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We are hopeful that this report on rapid assessment phase I and phase II will be helpful in providing insights into the impact of the current economic downturn on workers in Thailand and will encourage further research studies on this important subject.

Dr. Supang Chantavanich
Director
Asian Research Center for Migration
September 2010
# Table of Contents

Acknowledgements

**Phase I**

1. Introduction .................................................. 1
2. Government Policy and Gaps .................................. 2
3. Trends and future forecast for employment during the economic crisis from business sectors. .......................... 5
4. Impact of the Crisis on Informal Workers ..................... 7
5. Impact of the Crisis on Formal Sector Work and Remittances to Rural Households .................... 15
6. Conclusion ...................................................... 21
   References ....................................................... 22
   Appendix ......................................................... 24

**Phase II**

1. Summary of findings .......................................... 31
2. Introduction .................................................... 34
3. Informal workers in urban settings .......................... 37
4. The rural poor .................................................. 42
5. Workers in the formal sector .................................. 45
6. Migrant workers and the unemployed ......................... 47
7. Specific impacts on male and female formal and informal workers .................................... 50
8. Conclusion ....................................................... 52
   Annexes .......................................................... 54
Rapid Assessment on
The Impacts of the Economic Downturn on Workers in Thailand
Phase I
(January - June 2009)

by

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In 1997, Thailand and most of the countries in East Asian region suffered greatly from the economic downturn, known as ‘1997 Asian Financial Crisis’ or ‘Tom-Yum Kung Crisis’. The crisis was caused by the financial collapse of the Thai baht, and then rapidly spread to other countries in the region. It took almost 10 years for Thailand to recover from the recession.

However, the nightmare for Thailand’s economy is not over. According to the present economic situation in the world, every country has been faced with the economic downturn and has been in the economic crisis. Thailand is likely impacted and turned into the economic crisis.

Fully aware of the current economic situation, the Asian Research Center for Migration (ARCM) of Chulalongkorn University has led the study of the economic crisis and local impacts in Thailand.

**Main objective** is to fill a gap in current information on the impacts of the financial crisis on vulnerable groups.

Specific Objectives are:

1. To conduct the rapid assessment on the impact of the economic downturn on workers and their families in Thailand.
2. To analyze and summarize the impacts as described on the focus group and in-depth interview.

**Methodology**

The rapid assessment (RA) was conducted in March 2009. The Asian Research Center for Migration (ARCM) prepared the proposal and the questions to be used in data collection. The RA was scheduled for the preparation and field data collection at the end of March 2009. The major methods of data collection were focus group discussions and interviews.

Key theme is to review changes, nature of the changes and coping strategies of these vulnerable groups.

Key questions for interviews and focus group discussions include:

- Who is being affected and through which channels? How are impacts different for different groups and individuals? How are impacts distributed within the household, as well as between households? Are there particular impacts on women or children?
- How are people responding to the labour market shocks? Which formal and informal institutions are they turning to for help?
- How useful, functional and how well-targeted are these sources of assistance and where are the gaps?
• Are coping strategies that the being adopted by those affected likely to cause further harm in the longer term and how might this be prevented?

With time limitation, the focus group discussion could have only 2-3 participants in some groups and had difficulties in identifying the relevant targets. However, through contracts with NGOs and previous connections that ARCM and the World Bank had developed with workers, the team was able to access the right target groups.

Research sites and target groups

The RA chose three research sites to fit with the three vulnerable groups of workers in Thailand.

1. **Bangkok** in Klong Toey and Ram Intra area for informal workers. A focus group discussion was conducted with male and female workers. Interview with 3 cases of homebased workers, 9 daily workers (including 7 constructions) and 1 NGO working with informal workers. Key informant interview were held with 1 NGO working with migrant workers in the informal sector in Mae Sot was also conducted in Bangkok at ARCM office.

2. **Nakhonratchasrima Province (Khorat)** in the Northeast of Thailand for Thai workers and family dependent on remittances. Two focus groups were held with 2 cases of households dependent on remittances within Thailand, 5 cases of households dependent on overseas remittances, focus group with 7 business sectors, 3 NGOs and 3 Thai scholars. An interview with Provincial Employment Official was also conducted in Nakhonratchasrima Province.

3. **Samutsakorn Province**, coastal area in Central Thailand. Four focus group discussions were held with 4 cases of Thai unemployed workers, 3 cases of Thai still paid workers in manufacturing work, 2 cases of unregistered migrant factory workers and 3 cases of registered migrant factory workers. Indepth interview was conducted with garment sector employer, 2 NGOs and 1 Provincial Employment Official of Samutsakorn Province.

The target groups and specific questions for each province are in Appendix 1

The report is set up in 6 sections, namely, introduction, government policy and plans, trends and future forecast for employment during the economic crisis (as perceived by the representatives of enterprises participating in the research); impact of the crisis on informal workers, impact of the crisis on formal workers and household dependents on remittances and the conclusion. Most information is drawn from the field research is this rapid assessment. The research team also added some information from other research work or from the media which are beyond the field research findings in order to make the study more inclusive.
2.1 Government plans (Reviewing from January until March 2009)

This section provides a summary of Government responses to the economic downturn, using information gathered from the media and other published sources. According to the situation of the economic downturn in Thailand, the Prime Minister of the Government of Thailand came out and announced that the government will help the people by launching the policy framework. There are five components of the core policy framework starting with the THB 117 billion supplementary spending bill under review by Parliament and THB 40 billion tax programme to benefit new home buyers or real estates and small business. Details of each component are as follow.

(1) As part of the government’s THB 117 billion supplementary stimulus budget, THB 34 billion is earmarked for short-term stimulus, including THB 19 million for a plan to give cheques for one time handout THB 2,000 to reach out 9 million low-income earners earning less than THB 15,000 per month. And out of 9 million people, 8 million of them under the Social Security Fund in the first week of April 2009. For those employees who have been registered with the Social Security Office (SSO) the aim of it is to support Thai employees affected by the economic crisis and to boost the sagging the economy. According to the plan, registered social security holders of SSO will contribute 5% of their salary for their health insurance and retirement funds.

(2) According to the Minister of Industry, provincial industrial officers should work with local branches of commercial banks to single-out cash-strapped and indebted companies and confirm the number of workers they employ. Also, targeted beneficiaries will include those that have missed loan payments for at least three months. In addition, the Minister of Industry should propose financial packages to assist the companies for a one-year period, on condition that they do not lay off workers. Five key industries (automobiles, textiles, electronics, food and brand-name products) should be targeted for assistance. At the same time, Labour Minister said in January this year alone, 66,776 workers had signed up for unemployment benefits, up from just over 50,000 last December. The top five industrial sectors with highest lay-off ratios were auto parts, automobiles, furniture, textiles and machinery. The Labour Ministry has approved budget of THB 6.9 billion to ease unemployment. The Prime Minister recently announced that this amount should be enough to help 500,000 people while other measures to be implemented by other ministries should assist a further 500,000 persons.

(3) There has been coordination among the Ministry of Labour, the Ministry of Finance, the Ministry of Industry and the SME Bank to sign the agreement of the credit to delay lay-offs of employees by taking a total of THB 6 trillion from SSO to provide as financial loan to company owner, with low interest rates from SME Bank as a loan. This loan will be used to improve liquidity for company owners. They can ask for financial loans starting from THB 50,000 to 100 million with fixed interest rate of 5% in 4 to 5 years on the condition that borrowers will not lay-off their employees. This programme started from 19 January 2009 to 31 December 2010.

The Minister of Labour estimated that this programme could help at least 1,000 company owners to maintain their business and 20,000 employers to keep their jobs (moneychannel.com, 13 February 2009).
The Ministers of Labour and Industry have announced their readiness to use a fund of THB 1.4 billion allocated from the government’s supplementary budget. THB 1.4 billion fund would be divided into two parts: the first part, total THB800 million would cover payment of THB 4,800 per person per month for four months for training. The remaining fund would be used for the skills training programme themselves (Bangkok Post, 20 February 2009). To help laid-off workers without jobs through the skill training courses trainees can receive THB 5,000 per month per person for 5 months while attending the courses. The total budget for this project will be THB 6.9 trillion. The intention is that this should cover to 240,000 jobless persons before extending to the fiscal year 2010 in order to increase to 500,000 persons.

Another policy on migrant workers in Thailand announced by the government in January 2009 is that MOL will not extend work permit of 500,000 registered migrant workers in 2010 (Post Today, 9 January 2009, p.1). The registration policy will be based on the protection for Thai workers and jobs at a time of economic uncertainty. No new workers will be registered and undocumented worker will be deported (Erika Fry, Bangkok Post, 1 January 2009, p.8).

2.2 Implementation to date (January until March 2009)

To date, the government has started to distributed Baht 2,000 cheques to beneficiaries in Bangkok and up-country since 26 March 2009. Government data show that not all the 8 million targets have been reached yet. (Ministry of Labour’s report, April 2009.)

The skill training programs for laid off workers started in early April 2009 but there were lacks of efficient coordination between the MOL and the Office of the Prime Minister who was supposed to the budget to MOL.

As for other plans, there has been no announcement whether they were already undertaken or not. Though announced in January, the plan not to extend work permit of 500,000 registered migrant workers has not been enforced, but is expected to be introduced in June 2009.

In addition to plans to address unemployment and lay off, the government and the civil society groups have tried to set up centers to assist workers. For example, the Labour Ministry has set up a One-Stop Service Center to Assist Laid off Workers in all provinces. The center will look for new jobs or offer vocational guidance or training to them while they are paid by the Social Security Fund (SSF). Currently the pay for unemployed worker is 50% of last salary and will last for 6 months. Labour Ministry is considering an extension for payments to 8 months (interview, Head of Samutsakorn One-Stop Center to Assist Laid off Workers, 27 February 2009). One civil society group has also set up a center for collecting Workers’ Grievances on Unemployment Problems in January 2009. The center is run by the Thai Solidarity Committee to receive unemployed workers’ grievances and to collect data on impact of unemployment on the various sectors in order to submit to the government for policy consideration and actions. The center also gathers grievances and complaints from informal workers.
2.3 Targeting and Gaps

The 2000 baht handout cheque to 9 million workers has been criticized by some as not well-targeted. Its aim is to stimulate the spending and ignite the economy rather than to assist unemployed people. Actually, from the 9 million persons registered with the SSO, only approximately 50,000 persons from 597 workplaces have been laid off in 2008. As for 2009, some projections suggest that at least 130,480 workers will be laid off (Wasana Lamdee 2009, p.22-23). People interviewed as part of the research suggested that these people are in need of more systematic assistance. In one research site, the team found that the Provincial Employment Office was playing a useful role in registering cases of layoffs and transferring them to the SSO for severance payment. Since 25 February 2009, 400 layoffs were reported in Samutsakorn (Interview with Head of Samutsakorn Labour Office, 25 February 2009).

The promotional plan to distribute Baht 2,000 cheques has attracted some opposition. It has been opposed by the Vice President of the Bank of Thailand (BOT) who gave the opinion and reason that it was not a good idea and it would be impractical. At the same time, ex-Prime Minister, Mr Somchai Wongsawasdi, also disagreed with this policy because, he argued, that the fund cannot reach all employees in Thailand, especially from the agricultural and informal sectors. He suggested that the government should use the social security funds to create job opportunities rather than using it for other purposes.

The scheme also has opponents among representatives of Thai labour. Mrs. Wilaiwan Sae Tia, leader of the Thai Labour Solidarity Committee, said the method of distributing the gift money was not practical for workers, as most were not accustomed to such transactions and she said the money should be transferred into the bank accounts of workers.

"It will be a burden for the workers. They will have to take leave to go to the bank to cash the cheque. Who knows how long that will take, especially in an industrial estate with a huge number of workers".

Another comment was that due to the state of the global economy which will take at least 3 years to recover, the government plan should address long term recovery too.

3. Trends and future forecast for employment during the economic crisis from business sectors

Finding in this sector is based on information gathered from the focus group discussions with business sectors in Nakhonratchasrima and Samutsakorn Province, Trends for employment were projected as negative by representatives of the business community in both provinces. Two trends in production were observed: the first is a reduction of total production, the second is adaptation through a switch to other products. Enterprise managers interviewed by the team were anticipating that the current slowdown would last for some time.
3.1 Future forecast for employment during the crisis

Many respondents noted an important difference between the current crisis and the late 1990s. Information availability has expanded over recent years and the economic crisis in 2009 has been discussed openly through the media since 2008. Employers felt they have had more time to prepare themselves to cope with it, unlike the crisis in 1997 which was so abrupt in onset.

