenous peoples planning framework ☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement ☐ Indigenous peoples plan elements integrated in project with a summary

☐ Social impact matrix

☒ No action

#### V. ADDRESSING OTHER SOCIAL RISKS

**A. Risks in the Labor Market**

**1. Relevance of the project for the country's or region's or sector's labor market:** ☒ unemployment (low) ☒ underemployment (low) ☒ retrenchment (low) ☒ core labor standards (low)

**2. Labor market impact.** The labor market will be significantly impacted by the pandemic. High unemployment, underemployment and suppressed earnings particularly in the tourism and informal sectors are expected in the short to medium term.

**B. Affordability.** Not applicable.

**C. Communicable Diseases and Other Social Risks**

**1. The impact of the following risks:** ☒ Communicable diseases (NA) ☐ Human trafficking (NA) ☐ Others (NA)

**2. Risks to people in project area.** Not applicable.

#### VI. MONITORING AND EVALUATION

**1. Targets and indicators.** Targets and indicators linked to related programs will be monitored through ADB standard monitoring mechanisms. Under the Royal Emergency Borrowing decree, the government has established the Loan Fund Disbursement Consideration Committee, chaired by the Secretary General of the NESDC and several subcommittees chaired by the Deputy Secretaries General of the NESDC. Representatives from the committee and subcommittees will be made available to attend quarterly meetings with ADB to discuss priority reform issues—including the periodical collection and reporting of sex-disaggregated data of program beneficiaries—until six months after the Loan Closing Date

**2. Required human resources.** One ADB, a multi-sector and thematic team composed of staff from the headquarters and resident missions, has been put together for the design of the program. Additional resources for technical assistance have been mobilized by ADB to ensure timely and effective implementation and monitoring of the program's social- and gender-related design features and, equally important, assess social and gender-related impacts of COVID-19 emergency response, including this program.

**3. Information in the project administration manual.** Not required.

**4. Monitoring tools.** Based on design and monitoring framework.

<sup>1</sup> Office of the National Economic and Social Development Council. 2017. The Twelfth National Economic and Social Development Plan (2017–2021). Bangkok.

<sup>2</sup> ADB. 2021. *Country Partnership Strategy: Thailand, 2021–2025*. (forthcoming). Manila.

<sup>3</sup> ADB. 2020. TA 9950: *Major Change in Technical Assistance: Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases*. Manila; and ADB. 2020. TA 9571 *Major Change in Technical Assistance: Strengthening Regional Health Cooperation in the Greater Mekong Subregion*. Manila.

<sup>4</sup> Assessment on Poverty and Unemployment (accessible in the list of linked documents in RRP Appendix 2).

<sup>5</sup> World Bank. 2020. [Taking the pulse of poverty and inequality in Thailand](#). Bangkok.