

ADB



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# **Social Protection Response to Inflation**

## **The Case of Thailand**

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# Outline

- **Thailand's Situation**
  - Social Protection Overview
  - Inflation
- **Social Protection Responses to Inflation**
- **Next Steps**

# Thailand's Situation

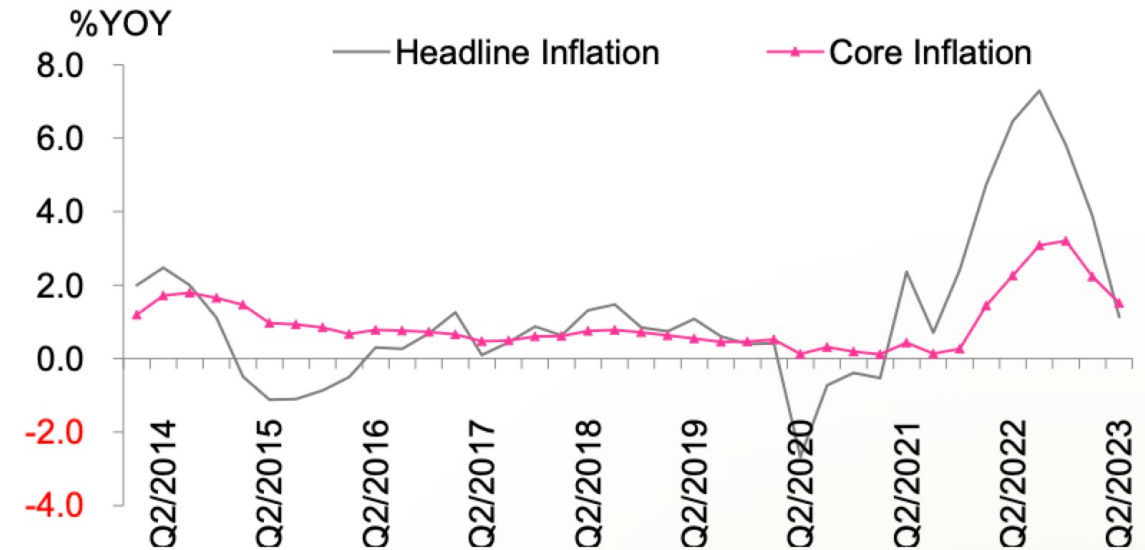
- **Social Protection**

- High coverage but thin benefits
- Many universal schemes with introduction of poverty-targeted programs since 2015
- COVID-19 led to rapid development of electronic payment system

**Prompt  
Pay**  
พร้อมเพย์



- **Inflation**



- Inflation hiked in 2022 due to high energy and food prices

# Social Protection Responses to Inflation

- **Minimum Wage**
  - Minimum daily wage raise by 5.02%, effective Oct. 1, 2022 after being frozen since January 2020.
- **State Welfare Card (SWC)**
  - “Purchasing-Power Enhancing Program” for SWC holders and those with special needs to receive 400 Baht in Oct. 2022
  - Street vendors with SWC received 100 Baht/month discount of LPG price until the end of Sep. 2022
  - Increase of LPG subsidy to SWC holders from 45 Baht/month to 100 Baht/month during May-Jul, 2022
- **Social Security Fund**
  - Monthly contributions for Section 33 members will be reduced from 5% to 1% during May-Jul, 2022 while contributions for those under Section 39 and Section 40 will be lowered from 9% to 1.9%, and lowered to 42-180 Baht per month, respectively.
- **Fuel Subsidies**
  - Maintaining the retail price of NGV gas at 15.59 Baht/kg. Taxi drivers in “Lom Hai Jai Deaw Kun (Breathe Together)” could buy gas at 13.62 Baht/kg. until Sep. 15, 2022
  - A cap on the retail prices of LPG tanks at 408 Baht/tank during Jul-Sep, 2022
- **Other Measures**
  - Gasohol support of 250 Baht/month to 157,000 registered public motorcycles during May-Sep, 2022
  - Stimulate MICE (meetings, incentives, conferences and exhibitions) tourism, by allowing for tax reduction Jul-Dec, 2022
  - Extend the fourth phase of the “Rao Tiew Duay Kan” (We Travel Together) domestic tourism promotion scheme.

# Next Steps

- **Integration of Social Protection System**

- Thailand's social protection is fragmented, creating inefficiencies in program management
- Rapid demographic transformation leads to fiscal sustainability challenge
- Integration of data through single national ID

- **Promote more Co-payment System**

- Currently 90% of SP programs are non-contributory
- Rapid ageing will create high fiscal imbalance

- **Shock-Responsive SP**

- Highly impacted by climate change
- Large informal sector and new types of work

**Social Budgeting 2012 - 2040**