Businessman participating in the focus group discussion (FGD) indicated that the crisis has started since 2008 and were working on the basis that effects would continue for at least 3 years. In Samutsakorn, employers in the garment industry indicated that the sector had been experiencing a shrinking output for the last 2-3 years. High competition from PRC with lower cost garments had made Thai factories less competitive. Strategies which employers described to cope with the new situation included: no layoffs, no wage reductions, but no overtime work and no new recruitment. If workers want to leave, they can do so and the factories will not take them back or replace them.

In Nakhonratchasrima Province (Khorat), representatives of the business sectors who participated in the Rapid Assessment (RA) included automobile, real estate, IT industry and commercial farming of cash crops. More generally, the economy of the Northeast of Thailand is dominated by agricultural production. The business sectors emphasized the need for the government to maintain the farm sector because it provides an ultimate safety-net for most workers. Business representatives explained that when local employment reduces due to the decrease in exports and overseas employment reduces due to work termination, some workers decided to go home but some decided to stay on to find new jobs. The Northeast has the largest community of migrants who work in other regions or other countries.

3.2 Trends in Reduction of Production

Discussions with the local automobile business suggested, that consumers seems to have low confidence in the economic system, they tend to adjust their behavior such as switching from truck to small diesel cars. Many are uncertain about their jobs, these groups tend to save instead of spending. Representatives from the motor and IT businesses expected that their sell volume would fall down to about 20-30%. In terms of coping strategy in automobile, each company uses different strategy due to the policy received from their Headquarters. Some employers in the automobile sector had reduced their production and overtime work but not laid off staff (Chevrolet, Hino), while some others (GM company) had stopped the production and laid off workers because the latter could not survive due to lack of support from headquarter and local partners. In general, sales in the automobile sector have reduced, with immediate impacts on the cash flows in the market (Automobile businessman, FGD in Nakhonratchasrima Province (Khorat), March 2009).

At present, 30 Thai and 10 Karen migrant workers are employed in a factory in Samutsakorn Province (Interview at Samutsakorn Province, March 2009).

Similar trends were identified in the real estate business. Consumers are delaying their decision to buy new house. Some suggested that only government officials can afford to buy because their salary is not affected by the crisis. The public sector also identified as important in its role as purchaser of products of the private sector. Some long
term hire-purchase buyers of the real estate could not afford to pay for the monthly installments and are currently in default. Observers felt that the government policy to reduce tax for new buyers can not really activate the estate market (Real estate businessman, FGD in Nakhonratchasrima Province (Khorat), March 2009).

IT and electronic businesses are also struggling. In Nakhonratchasrima province, the sub-contract companies started to close down or laid off a large number of staff. In one IT company, a representative told us that in order to cope with the economic down turn, each department has to adjust their budget and expenses. There was no over time and the company provides more days for staff holidays. The more steady income for the sector seems to come from government agencies such as the Ministry of Education because it has fiscal budget to buy products and service for school children. (IT businessman, FGD in Nakhonratchasrima Province (Khorat), March 2009)

Not all industries were suffering from a reduction in demand. A representative from the agriculture sector explained that tapioca production is still in good business as there is currently a high demand in paper pulp. Tapioca is low cost but high quality to make paper pulp when compare to corn.

In Samutsakorn Province, an owner of a garment factory had reduced his production to only 40% of the full capacity. The owner said that if workers want to resign, the factory will allow the staff to go. However, the enterprise would not be hiring replacement workers at this time. The owner explained the fragility of the factory’s situation; he cannot ask for a loan from commercial banks because of the government policy to limit production and new investment in this sector. Competition in the market is high as garments from PRC are cheaper by 50%.

To summarize the perceptions of the business sector on the impacts of the crisis and on prospects employment varies across sectors. Garment, real estate and automobile business are reducing their production because there are fewer consumers. In agriculture, crops produced in these areas still have good prospects. Some workers had been laid off. Enterprise owners stated that there had been no gender difference in the application of the layoff policy but permanent and skilled employees were generally retained in the work place. There is a tendency that laid off workers are reported by employers to the Labour Ministry as voluntary resignations although they are actually laid off, resulting in shorter severance payments of 3 months instead of 6 months. Some employers also delayed the severance payment to workers (Former worker, FGD in Nakhonratchasrima Province (Khorat), March 2009).

3.3 Consideration to switch to other products

Many businessmen who were interviewed as part of this research indicated that they had started to think about switching into other types of business. They were postponing decisions, adopting a “wait-and-see” position in order to observe the impact of the current crisis on the different economic sectors.

Employers in the garment industry were dominant among those who are considering switching to other products. An owner of garment factory in Samutsakorn Province described his plans to close the factory and switch to other production. But he has not decided yet which sector he should move into. He considers that the economic downturn will last a long time and have a considerable impact on the Thai economy in
various sectors of production (Interview, garment Businessman in Samutsakorn Province, March 2009)

Another employer in the garment industry is also considering whether he should move into other production, such as pararubber. As for assistance from the government, he wishes that the private banks should consider loan for garment factories. The industry has been considered as sunset sector and loans from the bank have not been available for many years.

4. Impact of the Crisis on Informal Workers

The informal sector in Thailand is a vulnerable group because they are not covered by the Thai Labour Law 1998. Work and earnings are irregular in this sector. At present there are approximately 23.3 million workers in this sector (National Statistics Office, 2008), which includes the self-employed. According to the national datasets, most jobs that informal workers in Thailand are engaged are agricultural work (14.3 million) whole and retail sales (3.7 million), hotel and restaurant (1.7 million), production (1.2 million) and construction (0.9 million). Distribution of informal workers as compared to formal ones is showed (See chart 1).

Chart 1: Comparison of Thai Formal and Informal Workforce in Various Sectors

Note: The vast majority of informal workers are not covered under Social Security Fund.

The community where the rapid assessment surveyed the informal sector is a congested area called “Slum Klong Toey”. It is located opposite to the Port of Thailand and in the middle of Bangkok. Early residents in this area who worked as informal workers served as porters at the port. Other workers are in construction, sewing and needle work, and garland making. Porters used to earn around 800-1,000 baht per day. Now the work has reduced partly because the main port has been moved to the eastern seaboard area and partly because the reduction of demand for products. Now, porters have switched their daily work to include sewing outsourcing work, daily porter, making garland flower for sale, construction work, laundry service, needlework, etc. Another site covered in this research is the Ram-Indra area where workers organize themselves under the name “Home Net” group. Those in Home Net are in handicraft and food processing, ornamental pin making and money purse making.

The research found that the crisis has affected informal workers in terms of job availability, declining access to work permits, reallocation of work from higher productivity to lower productivity tasks, change in consumption behavior, access to formal safety nets and competition over work. In some places, migrant workers in the informal sector appeared particularly vulnerable. This section details some of the impacts described by respondents.

4.1 Impact of the crisis

From the interview we could categorized the impact of the crisis on the informal workers as follows:

- **Work Availability.** Participants in focus group discussions and observers from community based organizations explained that jobs have become scarce. New outsourcing work from factories is not available because the factories are giving priority to their current employees. Some workers proactively searched for outsourcing jobs at the factories and were able to find work for about 3-4 months. However, the jobs have become increasingly scarce and arrangements were cancelled in the end. Some sewing groups formed themselves into networks and shared jobs among members. The strategy seems to have faltered, however, because the sewers have not been paid for what they have produced up until now. A sewer from Home Net said:

  “We are not regular workers. What we are doing have a risk. Payment is not guaranteed when we submit our work. But we have no other choices. We usually take jobs for 3-5 days then deliver 100-200 pairs of trousers to the sewing network. At present, I can gain 4 baht for a pair of jeans. The network deducted 0.50 baht and gave me 3.50 baht. The deduction is to cover transportation and electricity [for the motor sewing machine].”


Daily workers at the Klong Toey Port informed during the interview that job availability is scarce. Before jobs were available every day from the very early morning until night time. Workers enjoyed their lump sum payment per several shipping containers per day. But now, they can only find work for two to three days per week with smaller
amount of containers per day. Similarly, daily worker from the laundry mat also inform us that the number of people who used to use her services for laundry has dropped significantly. Many of them now washed their own clothes but send to her only for pressing. With the sharp drop in laundry service, she has to find an extra job as a night shift job at a TV station to carry heavy production scene for TV shows (Thai informal workers, FGD in Klong Toey, Bangkok, March 2009).

Workers in imitation gold ornaments said that their workload had lessened as markets had shrunk. Their work is hazardous because it involves chemicals and the production cost are also quite high. They explained that they needed a booth in the exhibition halls or at the market where they can display their products at a reduced rent rate or free of charge. They were currently constrained because local police will not allow them to display their products on the street. In addition, they are excluded from the gems and ornamental business associations because of their informal status. They suggested that they would benefit from more information and higher levels of transparency concerning their rights so they can take maximum advantage of marketing strategies that are allowed by the regulatory environment (FGD, Home Net, Bangkok, March 2009).

- **Falling wages per unit for the same work**

  Earnings have also reduced because the same work is attracting lower wages than before. For example, sewers explained that the payment per unit has reduced significantly over recent years. They have been feeling the effects of the economic crisis for some months already. Sewing workers used to be paid 12 baht per piece (jeans) in 2003-2004. Women engaged in sewing, for example, could make up to 20 pieces a day and could earn 6,000 baht per month. Six months ago, outsourcers reduced the wage to 9 baht per unit claiming the high gasoline price for transporting jeans. Later, in early 2009, they reduced the wage per unit again to only 4 baht per trousers (Worker in sewing group, Home Net, FGD in Bangkok, March 2009).

  There were instances where workers had not received payments for work carried out - for example, sewers described instances in which a subcontractor had disappeared without paying for work carried out (Home Net Informal worker group, FGD in Bangkok, March 2009).

<table>
<thead>
<tr>
<th>Type of work</th>
<th>Daily Rate : Men and Women</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Now</td>
<td>2 months ago</td>
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<tr>
<td>1. Handicraft and Food processing Group</td>
<td>80-100</td>
<td>80-100</td>
</tr>
<tr>
<td>Group</td>
<td>Min</td>
<td>Max</td>
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<tr>
<td>2. Ornamental pin group</td>
<td>app. 60</td>
<td>app. 60</td>
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<td>3. Housewife group making money purse</td>
<td>50-100</td>
<td>50-100</td>
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<td></td>
<td>(no work at present)</td>
<td>(no work at present)</td>
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<tr>
<td>4. Construction (skilled worker)</td>
<td>100-200</td>
<td>-</td>
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<td>5. Porter at port of Thailand</td>
<td>200-300</td>
<td>200-300</td>
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<td></td>
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<tr>
<td>6. Sewing and needle work</td>
<td>50</td>
<td>-</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>7. Laundry</td>
<td>10 Baht/kilo of clothes (200-300 Baht/day)</td>
<td>-</td>
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(Source: field research at Klong Toey Port and Home Net on March 2009)

Informal workers in Klong Toey area are day labourers in construction, cargo porter, salted fish maker and trader, seamstress and needlework, laundry work and motorbike taxi driver. Those interviewed in this research suggested that the economic crisis is affecting them severely because most of them are day labourer without savings. During the interview, all six informal workers that were interviewed all have debts with either shark loans or with their relatives. They said that with the shark loans, the debt collectors could do harm or make you feel embarrassed by shouting and screaming in front of your house so that the whole neighborhood could hear that you own them. Note that while the interview took place, one borrower call one interviewee to hire him as debt collector to threaten debtors. Some households depend on assistance from philanthropic or faith- based foundations operating in the slum areas. Interviewee told us that she has to use the small scholarship that she got from a foundation for her older daughter to buy some items needed for her younger daughter’s schooling. (Informal workers, FGD in Klong Toey, Bangkok, March 2009)

Falling wages and declining availability of chosen work combine to mean that participants were working longer hours, but for lower total earnings. Some sewers extended their working hours from 21.00/22.00 h. to 23.00/24.00 h. They sacrifice their leisure time to watch TV soap opera to have more working hours in the evening. Parents explained that they were working late at night to have more income for children. They prefer to work at home so that they can take care of the children. Income from their work
is usually the main source to cover the school costs of their children i.e. school uniform, lunch and transportation. Respondents explained that they were no giving their children smaller amounts for lunch at school; amounts had reduced from 30 baht to 20 baht or 10/15 baht.

- **Adaptation and Work reallocation:**

  As for adaptation in the workplace, workers explained that they were now taking on a diversity of work - trying to find extra jobs like motorbike taxi or search jobs outside the community. In terms of work reallocation, workers who are porters at the Port of Thailand have fewer hours of work because the employers give supplemented hours to migrant workers who agree to receive lower wages. (FDG in Klong Toey, Bangkok, March 2009). As most informal workers work in areas where they live, respondents suggested there were no obvious return flows to the rural area as a result of the crisis. Both women and men have to adapt themselves to a new work habit. Participants from FGD indicate that women are to work for longer hours and proactively search for job, as for men, they also look for extra jobs to maintain income level.

- **Change in consumption behavior**

  Without savings and insufficient income, some had started to borrow money from private sources with a high interest rate of 20% per month. Some bring their belongings like TV set to the pawnshop to get some cash. Porters, food processing and sewing workers with their family members cope with the reduced income by reducing the daily three meals to two; having late breakfast and lunch and skipping dinner.

  Others who work hand-to-mouth complain:

  “In the evening, it is already 7 PM. But we don’t know yet where to find food to eat tonight?”

  Female informal worker in Klong Toey doing needlework, age 59 with a granddaughter whose mother is imprisoned.

  She has no saving and has no money to pay for the room rent so she has gone to live with an acquaintance along with her granddaughter.

4.2 **Access to formal safety nets**

  None of the informal workers interviewed had joined the SSF because they have no employer. Although they can register as self employed, very few of them do. They fear that they cannot afford to pay the monthly premium of approximately 280 baht due to irregular income. Therefore, none of them can benefit from the 6 month unemployment compensation nor the one-shot 2,000 baht that the Apisit Administration decides to give to all workers who registered with SSO. Informal workers are vulnerable because they get a lower wage (below the minimum wage set by the Ministry of Labour), job availability is irregular and long working hours because they wage is paid per unit of production. As they are not registered with the SSO, when they get sick, they usually use
the 30 baht health card issued by the Ministry of Public Health or try to buy medicine to cure themselves.

**Alternatives, coping and safety-nets**

Participants in focus groups explained that that their options for coping with the impacts of the crisis were limited. Coping strategies described by respondents included:

- As jobs become less or not available and wages reduced, some workers had to borrow money from existing sources including credit unions at the community level. The loan underwrites the continued participation in a vocational network. If the production by the network is insufficient to pay back the debt, network members have to ask for the payment postponement. Informal workers cannot borrow money from the bank because they have nothing to collaterate and no formal job to guarantee regular income. The money lenders are there but they usually charge a very high interest. Therefore, credit unions are the best source.

- Family is a safety-net for both Thai and non-Thai workers in the informal sector. Relatives and neighbours and acquaintances are people whom they can go and ask for help such as lending money and take a rest for a while to find new job.

- For Thai workers, some of them can have assistance from some NGOs or from the Ministry of Social Development and Human Security (Home Net: Thai informal worker group, FGD in Bangkok, March 2009). The ministry of Social Development has some seed money to support those who want to start a small business.

- Now, some Thai informal workers are seeking outsourcing job which comes from the government demand or order e.g. sewing school uniforms which will be distributed free of charge by the Ministry of Education to school children. This kind of job is more secured and regular. Therefore their income during the crisis will be stable at least for some months. But foreign workers have to rely on informal sources for their safety nets.

Apart from the mentioned safety-nets, a religious group in Klong Toey named HDF Mercy Center is running a school called Mercy School to support children of workers, providing a community health Center for HIV/AIDS and offering some community services like training courses on rights protection and fire emergencies.

**4.3 Competition over work**

There are three types of porters we were told: freelance porters, porters working under agencies, and migrant/illegal worker porters. The most secured ones are the porters that work under the agencies. The agencies work as middlemen and negotiate with the shipping companies. Agencies subtract certain percentage out from the daily wage. Workers in this category said that they did not mind that the agencies subtract their wages as they feel that they have more steady income this way. Individual porters seem to be more vulnerable as they cannot guarantee jobs and have to compete with other groups on
their own. Some porters have to wait in line to get called from shipping company for the whole day. Some got jobs but some did not. But at the same time, these groups have more flexible to divert their days to find other jobs such as becoming a motorcycle taxi. The registered migrant or unregistered migrant workers, on the other hand, tend to find job easier as they would normally lower their wages to get jobs.

Competition in the informal sector depends on the type of work. There were reports of strong competition for work in the port from Cambodian porters who agree to take a daily wage of 100-150 baht while Thai porter’s daily wage is 300 baht. There was evidence that this was generating bad feeling among Thai porters toward the Cambodians (Thai informal workers, FGD in Klong Toey, Bangkok, March 2009). In general, as presented in Table 3, the daily wage in all subsectors of the informal sector decreased sharply, though the most severe decline was noted among Porters in the Port Authority of Thailand. During the peak period, these worked had earned 600-700 baht per day. The wage had reduced to 300 baht, with competition from Cambodian workers whose wage is only 100-150 baht.

In other subsectors, participants had noted that there had been no decline in incomes for those who were working on their own farms. But there were prospects that the wage for daily farm labourers may shrink as participants observed ample supplies of migrant workers in the rural labour market. Thai construction workers can be vulnerable to competition from migrant workers too. (Thai Informal workers, FGD in Klong Toey, Bangkok, March 2009)

Migrant worker in Samutsakorn Province indicated that men and women receive the same wage. But the kinds of work vary according to gender. Like his friend, he also stops sending remittance and has no savings. There are new migrant workers who look for jobs at his work place every day. So, competition for work increased over the last two months among migrant workers in Samutsakorn Province but there has been no bad feeling or arguments between old and new workers. (Formal migrant worker, FGD in Samutsakorn Province, March 2009).

4.4 The vulnerability of migrant workers in the informal sector

In Samutsakorn Province, some informal migrant workers are hired in seafood processing work that is outsourced from factories. Interviews revealed that informal workers dominated in shrimp-peeling work, but the research suggests that the nature of the employment contract was important in determining the impacts of the crisis. One worker used to be a self-employed fisherman and shifted to seafood processing as a daily wage worker, being paid 200 baht per day, no matter the shrimps are a lot or are few. Sometimes, he has work to do only for 10 days a month. Because he is a daily wage employee, his wage is not much affected by the economic downturn compared to another worker who is paid per kilo of shrimp he can peel. (Formal migrant worker, FGD in Samutsakorn Province, March 2009).

An ethnic Mon of 30 years old daily migrant worker had a different experience. He stopped sending remittances at the beginning of 2009 because he had no money left. He thinks that this crisis is serious but is optimistic about the future. He would like to secure some overtime work and to register as a formal worker so that he can have access to health care services and can change job by employer’s agreement (according to the regulations on hiring migrant workers and possibility to change job with employers’
agreement as stated by the Ministry of Labour). The crisis affects his everyday consumption patterns, particularly with regards to non-essential goods. He has to change his smoking habit from factory cigarettes to local handmade tobacco cigarettes which are cheaper. He also changes to drink lower grade alcohol and drinks less (Interview, Ethnic Mon informal worker in a shrimp factory, Samutsakorn Province, age 30, March 2009).

Unlike the first worker, the second man, also an ethnic Mon, is an unregistered migrant worker who is paid per production. His work and his pay have been reduced by 80% making his monthly income only 2,000 baht now. He still has some work with his current employer, but he wants to quit for another factory. However, he cannot do this because he has no work permit and employers now accept only workers with a work permit. He also indicated that there is a bad feeling between migrant workers and Thai foremen. The latter sometimes scolded them and seemed to be authoritative. Thai police are unfriendly and sometimes extorted money from them or their employer. He wanted to clarify to the research team that a worker like him is not a warrior. Workers cannot fight and take over Samutsakorn province as Thai security officials are usually afraid of (Interview, an ethnic Mon informal worker, Samutsakorn Province, age 20, March 2009).

Other research highlights the difficulties that migrant workers face when they lose their job. In Mae Sot, the laid off farm migrant workers had no place to go and nothing to eat for a month. They had to come to the local migrant self help group called “Yaung Chit Oo” for assistance. Unlike workers in Nakhonratchasrima Province, they were hired in fruit orchard, not in tapioca which makes good business there. They could not go back home (to Myanmar) because they had no more money. Some prefer to look for some odd jobs in Mae Sot. In Samutsakorn, participants in the research explained that undocumented workers who had no job often go back home to Myanmar for a while because they need social support from their family. Since January 2009, an unknown number of this group returns home. It is also because January and February are the religious festival seasons in Myanmar. However, participants in the research suggested that the return to Myanmar was not permanent and was partly driven by regular seasonal cycles and it was expected that almost all of them will come back in April.

Children and families of migrant workers are affected by the economic crisis. For those who decide not to go back home, they are landless in Myanmar. Young children suffer mostly from the lack of income. Some school-age children have to leave school in Thailand for various reasons. Some parents cannot afford to pay for transport and other school related expenses, other had to bring the whole family to flee from loan shark who offered them some loan and workers could not pay back the high interest rate. (Formal migrant worker, FGD in Samutsakorn Province, March 2009).

Lack of registration and work permits was identified as restricting the employment options for migrant workers in Samutsakorn have not many choices for their work; they cannot change to another job without work permit. However, some meant to change to daily wage labourer in order to gain more pay than those who are paid per production. They really look forward to registering themselves in the next registration for migrant workers (if there is one).
The worker also describes that the previous procedure for a factory to bring workers to the registration is like this: employer will deduct an amount of 1,000 Baht from worker’s monthly salary for 5 months, then worker will be brought to registration. If there is no opening for registration or if worker quits, the amount will not be reimbursed. This was considered unfair by migrant workers. The net payment for a registration is 3,800 Baht and employers are expected to pay for hiring a migrant worker. But here, the employer did not pay for that and even charged from workers 1,200 Baht higher than the official rate.

4.5 Social impact of the crisis

Most informal workers in Klong Toey are urban settlers rather than migrants. They left their hometown many years ago and now rely more on informal work in the slum rather than on farm work. Therefore, there is a low tendency that they will go back to become farmers. The social impact of the crisis in the slum is severe. From the FGD in Klong Toey, participants indicate that the crime rate in the community increased after the crisis, especially in the theft of motorbike and electric wire. Drugs addicts among youths also increased and drugs are more available because some unemployed workers turn into drug dealer (Thai informal workers, FGD in Klong Toey, Bangkok, March 2009). There was no mention about mutual help and support groups or other social institution like Buddhist temple to assist formal workers. But a Christian Church called Mercy offered some services in Klong Toey. A sense of hostility exists among some Thai workers against Cambodian workers who accepted a lower wage to do the porters job at the Port of Thailand.

While there was no empirical evidence of a psychological impact of the economic crisis, participants voiced concern about psychological health in the area. One observer pointed out that the hospital in Nakhonratchasrima Province (Khorat) admits approximately 300 patients with mental illness daily - perhaps an indicator that could be tracked in the future. People are also exhibiting signs of high tension and stress (Business sector, FGD in Nakhonratchasrima Province (Khorat), March 2009).

With regards to impacts that are transmitted through formal sector work, the RA could interview two groups of informant: formal workers and household dependent on remittances from formal sector workers.
5.1 Formal sector workers

- **Lay-offs and Unemployment**

Workers in Samutsakorn province indicated various situations of unemployment. One worker in a fruit preservation factory told that he was laid off after 4 months of work. His employer said that he did not pass the probation period. He was not given any notice prior to lay off. As he is a member of SSF, he went to the Provincial Labour Recruitment Office to register for employment, and expected to receive severance payment. One participant from the interview said that none of the workers in his company passed the four month probation. He felt that several employers appeared to be adopting a strategy of having temporary workers without paying them any severance payment when they leave.

Early resignation seems to become common rather than lay-offs. Several respondents noted that as hours are cut, leading to a consequent fall in earnings, workers are leaving of their own accord. For example, one worker, female, resigned from a tour company. The company has started to pressure on employees since the end of 2008. There was no bonus and a reduction in number of working days, commission and overtime payment. Consequently, she considered that the reduced income could not cover the traveling cost to the work place and decided to quit. Similarly, two other workers, a woman and a man, who were interviewed also recently resigned from a food company as their hours were cut, their monthly salary was reduced to 50% and their bonuses were cancelled. Some other workers in a tour operator company were invited to have rotating day offs and their salary was reduced. In Nakhonratchasrima Province (Khorat), job recruitment services are offered by brokers with a charge of 5,000 Baht to get a job in a company. Some workers decided to use such services (Unemployed workers, FGD in Samutsakorn province and Nakhonratchasrima province (Khorat), March 2009).

- **Underemployed workers**

From the FGDs, some employers decided to leave the company and find new jobs as they feel that they did not have sufficient income and their prospect of working in the company were rather slim, while others decide to stick with a low paid job for security and find additional jobs for more income such as a motorbike taxi driver, or selling food.

Workers still employed in Samutsakorn province were generally semi-skilled and had a long work history in the factory (ranging from 7-16 years). For employed workers, the most commonly-raised change was the cancellation of overtime. Workers expressed a sense of insecurity and concerns that they are also at risk of losing their jobs. When questioned about how they would respond to being laid off, most of them planned to go back home (Phijit and Chiang Rai province). In the meantime, the reduced income meant that they are starting to supplementing their formal sector job with activities in the informal sector like motorbike driver or trade. One Thai female worker said that numerous migrant workers in Samutsakorn province are competing with local workers and they have the advantage to be selected because they can take any job with low pay without refusal (Interview, Thai employed workers in a garment factory, Samutsakorn province, March 2009). A negative attitude toward migrant workers seems to emerge in the time of economic crisis.
**Impact on male and female workers**

Economic downturn impacts male and female workers in a slightly different way. While both male and female workers received the same treatment in terms of no bonus, no overtime, and reduction of working days, the laid off process might be different between male and female as found in the case of the two interviewees. From the FGD in Nakhonratchasima province (Khorat) on March 2009, two workers, a male and a female, informed that they start working at the same time in the same company, however, the company informed the government that that the company laid off the male worker while the female worker voluntarily resigned from the company. The compensation for the two cases is different. In terms of finding additional jobs, women and men interviewed seem to indicate different decisions. Women tend to find additional work that would allow them to stay closer to home and be able to care for the children such as becoming sale worker through e-buy, while men, from several FGDs, tend to look for jobs that could earn more money even if it requires travel away from home such as becoming motorcycle taxi, risk getting hurt by becoming a debt collector (daily labourer from Klong Toey, Bangkok), or working in the field for construction site for six month (unemployed from Nakhonratchasima province). The new jobs are mostly with shorter and irregular working hours, lower income and non skilled. (Unemployed workers, FGD in Samutsakorn province, March 2009).

**Coping Strategies**

From the FGDs, the unemployed workers interviewed in both Nakhonratchasima province (Khorat) and Samutsakorn province said that they all received severance payment. However, as stated above, in one case the employer reported to the government that one female worker resigned from the factory instead of being laid off by the company. As a result, she only received three months of her severance payment (instead of six month in the case of laid off workers). Although there are vocational courses offered by the Ministry of Labour for the unemployed, none of the workers interviewed attend the vocational training courses. Employees interviewed are not very knowledgeable about the government policies to cope with the economic crisis, including the 2000 Baht scheme for all members of SSO Fund. They also did not benefit from the free piped water and electricity exemption because they live in rented rooms and their landlord will collect money from them for the use of running water and electricity.

Some paid employees have the option of going back home in the event of lay-off and these workers suggested they would switch to farm work if laid off. Others said they would return to their hometown, but that they would engage in small scale trading activities rather than revert to farming. Other workers interviewed were landless, but they suggested it would be possible to rent a piece of land and engage in subsistence farming (Thai formal worker, FGD in Samutsakorn province, March 2009).

**Change in the Household Consumption:** Discussion from the FGDs of both unemployed and still employed workers indicate that all of them have changed their household consumption levels. Most family chose to buy ready-made food and not to cook because cooking is more expensive. However, ready-made food sometimes lack good nutrition. A fruit processing factory worker decided to have 2 meals a day because his income could not cover the household expenses. He and his wife would have a late
breakfast near noon and a lunch in late afternoon without dinner. They had to borrow a small amount of 1,000 baht from friends in the factory for their household consumption. All of them said that they cannot make enough income to have a savings.

5.2 Vulnerability of Non-Thai Workers in the formal sector

In 2007, there were approximately 500,000 registered migrant workers from Cambodia, Laos and Myanmar in Thailand (MOL, 2008). The registered migrant workers are employed in 10 sectors of employment. Migrant workers are disadvantaged to Thai workers because almost all of them cannot register in the SSO fund. They are not receiving the minimum wage neither. Employers prefer them because they are cheap labour. Some workers have no employment contract and can be laid of at any time (Interview with NGO, Samutsakorn province, March 2009).

With existing vulnerability, migrant workers are considered by the government as competitors to local workers in the labour market. The policy in responding to the economic crisis indicated that the government will not renew migrant workers’ work permit in 2010 and undocumented worker will be arrested and deported. Thus, workers become more vulnerable to be laid off and premature termination of work contract.

In the fishing industry of Samutsakorn province where focus group discussion and interviews were conducted, migrant workers were not directly laid off because the factories still require workers and are not affected by the crisis. The catch of seafood products in this season is also low, making their working hours shorter. From 5.00 a.m., workers in fishing related work can finish their job by 8.00 a.m. This is unfavorable for workers because they are paid per products, i.e., per kilo of seafood products they can process (peeling shrimp, sorting fish, washing squid). When the load becomes light, it means their wage will reduce. Working from 5 am till 8 am could earn only about 200 Baht approximately. This occur to both Thai and migrant workers but the majority of workers in this sector are migrants.

Migrant workers from Myanmar in food processing factories in Samutsakorn who possess a work permit reported to have a better status than the undocumented ones. They can change their job if they want to. Employers also prefer to keep formal workers with work permit and let informal one leave (Interview with an NGO(LPN), Samutsakorn province, February 2009).

The assessment of workers’ own options during the economic downturn is that if they cannot change to a lighter job with regular pay, they will choose to go back to Myanmar. This will be a decision against their will. While still working, they limit their personal expenses to cope with the reduced income without overtime pay.

They manage to delay the period of sending remittance from every 2 months to 3 or 5 months or until they have enough saving (Formal workers in seafood processing work, FGD in Samutsakorn province, March 2009). If workers run short of cash, they can borrow it from friends. An amount of 5,000-6,000 Baht is usually borrowed for a short period of 2-3 months without interest. Some workers do not depend on their friends financially though. Family in Myanmar and friends are the safety-nets for formal workers from Myanmar. In Samutsakorn province, workers borrowed money from friends for their daily consumption or went to stay with friends to safe room rental cost. Workers do not mention going back to farm work at home. They only plan to go home and come back to
Thailand soon. In terms of government support, they do not expect to be protected by the Thai Labour Law for their labour rights. But they want to have safety in their living and their work including safe living place. A registered worker said that he did not want to live separately from the Thai community. As he is not harmful to Thai people, there should not be a practice of ethnic segregation for migrants and Thais by local people. For unregistered migrant workers, the situation is different. They do not have many alternatives when they are laid off. Employers usually let them have a voluntary resignation after the reduction in salary and overtime pay. Some unregistered workers would try to look for some odd jobs which are scare.

5.3 Household dependent on remittances

Households participating in FGD in Nakonratchasima province (Khorat) sent their members to Taiwan, Israel, Qatar, Pattaya and Bangkok. The economic crisis affects the amount of remittances, increasing debt, and thus affects the household dependent on their Families whose members work abroad usually receive monthly remittance from workers, but other interviewed households were receiving quarterly remittances. The amount of remittance varies according to country of destination and sector of employment. It may range from Baht 10,000 - 30,000 in 2008

Participants in the research explained that households usually use remittances to pay the debts first. Then the money will go for water and electricity bills, daily expenses (mainly for food) and school expenditures for children. Remittance receiving households, usually headed by women, supplement income from remittances with other activities.

- Debt incurred from recruitment and remittance

Participants in the research explained that for workers who went to work overseas, the family members had to pay 120,000 – 130,000 Baht in order to gain the contract for overseas work. They usually borrowed this amount from local loan shark companies who charged a high interest rate of 1.5% per month (18% per year) for a period of one year. The Bank for Agriculture and Cooperatives actually offers loan with a lower interest rate to workers but most of them have already borrowed money from the bank and are not allowed to create new debts. They have to go to loan shark. The high recruitment fee charge makes it difficult for migrant workers to make any savings because they have to pay back the heavy debts first. One housewife told during the interviewed that husband went to Israel only to work for 5-6 months with no over time to find that the salary after the deduction of food and accommodation cost could not break even their expenses. He decided to come home but has to face a high amount of debts. A wife of a migrant worker from Nakonratchasrima province (Khorat) described:

“Last year I received remittances from my husband in Israel amounting 3,000 Israel dollars. I changed it into Thai Baht and I could gain 26,000 - 27,000 Baht. But now the Thai Baht becomes strong so I can get only 23,000 - 24,000 Baht from the same amount.”

A female dependent on remittance in Nakonratchasrima province, age 34 with 2 children
Reduced remittances and Coping strategy

Reduction of income has impacted on the amount of remittances coming to families back home in Khorat. A household used to receive 10,000 baht, can only get 3,000 - 4,000 Baht per month from Taiwan where the husband and the son both work there. Each family cope with the reduced remittances differently, one family a wife has to find an extra job apart from doing farm work.

“...when remittances cannot cover household expenses and we have not even 500 Baht a month, I decide to take the sewing job. This can create a monthly income of 3,000 Baht if there is a lot of work. With fewer work it will become 1,000 Baht. But this can help household expenses.”

A female dependent on remittance in Nakonratchasrima province, age 33 with one child

One family from the FGD in Khorat said that with the reduction of remittances from the unemployed parents, the family decided to allow their 10-years-old children to work part time as waitress at a food shop and earned 100 baht each. In addition, the grandmother who used to sell small sweets at the house, now has to work harder to earn more cash by selling more sweets and send them to be sold in other areas. The unemployed parents are still looking for jobs, to ensure that their children continue their schooling and have food to eat, they had used up their savings and now have started to borrow from friends and sold gold necklace to get cash flow in the household. They have reduced their food intake to once or twice per day, mostly buying from local market. They still visited their children living with grandmother. Each visit, they would buy fewer packs of preserved milk for the children. (Unemployed workers, FGD in Nakonratchasrima province, March 2009).

Some workers said that they could still continue to send remittance to families but others were having to borrow money from friends because they run out of their savings.

In the rural areas where the interview took place, the FGDs strongly point out that the impact of economic crisis at this point of time is much less for the household that own land. The families that own land informed that they have asked their son/daughters to stop sending remittances if they do not have enough for themselves. Families who own agricultural land felt that they can still grow rice and find food for the household consumption in the areas if the economy turns drastically bad. On the other hand, the family that does not own land, strongly impacted by the reduction of remittance. The family has nothing to rely on, they do not have savings to buffer the impact. During the interview in Nakonratchasrima province (Khorat), all participants express their concerns toward the impact of the economy. However, they do not really know what to do. They know that they should save, but they have not started.

The Ministry of Interior has initiated a saving project for villagers to save 1 Baht per day per person. The saving is supposed to be a village fund from which members can borrow when they have financial troubles. But the project has just started recently (Interview family dependent on remittances, Nakonratchasrima province, March 2009).
• Premature return of workers

When net salary is only NTS 9000 which is almost equal to 9,000 baht, workers in Taiwan will request for early termination of employment contract. (Thai Labour Attaché Office in Taipei 2009).

Talking about premature return of overseas migrant workers, some key informants indicated that there were returnees from Qatar and Taiwan in their village due to lack of overtime and reduced income. Overseas income can not cover the high cost of recruitment fee paid to brokers. Cases of early returnees from Taiwan are mainly voluntary return and not laid offs. At present, there are 80,705 Thai workers in Taiwan (March 2009). This constitutes 21.63% of all foreign work force there. There is a strong competition in the manufacturing sector between local and foreign workers. While the government promotes the recruitment of local workers and substitution of foreign workers by local ones; employers tend to prefer migrant workers in the 3D work and in factories that run 24 hours a day.

6. Conclusion

The economic crisis of 2008-2009 affects vulnerable groups in Thailand in many ways. The government has developed policy and plans to cope with the crisis and to assist affected people, e.g., provision of free water and electricity, distribution of a cheque worth 2000 baht to all employees under the Social Security Fund (SSF), support business sectors affected by the crisis not to lay off their employees, announcing not to extend work permit to migrant workers in order to protecting jobs for Thai workers, etc. Some of the policy and plans have been implemented but also criticized as not well targeting and will not reach the most needy people. Concurrently, the business sectors project that the economic downturn will last at least three years and have negative impacts on employment. Some sectors have started to reduce their production and labour force since 2008. Some considered to switch to other products. Employers retain only skilled workers and encourage voluntary resignation of others with no gender discrimination.

The Rapid Assessment of the Impacts of the Economic Downturn on workers in Thailand was conducted in three provinces namely Bangkok, Samutsakorn and Khorat on March 2009. Three vulnerable groups were examined: informal worker, formal worker and household dependent on remittance.

Informal workers suffered because they are not registered in SSF, so they are not paid severance payment when they are not hired. Work availability has become scarce. Outsourcing work from factories is not available because factories give priority to their current formal employees. There is also a decline in the work per unit, resulting in the lower income and the need to work for longer hours. Daily wage per unit of porter, sewer, laundry service provider and construction worker all reduced by 30-50 percent. Some informal workers have to relocate their workplace e.g. searching for jobs outside their community. The crisis affected the consumption of workers and their family: reducing daily three meals to two, leaving rented room to stay with acquaintance, bringing belongings to pawn shop to get some cash. Informal workers have limited access to formal safety-nets. Therefore, they have to depend on their own safety-nets especially their family and relatives and community. There is also a competition over work
particularly from informal migrant workers in daily labour and construction work because they accept a lower wage than Thai informal workers. However, informal migrant workers are more vulnerable than Thai ones because they are the first to be laid off and have no access to formal safety-nets. Their family and community are far away too. It was reported that many negative social impacts of the crisis started to be observed: drugs, crimes and theft increased after the crisis took place.

As for formal workers, the economic crisis affects them in the reduced work hours, lay off, voluntary leaving work, unemployment, start of second jobs, use of saving and consumption constraints, and severance payment. There is a reduction in the number of hours worked for factory workers in Samutsakorn. While in Nakhonratchasrima and Samutsakorn province some formal workers are laid off or resign voluntarily because their salary was reduced. Some staff numbers are also being reduced through non-confirmation of probation. Some workers are supplementing reduced hours with work in the informal sector or second jobs. Accumulated saving are used to support consumption, along with sale of non-productive assets like gold necklace and loans for family. There are reports of constraints on consumption especially for children in Nakhonratchasrima province. Laid-off workers can benefit from severance payment for 3-6 months. Family and relatives are the best safety-nets for workers in this circumstance. However, non-Thai formal workers are especially vulnerable because they are considered by the Thai government as competitors to Thai workers who seek employment. They are expected to terminate their work contract prematurely by employers or to be laid-off. They are not included in the severance payment.

With regard to households dependent on remittances, the reduction in work hours has intense impacts on workers’ income. The crisis has reduced the amount of remittances which necessitates the reduced consumption in households whose members are working overseas as well as locally. The situation becomes worse because many migrants have created debts incurred for recruitment fee before their departure and remittances were spent to pay back the debts. Since there are a significant number of households dependent on remittances, the impact of the crisis hardly hit the family and people have to look for extra jobs apart from farm work. Family, relatives, neighbours and farm work are the most helpful safety nets for all vulnerable groups in the crisis.

The economic crisis in Thailand has just started. More impacts will show up at a later phase. For example, the actual level of unemployment could be much higher, with the media quoting figures of 2.8-3 million jobless. Comparing with the crisis of 1998, we will see more impact on health care due to the rising costs of drugs and other medical supplies, School dropouts among children and possible suicide rate among adults are foreseen. Informed observers indicated that part of the cause to hardship arising from the prolonged economic turmoil (The Asian Crisis and Human Security, Tokyo, 1998). However, there is no news that suicide cases happen currently.


It is possible to compare with 1997/1998 crisis and the present human impact -to some extent - and we can learn experience from the previous one. During the Asian crisis, the human impact is in many areas such as falling real income and a rising incidence of poverty; increasing levels of unemployment and underemployment; socially destabilizing migration flows; food shortages and malnutrition; deducing public health; reduced
education coverage; an increasing incidence of crime, including domestic violence. There also existed social and political instability largely as an impact of the crisis in some ASEAN countries. Moreover, few social safety-nets existed (Asian Crisis and Human Security, JCIB, Tokyo and ISEAS, Japan Center for International Exchange). In some of ASEAN countries and South Korea, the hardest-hit groups have typically been the most vulnerable in society, mostly, women and children.

In Thailand, the human impact of current crisis affected in falling real incomes; increasing levels of unemployment and underemployment; socially destabilizing migration flows; and declining public health to home extent. This is important to learn the human impact of the 1997/1998 crisis.

References


## Appendix 1
### Target groups and Specific questions

<table>
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<tr>
<th>Areas/dates</th>
<th>Target groups</th>
<th>Specific Questions</th>
<th>Expected outputs</th>
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| Klong Toey and Ramindra section, Bangkok March 2009 | focus group discussions with workers in the informal sector  
small focus groups: males and females from  
• 3 cases of home-based workers  
• 9 daily workers (include construction workers)  
• 1 NGOs working with informal sectors | • **Availability of work**: have there been any changes in the number of people hiring day labourers in the last two months? Is there any change in the kind of work that is being offered? Is there more work available for men or for women and how is this changing? About how many days a week do you expect to work?  
• **Labour supply**: has the number of people looking for work changed over the last two months? Are most of the people looking for work from Bangkok, or from outside Bangkok? Have more people recently come in from the countryside to seek work, or are more people returning to the countryside?  
• **Competition**: Taking into consideration the number of people looking for workers and the number of people supplying work, has competition for work increased or decreased over the last two months? How is this different for different people (men/women, migrants/non-migrants)? Does competition for work ever cause bad feeling or arguments?  
• **Wages**: Has there been any change in daily rates for different types of work? How do daily wage rates today compare with two months ago and one year ago? Are rates different for men and women? [Possibly make a matrix of rates, see annex] | Social impact on Thai workers in the informal sector |
### Alternatives, coping and safety-nets
- **What** happens when no work is available? Do workers have enough savings to maintain expenditures on days when there is no work? Is it easy to borrow money when there is no work? Is there a difference between men and women? How many meals do you eat a day when you work and when you don’t work?
- Do most daily workers still have the opportunity to return to being farmers? Do they have agricultural land?
- Do any of the workers have any support from the Government?

### Samutsakorn Province
March 2009

<table>
<thead>
<tr>
<th>Four focus group discussions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 4 cases of Thai unemployed</td>
</tr>
<tr>
<td>• 3 cases of Thai factory workers</td>
</tr>
<tr>
<td>• 3 cases of registered migrants factory workers</td>
</tr>
<tr>
<td>• 2 cases of unregistered migrants factory workers.</td>
</tr>
<tr>
<td>Indepth interviewed with garment sector’s employer and</td>
</tr>
<tr>
<td>Indepth interviewed with 2 NGOs in</td>
</tr>
</tbody>
</table>

### For groups who are still in paid employment
- Changes to employment patterns and remuneration or benefits over the last two months and over the last year. Include changes in working hours, opportunities for overtime and any changes to contractual arrangements.
- Employee perceptions of job security/insecurity. Their assessment of what benefits and safety-nets they are entitled to in the event of lay-offs.
- Their assessment of their own options in the event of lay-off. Though respondents should develop their own prioritized list of options, the team should also specifically discuss the feasibility of switching to agricultural work in the event of lay-offs.
- Any adjustments in their own consumption and saving patterns, either in response to changes that have already occurred or are anticipated.
- Levels of confidence about their employment prospects in the coming year.
- Note differences between men and women

### Social impact
on workers in the informal and formal sectors and perspectives of the business sector
| Samutsakorn and 1 NGOs from Mae Sot  
| • Indepth interviewed with Provincial department of employment officer, at Provincial department of employment office in Samutsakorn province |
| **For unemployed workers/informal sector workers** |
| • For laid-off workers, length of notice prior to layoff; terms of severance payment, if any. Levels of savings at time of lay-off.  
| • Discussion about current income-generating activities and, for laid off workers, how this compares to previous employment in terms of (a) hours (b) daily wages (c) use of skills (d) other benefits. |
| • Where lay-off has led to a reduction in household income, what strategies have laid-off workers used to cope with this (present prioritized list). If not mentioned, ask specifically about use of savings accumulated during period of paid employment. Ask specifically about what has happened to consumption levels for the household and for individuals within the household.  
| • To what extent are laid-off workers benefiting from any formal safety net?  
| • To what extent are laid-off workers able to receive assistance from friends, family or community organizations? What sort of assistance is this?  
| • Note differences between men and women |
| **Interviews with the business sector** |
| Interviewers will develop an interview checklist that covers the following questions:  
| • Recent trends and future forecasts for production  
| • Recent trends and future forecasts for employment (and lay-offs) - maybe also recent trends and future forecasts for new investments  
<p>| • Where layoffs have occurred, balance between men and women; migrants and local residents; full-time and part-time |</p>
<table>
<thead>
<tr>
<th>Nakhonratchasrima Province</th>
<th>Two small focus groups:</th>
<th>Interviews with households receiving domestic remittances</th>
<th>Interviews with households receiving remittances from overseas</th>
<th>Social impact on households who are dependent on remittances from various sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2009</td>
<td>2 cases of households dependent on remittances within Thailand</td>
<td>• How have the levels of remittances changed over time? Are households receiving more or less than one year ago? How often and how regularly does the household receive remittances? Are remittances predictable?</td>
<td>• How much did the family member have to pay in order to gain the contract for overseas work? Did s/he borrow money to get this job? How long have the workers been overseas and how long do they expect to stay there?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 cases of households dependent on remittances from outside Thailand</td>
<td>• What role do remittances play in household consumption and production? What changes have the households made (or what changes would be necessary) in response to changes in the amount of remittances? Are the impacts different for male and female family members? Does the household have savings that can be used if remittances stop?</td>
<td>• How have the levels of remittances changed over time? Are</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Focus groups with 7 business sector, 3 NGOs and 3 Thai scholars</td>
<td>• What action would the migrant family member take if s/he lost their job? Would they come back to live with the household in the rural area? Are the responses different for men and women?</td>
<td>households; permanent and temporary staff; skilled and non-skilled workers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indepth interviewed with Provincial department of employment officer, at Provincial department of employment office in Nakhonratchasrima province</td>
<td>• Information on severance payments that have been made</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perspectives from managers on strategies that would help enterprises to retain staff</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
households receiving more or less than one year ago? How often and how regularly does the household receive remittances? Are remittances predictable?

- What role do remittances play in household consumption and production? What changes have the households made (or what changes would be necessary) in response to changes in the amount of remittances? Are the impacts different for male and female members of the household? Does the household have savings that can be used if remittances stop?
- Have they heard of any workers who have been sent home early from employment overseas? If so, what have been the consequences for them and their families?

**Interviews with the business sector**
- As for Samutsakorn Province
# Appendix 2

Table 1: Lists of Expenditures of Criteria on Living Expenses offered to Thai Citizens and Officials.

<table>
<thead>
<tr>
<th>Types</th>
<th>Total (person)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. People in the Social Security System</strong></td>
<td></td>
</tr>
<tr>
<td>• Social Security Holders</td>
<td>8,138,815</td>
</tr>
<tr>
<td><strong>2. State Officials</strong></td>
<td></td>
</tr>
<tr>
<td>• Civil Services</td>
<td>142,054</td>
</tr>
<tr>
<td>• Teacher and Educational officers</td>
<td>123,330</td>
</tr>
<tr>
<td>• Police</td>
<td>132,999</td>
</tr>
<tr>
<td>• Permanent employees</td>
<td>188,185</td>
</tr>
<tr>
<td>• Temporary employees</td>
<td>33,368</td>
</tr>
<tr>
<td>• Soldiers</td>
<td>110,405</td>
</tr>
<tr>
<td>• Pensioners</td>
<td>220,456</td>
</tr>
<tr>
<td>• State officers</td>
<td></td>
</tr>
<tr>
<td>• [District head (Kam-nan), village head-man (Phu Yai Baan), sub-district health volunteers, chief of village elders, assistant village head-men and village scouts]</td>
<td>326,541</td>
</tr>
<tr>
<td>• State Enterprise Officers</td>
<td>47,135</td>
</tr>
<tr>
<td><strong>3. The groups pending checking rights following Policy Framework of Government</strong></td>
<td></td>
</tr>
<tr>
<td>• Private school teachers</td>
<td>136,604</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,599,892</strong></td>
</tr>
</tbody>
</table>

Table 2: Details of Expenditures on Free Education for 15 years by Thai government

<table>
<thead>
<tr>
<th>Level</th>
<th>Books</th>
<th>School fees</th>
<th>Educational equipments</th>
<th>Uniforms</th>
<th>Skill development activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>200</td>
<td>1,700</td>
<td>200</td>
<td>300</td>
<td>430</td>
</tr>
<tr>
<td>Primary school</td>
<td>1,900</td>
<td>390</td>
<td>360</td>
<td>480</td>
<td>433</td>
</tr>
<tr>
<td>Secondary school</td>
<td>3,500</td>
<td>420</td>
<td>450</td>
<td>880</td>
<td>669</td>
</tr>
<tr>
<td>High school</td>
<td>950</td>
<td>897</td>
<td>3,800</td>
<td>460</td>
<td>500</td>
</tr>
<tr>
<td>Vocational College</td>
<td>2,450-3,250</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Unit: THB per person
Rapid Assessment
The impacts of the Global Economic Downturn on Workers in Thailand
Phase II
(February - August 2010)

by

Samarn Laodumrongchai
Warathida Chaiyapa
Cheewin Ariyasuntorn
Supang Chantavanich
Summary of findings

In order to better understand the impacts of the economic crisis on vulnerable populations, the World Bank is carrying out rapid assessments in a number of countries in the region, including Vietnam, Lao PDR, Cambodia, and Thailand. These exercises involve repetitive rounds of qualitative research, returning to the same communities and individuals on a regular basis, to understand the diversity and evolution of vulnerabilities, and the degrees of resilience.

The first rapid assessment on the impacts of the economic crisis on the vulnerable workers in Thailand was conducted by the Asian Research Center for Migration (ARCM) in March 2009. In January 2010 the World Bank and the Asian Research Center for Migration (ARCM) conducted the second round of the assessment. The fieldwork included a series of in-depth interviews (IDI’s) and focus group discussions (FGDs) with workers in the formal and informal sectors, people in the rural areas who receive remittances from family members working in other provinces or abroad, with private businesses, non-governmental organizations, and government agencies in the four provinces of Bangkok, Nakhonratchasrima, Ayutthaya, and Samutsakorn province. A total of 150 people participated in this second assessment.

Findings

The economy is recovering unevenly, with larger businesses indicating growing demand for their products and services, while small-and medium enterprises are still struggling to survive. An important cause for this uneven recovery has been the reluctance of banks to provide loans to smaller companies. In addition, surviving the crisis meant investing in major adjustment within organizations, and designing more efficient systems to respond to the post-crisis demand. Smaller companies might not have been able to adapt rapidly enough to the post crisis context.

The industrial sector is experiencing unusual scarcity of workers. The Provincial Employment Department (PED) data estimates that more than 10,000 workers are needed in Ayutthaya province, while Nakhonratchasrima province may require up to 6,000 additional workers. Nevertheless, Thai workers have not been coming forth to apply for these newly available positions. IDI’s suggested that the government stimulus interventions¹ may be playing a role in the reluctance of workers to return to their factories. A representative of PED in Ayutthaya mentioned that approximately 20 percent of laid-off workers have been able to start small businesses with the funds received from these interventions. In addition, workers that migrated from agricultural areas may have returned to their fields for the harvesting season, and might be staying as current prices for agricultural products are on the rise. Another possible explanation proposed by the Provincial Employment Department refers to the disconnection between the contents of the formal education system and the current needs of the industrial sector. As a result, many factories have come up with different benefit packages to extract workers such as increasing daily wages and over time, and welfare benefit.

The gap in the workforce of the industrial sector is creating pressures and stress for existing workers and managers alike as they try to respond to growing demand for products. Many factories have restructured their workforce and set new achievement targets to cope with the workload. This change, however, has resulted in more physical and mental stress for workers at all levels. Female workers employed at the lowest level of the production line felt that although they are happy with the financial rewards from the overtime, they are finding it

¹ The Government stimulus plan includes programs such as the 2,000 THB (62 USD) cash support scheme for workers who earn less than 15,000 THB/month(47 USD), and the Income Generating scheme (Tonklar Archeep) which provides training and seed funds for laid-off workers and youth groups to start small businesses.
difficult to work the long hours currently required. All men in the mid- and upper management level that researchers talked to also reported high levels of stress as they try to meet their targets. This is a stress time when workers at all levels are afraid of losing their jobs. But for these workers, they feel the new organization structure has created a great deal of competition among groups within the company. Female workers said that the increasing amount of work has forced them to speed up their repetitive work at the assembly line. They have to work for more than 8 hours per day. They reported that they physically feel fatigue and stress after work. These female workers are willing to let go of the job if the company would fire them today and give them compensation. A mid range male manager also said that he felt vulnerable about his job after the reconstruction of the organization. He felt that there is more pressure from the upper management to push for more results. He started to take higher education course after work that might give him better job alternative.

**The shortage of Thai workers is opening new opportunities for migrant workers and expanding the scope of their work.** An alternative for businesses to cope with the shortage of workers has been to recruit larger numbers of migrant workers. In Samutsakorn province, migrant workers traditionally occupy unskilled positions. This is beginning to change as the shortage of Thai workers is forcing businesses to recruit migrants for more skilled work. Migrant workers are in general seen as a good alternative to Thai workers as they get lower wages and according to some interviews they are easier to manage. Nevertheless, the decision as to what type of work is allowed for migrants varies from one province to the other. In Ayutthaya province for example, despite requests from understaffed companies, the labor department is still firmly opposed to migrant workers filling gaps for skilled work.

**New regulation requiring migrant workers to register and to proof their nationality is affecting migrant community from Myanmar.** Many workers from Myanmar residing in Thailand are mostly economic migrants with many ethnic backgrounds. New requirements that force them to proof their citizenship might require administrative paperwork to be processed in Myanmar. Many migrants fear that families still residing in the home country may face difficulties if the authorities find out that they have relatives in Thailand. At the time of this fieldwork, 200 Burmese migrants had left Samutsakorn province in response to this regulation.

**People in the informal sector continue experiencing scarcity of work, lower incomes, and growing reliance on loans.** With limited education and skills, informal workers find it difficult to get access to job opportunities. While the current jobs are diminishing, alternative jobs such as operating small food stalls are also facing fierce competition from their peers who are selling the same products. Many have to stop selling and find ways to pay debt from the loan borrowing for setting up food stalls. Informal workers are accumulating debt from loan sharks at an alarming rate. Many are currently at risk of losing property used as collateral. Housing cooperatives in the Klong Toey slum in Bangkok are using their limited funds to bail-out members at risk, weakening in turn one of the few saving mechanisms available to this slum community.

**Some social protection schemes have had a positive impact toward vulnerable workers and their families especially those working in the establishments to cope with the difficult times after November 2008.** Many of the workers interviewed mentioned benefiting from the various schemes in place including education support for school children, free of charge water and electricity up to a certain threshold, cash transfers to seniors over 60 years of age, and a stimulus package to offset the effects of the crisis consisting of direct support for laid-off workers, start-up micro-capital, and training programs to upgrade skills.

**Nevertheless, some of the social protection schemes have not been able to reach the poorest.** The design of various support schemes has not been appropriate to address the needs of the very poor as the case of slum dwellers in Bangkok and Nakhonratchasima province exemplifies. The provision of free electricity and water supply has had no effect on...
populations lacking the necessary basic infrastructure in the first place. The loans refinancing program is another example of support that has not been able to benefit the people who are only able to access informal loans. The informal workers explained that they cannot apply for refinancing since informal lenders do not allow their borrowers to disclose their names, a prerequisite to access re-financing support.

*Land has been a key coping element for rural populations throughout the crisis.* The assessment found that people in the countryside who own land have been in general better able to cope with the crisis than workers in urban areas, or than the rural landless. Higher prices for agricultural products in recent months have greatly benefited farmers with land. Many interviewed farmers who own land said that the reduction of remittance does not have any impact on their livelihood during this time. They even asked relatives employed in the industrial sectors to return to their rural areas to work in the agricultural sector.

*Social solidarity and the commons have helped the rural landless to cope with falling remittances caused by the financial crisis.* Rural landless found themselves in a difficult position as remittances from family members employed in the industrial sector decreased. Without land, they are unable to benefit from higher prices for agricultural products, and are mainly employed as daily laborers. Many of the landless reported good levels of solidarity from neighbors and relatives in the communities who have helped them with food. Living in the rural areas, they can also still find crabs, fish, and wild vegetables from the rivers, and public land to feed their families. Although, they indicated that in many cases, ponds and public land are contaminated with pesticides and chemical fertilizers.

*Women seem to have been affected to a higher degree than men across all groups participating in the FGDs.* Many young female factory workers are employed for the assembly line receiving the lowest level of payment among all workers. The interviews suggest that these women got laid off first when the crisis hit. Currently, as the factories start to increase production, young women were hired back to work in the assembly line with long working hours. Many reported having high levels of mental and physical stress. In the informal sector, women especially the headed-households in the slum areas of Bangkok are struggling to find jobs and to earn enough money to care for their families. Some are looking for sub-contracting work to allow them to work at home while caring for their children. In the countryside, many elderly women are taking care of young grandchildren while working to earn daily income.

*Although there are some signs of improvement, interviewees across the four provinces expressed concern about the future.* Respondents mentioned in particular the possible negative effects of the predicted drought in 2010, the continuous political turmoil that is causing high levels of insecurity, and rising social problems such as the widespread use of drugs among the young.

### 2. Introduction

**Background**

The Thai economy was heavily affected by the global economic crisis. By the first quarter of 2009, many companies had reduced their operations and many had closed down. According to the Bank of Thailand the unemployment rate rose by 2.36% in February 2009 alone. The government responded by providing 115 billion Thai Baht as supplementary stimulus package

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2 IDI with Business sector in Nakornratchasrima province
directed at helping the unemployed, and establishing safety nets and insurance schemes for the affected workers.

In order to better understand the impacts of this crisis on vulnerable populations in Thailand, the World Bank in cooperation with the Asian Research for Migration Center (ARCM) is carrying out rapid assessments involving repetitive rounds of qualitative research, and returning to the same communities and individuals on a regular basis to understand the diversity and evolution of vulnerabilities, and degrees of resilience.

A first round of research was conducted in March 2009 and a second one in January 2010. This report presents the findings of the second round of assessment that took place in the provinces of Bangkok, Nakhonratchasrima, Samutsakorn, and the newly added province of Ayutthaya.

**Objectives of the assignment**

The objective of this assignment is to provide a flow of updated information on the poverty and social impacts of the crisis in Thailand. The Assessment focuses on the impact of the crisis on:

- The informal sector (urban poor)
- The unemployed
- Migrant workers
- Rural poor who receive remittances and possess land
- Rural poor who receive remittances without owning land
- Workers in the formal industrial sector

**Hypotheses**

A number of hypotheses were used including:

- There might be a diversity of impacts, both in scope and in intensity, with some groups possibly showing some signs of improvements since March 2009, while others are still encountering economic stress;
- The likelihood that primary impacts are associated with labour market shocks, including reduced hours of work in normal occupations, a shift from more formal to more informal activities, a reduction in real wages for certain groups, and a widespread reduction in earnings and that secondary shocks are commonplace through shifts in migration patterns and remittance income;
- The possibility that most households have some resources to cope with the shocks, but that some are resorting to coping strategies that may undermine productive, human, or social capital in the medium term;
- The expectation that continued access to agricultural incomes provides a safety net and diminishes the damage caused by labour market shocks where strong rural-urban links exist;
- The expectation that access to formal social safety nets has been varied across programs and groups, and that informal safety nets continue to play an important role in coping;
- The likelihood that differences driven by gender and age are likely to influence the nature of impacts; and,
- The possibility that economic stress is accompanied by negative social impacts, possibly including an increase in crime and a reduction in social cohesion.

**Methodology**

The Asian Research Center for Migration (ARCM) conducted the field work. The ARCM team used the qualitative methods of in-depth interviews (IDIs), and focus group discussions
(FGDs) with individuals and groups in the communities. 17 participants did participate in the first round of rapid assessments. In addition, the research team tried to document the responses of changes and coping strategies over time and across groups.

**Research sites and Target groups**

The ARCM worked with the Employment Department of the Ministry of Labor in Ayutthaya, Samutsakorn, and Nakhonratchasrima provinces, as well as with the Mercy Center, the Informal Sector Network, the Labour Rights Promotion Network, and the Local Information Center for Development. These government agencies and NGOs provided key support to the ARCM to reach out to target groups and individuals in the different provinces. A total of 150 people participated during the second round in January 2010. Research sites and target groups are as follows:

**Bangkok areas**

Klong Toey and Ram Indra areas were selected for the first round of research. The sites for the second round were expanded to include more areas namely Klong Toey, Romklaow, Bungkum, and Wangthonglang to capture impacts of the crisis in a low-income urban setting. The emphasis of the second round is on the extent of shocks on informal workers, daily labourers, and home workers. There were 4 FGDs of 6 to 8 people each that included daily workers at the port, and in the construction sector, transport service providers, home-based piece-workers, and traders. The research team also conducted IDIs with representatives from the Community Development Department of the Bangkok Metropolitan Administration, a policeman, social development staff of the Mercy Center in the Klong Toey and the Informal Sector Network in Romklaow areas.

**Samutsakorn province**

This site was chosen to provide a perspective on impacts on groups whose livelihoods depend on work in the formal sector. These groups include Thai workers, and migrant workers from Myanmar. The team visited the same enterprises and sites as during the first round in order to build an understanding of how employment conditions have evolved in the formal sector. Interviews were organized with 12 Thai unemployed workers. Three FGDs were conducted with male and female migrant workers (each with approximately 6 to 8 persons). IDIs were organized with the Employment Department of the Ministry of Labor and the representative of the Labor Rights Promotion and Network, an NGOs working with immigrant workers in this province.

**Ayutthaya province**

Ayutthaya was not included in the first round of research, but has been added to provide information on impacts on Thai workers in and around industrial areas. While the sample in Samutsakorn is dominated by migrant workers from Myanmar, the sample in Ayutthaya focuses on Thai workers employed in a broader range of export-oriented sectors. The team explored the impacts of labour market shocks, with particular emphasis on the links between labour market impacts in the industrial sector and migration/remittance patterns. The research team carried out 4 FGDs, each comprising 6 to 8 people. The team was interested in gathering information that allows an analysis of (i) impact on consumption and wellbeing; (ii) when and why workers chose to return to rural areas (or not); (iii) when and why workers who have returned to rural areas subsequently return to the industrial parks (or not); (iv) whether access to social assistance, and crisis response activities have influenced workers’ decisions regarding work in the industrial zones.
IDIs were organized with representatives from the local Chamber of Commerce, business associations, trade unions, and the local Employment Departments.

**Nakhonratchasrima province (Korat)**

The focus on this province was on the impacts of the crisis on rural families, and included households with, and without land. Key themes included changes in the amounts of remittances received, and changes in consumption patterns. Households in the city of Korat were also included in the sample to get a wider view of non-agricultural activity in this province. Four FGDs were organized with remittance-recipient households, two in a relatively well-off rural area, and two in a rural poor rural area. This distinction was considered important in order to provide an understanding of land and agriculture as a safety net for different types of households. A final FGD involved households engaged in non-agricultural activities in the town of Korat.

IDIs were conducted with a wide range of people from the business sector, NGOs, media, and government officials from the employment department.

See Annex 1 for a complete breakdown of respondents in each province.

**Limitation of the Study**

Because this is a rapid assessment with small number of samples, this report could only provide good overview of changes, the difficulties experienced and the strategies used by these workers in four provinces since the crisis started. It is hoped that this study will complement further qualitative work monitoring the economic crisis. Difficulties the research team faced while conducting the field research are that: i) many of the respondents in urban and rural poor areas do not feel comfortable responding through writing cards as part of the initial design methodology. The team then decided to only use oral interview for these groups; and ii) as the second round research has increased the numbers of respondents from 50 persons to 150 persons. Only 17 respondents from Klong Toey and Textile factory in Samutsakorn province were the same as in round one. Therefore, the research was able to track changes and strategies of small group of respondents. Majority of respondents compared their experiences of now and the past eight months when the first round of research was conducted.

### 3. Informal workers in urban settings

**Composition and Profile of respondents in Bangkok and Nakornratchasrima**

A total of 38 people participated in the eight focus group discussions conducted in four areas in Bangkok and one area in Nakhonratchasrima. For the second round of assessment, the research team extended the FGDs to cover more areas of the urban poor and home-based workers in Klong Toey Port (daily wage earners and porters, construction workers, and laundry service), Romklaow (home-based garment workers, and motorcycle taxi drivers), Bungkum (home-based jewelry makers, and garbage collectors), Wangthonglang (home-based dressmakers). In addition, the research team conducted a FGD with a poor urban community along the Railway in Nakhonratchasrima province (garbage collectors and daily laborers).

Four in-depth interviews were conducted with representatives of the police department, the Bangkok Metropolitan Administration, the non-for-profit Mercy Center, and the Informal Sector Network.
The majority of people living in the congested areas of Bangkok and Nakhonratchasrima province usually reside illegally in public land with no secure housing arrangements. Most of them have limited education and skills, factors that limit their opportunities to find jobs. Many of them moved from the countryside many years ago to seek jobs in the city and have lost their links to families in the rural areas. With the support from NGOs, some residents have started housing cooperatives and savings groups to ensure low-cost housing in the future. Monthly contributions range from 50 to 100 THB. Most of the residents in these communities are debt-ridden with a large number of informal loans and high daily interest rates.

The findings from both provinces confirmed that workers in the informal sector and the urban poor have been severely impacted by the crisis. Chronic economic and social problems have been deepened and although there have been a few positive changes in the months since the first round of assessment took place, the outlook for recovery in the near future is bleak.

Positive Changes

FGDs and IDIs conducted in the poor areas of Bangkok and Nakhonratchasrima province suggested that few positive changes have taken place in the last 8 months:

- For some families the crisis has resulted in renewed family bonds. The crisis has forced families to discuss and make joint decisions on the allocation of spending and the management of household’s resources.
- Some impacts of the government livelihood support packages, and NGO support has been felt at the level of the urban poor and informal workers. Six people mentioned having managed to get skills and/or employment (mostly out-sourced work) from the programs available.
- All respondents indicated having benefited from the government’s free education policy. The government support does not cover 100 percent of costs; nevertheless, respondents felt that a great financial burden has been lifted from their shoulders. NGOs such as the Mercy Center have also started education support and school feeding programs.
- Some families benefited from the free water and electricity scheme in place since January 2009. One motorcycle taxi from Bungkum area said “Savings from free water and electricity is exactly the same as the costs of powder milk I have to buy for my child. It saves me a lot of money, and I hope that the government could extend the support”.
- The 30 THB health scheme and the universal health scheme for the poor have continued, and people are in general pleased with this government policy.

Negative Changes

The informal sector in the urban areas has been severely affected by the economic crisis as demand for subcontracting work slowed-down. During the first round of assessments in March 2009, informal workers indicated a critical reduction of available work in Bangkok. Nevertheless, daily laborers were still able to find jobs. By January 2010, the situation has gotten worse, with many laborers struggling to find any jobs at all. Many factories and industries have reduced production, which has resulted in less demand for labor and subcontracting work. In the port area of Klong Toey for example, many shipping companies have closed down operations. In addition, companies are becoming more mechanized saving on labor costs. Porters in Klong Toey and at the Railway Slum indicated that now, if they are lucky, they find work two days per week. Some explained that in search for work they have started to travel to nearby provinces. Three women porters told the team that they had just returned from a four day trip to work at a shipping site in another province. This was the first job they were able to get in the last six months.
Home-based sub-contracted workers are experiencing a sharp decrease in the demand for their services. This is particularly the case for the production of luxury items such as jewelry and clothes. As people in general try to reduce their spending, luxury goods are among the first ones to be taken out from the expense list. The owner of a small sewing business, operating for 28 years, explained that in the past six months there has been a 30 to 40 percent reduction in the workload. Construction workers reported that construction work has been on the decline and they have not received orders since January 2010. Garbage collectors indicated that competition is increasing as the number of garbage collectors grows while there has been a sharp reduction in the amount of garbage as people are currently consuming less and producing less waste.

*Unable to find alternative jobs in a tight labor market, and with few options due to their limited education, the urban poor are increasingly turning to the informal sector.* Interviewees reported borrowing funds to start micro-enterprises in the food and service sectors. New small food stalls are appearing all over the area and more taxi drivers are competing for customers. Potential customers, on the other hand, have less purchasing power to buy products and use these services. Many interviewees felt that the competition for jobs has also increased due to the growing numbers of migrant workers from Laos and Cambodia who accept lower wages than Thai workers.

*Wages and income continued falling during the last 8 months, while the cost of living is gradually increasing.* The second round found that wages and income had continued to decrease, and hardship on the informal sector is compounded by the increasing prices of raw materials and costs of living. Laborers, who were earning on average 200 to 300 THB per day to work at the port in 2008, are now getting 150 THB. Motorcycle-taxi drivers complained about the price of petrol which has gone up from 27 to 35 THB. The increase has forced them to raise their fares, which in turn has reduced the number of customers by around 40 percent. In order to save, more people have decided to walk rather than using taxis. All of the respondents indicated that food prices have gone up. The cost of rice, they said, has increased from 160 to 190 THB per five kilos.

*Informal workers have more debts that a year ago and have been unable to benefit from recent government-sponsored debt refinancing schemes.* A recurrent theme in all IDI’s in Bangkok has been the increasing amount of debt among informal workers (see Table 1). Many people express desperation as they see no way out but to continuing piling up debt while trying to pay the daily interest. The table below shows the debt from one FDG in the Klong Toey area where seven out of nine interviewees is indebted. The interest rate for informal loans is usually above 20 percent per day.\(^3\)

**Table 1. Illustration of debt problem from the first FGD of informal workers in Klong Toey**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Amount of Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Borrow from two loan sharks with the total amount of 3,000 baht. Each day she would earn about 200 baht or less. She has to pay 50 baht for one loan and another 40 baht for another loan. 110 baht left to take care of the whole family.</td>
</tr>
<tr>
<td>2.</td>
<td>Used to have a lot of debt but has asked his father to help pay them off, in return for him to work for his father.</td>
</tr>
<tr>
<td>3.</td>
<td>Borrowed from three loan sharks: 7,000, 6,000, and 3,000 baht. She has to pay high interest rate each day.</td>
</tr>
<tr>
<td>4.</td>
<td>Borrowed from three loan sharks: 6,000, 4,000, and 3,000 baht. She has to pay high interest each day.</td>
</tr>
<tr>
<td>5.</td>
<td>No debt</td>
</tr>
</tbody>
</table>

\(^3\) For a sense of scale, people accessing this loans earn on average 200 TBH per day
6. Borrowed from two loan sharks. Not really sure how much debt she has but thinks that the total amount has already exceeded 50,000 baht.

7. Borrowed from so many sources. Do not remember the amount any more. But guess that it should be around 50,000 baht now.

8. An older man of 72 years old. Had to borrow for the first time in this life for 6,500 baht.

9. No debt

Because of the accumulated debt, there were reports of borrowers having lost property used as collateral. In many cases, debtors have had to pay not only for the debt, but also to rent what used to be their own houses.

Informal workers have been unable to benefit from the government-sponsored debt refinance scheme. The reason is that these workers cannot access formal loans, and informal money lenders forbid borrowers to disclose their names to government agencies (a pre-requisite to access refinancing funds).

A government micro-credit scheme, the Village Fund, is active in the Klong Toey area covering 21 villages (with available funding of 1 million THB per village). Poor people mentioned, however, that they are unable to access these funds. They felt that their requests for credit are generally not approved because they are very poor.

Pawnng of goods and jewelry is a frequent practice in this area especially at the time of new school semester. During this crisis, however, the police officer informed the research team that there has not been a visible increase in the use of pawn-shops. There are only two small pawn shops in the area as this is one of the poorest areas of Bangkok. People here tend to seek support from loan sharks or enter into illegal practices for quick money instead, the police officer in Klong Toey area said.

**Informal safety nets in poor urban areas are becoming weaker.** People in the Klong Toey area have informal housing cooperative groups. The average savings range from 50 to 200 THB per month. The funds saved in these cooperatives are currently at risk. Many members who have been borrowing money from informal lenders and are unable to re-pay their debts, risk loosing the property used as collateral. As a response, the housing cooperatives and savings groups have decided to use their funds to ‘bail-out’ their members in need. There is increasing concern within the Klong Toey community that this important safety net could run dry in the next six months.

**Crime, drugs, and gambling have increased in the communities interviewed.** Increasing number of drug users and sellers were reported in all the communities interviewed. As these are poor-households the type of drugs used are amphetamines and glue which are cheaper and easier to use and sell than other drugs. Glue sniffing among the young is widespread. The IDIs reported that drug dealers are using children as young as 10 years old to sell drugs for them. The Mercy Center, a not-for-profit institution, offers an after-school program to maintain young children within the facilities to avoid them being targeted by drug dealers. It was also reported that many drug dealers are also informal money lenders, adding complexity to the lender-borrower relationship. There have been instances when drug dealers have forced highly indebted borrowers to sell drugs for them. Respondents indicated that many borrowers have had to run away to other provinces to avoid being used by drug dealers.

The rate of petty crime and theft is also rising according to a representative from the police department, as is gambling on the underground lotteries, where people spend the little money they make hoping for some luck. The rise of crime, drugs and gambling worried people in the areas. They felt unsecured of their life and kept their belongings far away from their fence to
avoid the thief. For many of the desperate poor, pretty crime, drugs and gambling are easy ways for them to get access for quick cash they need especially to pay for high daily rate debt and demanding expenses of family members. In one of the focus group discussion at Klong Toey, 6 out of 9 participants reported members of their families are currently in jail due to drugs, gambling and crime. Out of these 6 respondents, 4 are women headed household because husbands are still serving in jails; they are struggling to make end meets.

**Children and the elderly in poor urban households have been affected by the crisis.** There are growing numbers of school drop-outs as parents face difficulties to cover education-related costs. A staff at the Mercy Center indicated that approximately 20 percent of the students have left the school this academic year. Two women headed households interviewed in Klong Toey said that education for their grandchildren is a priority, but they can no longer afford the already heavily subsidized fee. These women have been able to keep their children in school with the support of the Mercy Center. Many children are also leaving school to help their families with income-generating activities. Many are becoming street-vendors selling lottery tickets and flowers. There are concerns about the safety of these children. According to staff in a port hospital, 2009 had the highest rate of pregnant children under 14. In addition, many of these children have been left to the care of grandparents who are themselves experiencing financial difficulties despite the senior cash transfer programs of 500 THB provided by the government, and only some received an additional support of 200 THB by the Mercy Center.

**Coping Strategies**

**Change in consumption behavior**

Interviewees have in general cut back on a variety of products and services in order to cope with important reductions in income. Examples of these changes include:

- No or limited travel and visit relatives in rural areas.
- Reduce the quality of food consumed: more boiled rice, sticky rice and pork, eggs, instant noodles, and canned food. There were no reports of families having to skip meals.
- For all the necessary items, participants have switched to cheaper brands. Smokers for example, have switched from cigarettes (40 THB per pack) to rolling own tobacco leaves (5 baht per pack).
- The motorcycle taxi driver group in Romklaow indicated serious food shortages, and strong reliance on donations from monks to feed their families.

**Economic crisis has impacted the labour allocation within the household.** The story of a motorcycle taxi driver in Romklaow reflects a general trend: he mentioned that in the past his wife would stay at home to care for his children, and he could afford hiring a maid to help with household chores. With the family economy deteriorating in the last months, his wife has had to take a full-time job which requires her to leave very early and come back late at night. As they cannot longer afford to hire additional help, the older child of 12 years of age has to take care of his young brother after school until his parents come back home. Sometimes, this taxi driver has to take his younger son to his working area. If he gets business, his colleagues will look after his child until he returns.

**Many informal workers have invested in small start-ups, in some cases with negative results.** Women respondents from Klong Toey and from Romkloaw reported that the small food business are usually done well during the first one or two weeks, then businesses tend to lose their customers. Many end up having to close down shops right after the first few weeks with higher debt. An extreme example came from a lady in Klong Toey. She said that she tried to start a new business and had borrowed 5,000 THB as initial investment for it. Six months later, she has a debt of 60,000 THB. She is still not quite sure how it happened. She is
disillusioned and commented: ‘If we stay where we are, we know how much debt we have, if we tried to earn more and struggle to work, we might end up having more debt than before’.

Sources of support

*NGOs based in the area provide a wide range of support for people in the slums.* The Mercy Center provides support for children and people in need including workers. The types of support provided by the center include education, basic health care, support to people living with HIV, support to saving groups, and promotion of livelihood activities. Another NGO, the Informal Sector Network, provides training on basic rights and lobby for improved service delivery and policy changes. There are more than 100,000 home workers in Bangkok, but only around 600 of them are members of the Informal Sector Network. The Network has recently reached out to the Bangkok Metropolitan Administration (BMA) to request for sub-contracting work for its members. The sub-contracting work could include production of school uniforms, or maintenance of parks, and other public areas.

*Social solidarity has continued to play an important role for these communities.* The Buddhist temple and private donations have helped providing food to some of the families in most need. A team of motorcycle taxi of Romklaow has been taking turns asking for food from the nearby temple. “It helps us a great deal. The food is not only for the team to eat every morning, sometimes we could also take leftovers back to our families” a motorcycle taxi said. In the case of urban poor in Korat, social solidarity also came from neighbors more than from relatives. One small shop owner in the railway area provides food on credit for his poor neighbors to ensure that they have food to eat.

*Various elements of the assistance provided by government are not addressing the specific needs of the urban poor.* People living in the various slums spread across the city have no connection to the grid or water supply in the first place – free-of-charge services mean little to them as they have no service infrastructure to start with. Similarly, loan refinancing is impossible for informal loans, the only possible loans accessible to slum-dwellers.

### 4. The rural poor

**Composition and profile respondents in Nakornrachsrima**

In January 2010, the team conducted field work in Nakonratchasrima province to better understand the effects on rural populations (with and without land). There are in total 23 FGDs interviewed. The respondents’ ages range from 42 to 77 years. IDIs were conducted with representatives from the employment department, chamber of commerce, managers of agribusiness, automobile, IT, and real estate, companies, small shops, distributors of electronic goods for factories, the media, and staff from NGOs.

Nakonratchasrima province (Karat) is the second largest province, with a combination of both agricultural and industrial economy. Korat is the most developed province in the northeastern region of Thailand. It is also the second highest migrant-sending province in the country. Most of the Thai migrant labor from this region goes to the Middle East and East Asia. A common picture of the composition of families in the rural areas of Korat is that of grandparents taking care of small children, while the economically active population has migrated abroad or to urban centers. Findings from the first assessment in May 2009 indicated that migrants were gradually returning home as the global production of manufactured goods was slowing down and the value of Baht has strengthened. Thai workers felt that it was not efficient working abroad with roaring costs of living and decreasing incomes. As a result remittances decreased.
However, the research found that families with land were able to cope with the reduction in remittances, while households without land have experienced economic hardship, leading in many cases to high levels of indebtedness.

Findings:

Trends from IDIs:

The economy has started to recover, but has not yet reached pre-crisis levels. A businessman commented that the economic crisis hit hard on Thailand only for a short period of time at the end of 2008 and beginning of 2009. He believes that the experienced gained after the Asian crisis of 1997 increased the awareness and preparedness of businesses and allowed them to react faster this time. The banking sector, for example, is stronger than in the late 1990’s as it has become more selective on its lending and non-performing loans. The businessman explained that the initial panic reaction of most companies which resulted in layoffs, and reductions in expenses and operations, was soon replaced by concerted approaches, and six months after November 2008, things started to improve.

There have been different degrees of impact and levels of recovery across sector and sub-sectors. In the automobile and electronic business, companies that are branches of international corporate have started to receive renewed orders for export products. However, the types of products and orders have changed a great deal. The sale of luxury cars remained stable. There have been changes in middle-class spending. These consumers are looking for good, but cheaper products. In the automobile sector, many consumers have switched to smaller cars. And orders are roaring. The demand for smaller, more energy-efficient cars is so high that there is a three month waiting period to purchase one.

The real estate sector also reported that there is no impact on the high-end market. Houses costing around 200,000 USD have continued to sell well. “The crisis has no impact on the rich people. They also get better treatment from the bank”, a businessman said. Banks have been providing cheap loans for wealthy consumers. Small and medium enterprises (SMEs) are having difficulties recovering, and some are closing down. IDIs identified the main reason as the reluctance of banks to provide credit to SMEs.

Stimulus policies for the agricultural sector and growing demand from drought-hit China and Vietnam have raised the price for agricultural products. Large numbers of seasonal migrants that usually support their families during the harvesting months in November and December, decided to stay working in their fields rather than returning to the insecurity of industrial work. Even by December when the economy shows signs of recovery, many workers have remained working in the rural areas.

Effects on rural poor with land

Positive Change

Land is a key safety net for the rural poor and for migrant workers with rural links. FGDs suggest that people with land have been only slightly affected and are now showing strong signs of recovery. One of the reasons is the climbing prices of many agricultural commodities. Farmers are diversifying their production and earning more money from their products. The reduction of remittances from family in urban centers or abroad has not affected them as the income from agriculture helped compensating the lost.
Negative Change and Coping Method

Only minor negative changes for land owners. People with land mentioned the increased cost of living and higher prices for agricultural inputs; nevertheless, they also mentioned that they continue to live a comfortable rural lifestyle and do not have to adjust their consumption as they grow their own rice and vegetables, find wild foods, and raise fish in their ponds. In terms of investment capital they are able to access loans with land as collateral. Many have borrowed from the village fund or from the Bank for Agricultural Cooperatives. Although they have debt, they feel that they are not struggling. They can sell produce to pay off their debt, or refinance their loans from the village fund with informal loans, or can even use the remittances they get from relatives.

Effects on rural poor without land

Negative changes

There is no positive changes for rural poor without land. The research found that the landless rural poor have been strongly affected and are having a difficult time recovering. Landless rural dwellers in Korat have been affected primarily by the reduction in remittances from relatives working in Thai urban centers or abroad. Many found that since the economic crisis, their remittances have been reduced or irregularly sent by their relatives. The stronger of baht currency has reduced the earning, thus reducing the remittance. Rural poor often feel that they should not be a burden to their children.

In addition, these rural poor also complained that they cannot get access to financial scheme within the community, the Village Funds. They informed researchers about a discriminatory attitude towards landless, that prevents them to access loans. As a member of the village funds, they said that they have been sending small amount of money monthly. However, when they requested for loan, they often get rejected. One interviewee felt that this is because the village fund committee felt that they are poor and will not be able to return the loan. ‘All these funds are supposed to be used to help the poor, but the rich always grab them first. The support does not reach the poor. The poor will continue to be poor’’ a villager said.

Majority of people interviewed have been unable to benefit from the increase in agricultural prices as they do not have their own land. Many interviewees are older than 45 years of age. It is often difficult for them to find work in the field. One man informed the researcher that he often has to rely on the village head to find job for him. The job is usually only for a couple of day worth with around150 baht per day. This has been compounded by an increase in the use of mechanized methods for planting and harvesting further reducing job availability.

Coping strategies:

In order to cope, the landless interviewed mentioned changing their consumption patterns to be able to feed all people in the house. Landless respondents are struggling to make end meet especially middle-aged women headed households who have to take care of many young grandchildren whose parents are working in the cities. They buy old rice, smaller fish, and no meat. They mentioned that a positive aspect of living in the countryside is that they can still find crabs, fish, and fruits, and even grow their own vegetables on public land. Nevertheless, some also noted that nowadays is not possible to just pick up vegetables from the pond, or from the ground as they are usually full of fertilizer, or chemical pesticides.
Box 1: The vulnerability of owning no land

Some people had used their land for investment, but the businesses did not go well and they lost the land. One elderly man who lives with his blind wife told the team that he had used his house and land as collateral to access credit and used it to pay for his trip to work in the Middle East. Unfortunately, he could only work there for four months and the Iraq war started. He had to come back home and continued to pay his debt until he could pay no longer and then lost the house and the land. He is now living in his small daughter’s house. He said his daughter works in the city and was supporting them with 1,000 THB per month. His daughter has to take care of three young children. Her expenses have increased and she has stopped sending him money. Village headman and neighbors have provided food and help find some daily labor works for him. With his age, there are not many works available. He now fears that his daughter might want to sell the house one day to pay for her children’s education; and then he and his wife would not have a place to live in.

Sources of support

Government policies have provided people with some degree of relief. Similarly to the urban poor, people in the rural areas benefit from the 30 THB health scheme, and the 500 THB cash transfer for people over 60 years old. Households with children indicated benefiting from the free education policy that provides families free of charge for education fees from primary school to high school. In addition, the government also provided 450 THB per year for primary school children and 550 THB for secondary school students to buy uniform and text books. Families still have to pay for school materials, uniforms, and extra-curricular activities, but they said that this policy has helped them substantially to ensure children remain at school.

Social networks within the village and the village administration have played an important role helping people to cope with economic problems. Various respondents indicated relying on village chiefs to help them find work, and allocate public land for the landless. In addition, it was observed that people at the village level still help each other. Villagers share food and other support with the poorest. This is the social safety net that normally extended to people living in rural areas where social cohesion is much stronger than in urban area.

5. Workers in the formal sector

Composition and Profile of respondents in Ayutthaya province

Ayutthaya province was added to the series of rapid assessments to provide additional information on the impacts of the crisis on Thai workers in the industrial export-oriented sector. Since the mid 1980s, Ayutthaya province has received large numbers of Japanese foreign direct investment, especially for automobile and electronic manufacturing. Migrant workers from other provinces comprise 70 percent of Ayutthaya’s population, while the number of foreign migrant workers in this province is small. Unlike Samutsakorn, this province does not allow foreign migrant workers to access skilled employment in the factories.

The research team interviewed 23 workers ranging from production line to section managers. Except for one worker, the respondents have been working in their companies for many years. In-depth interviews were conducted with representatives from a labor union, the Federation of Thai Industries, an IT and Electronic Part Company, an automobile manufacturing company, and a textile company, and officers from the provincial Labor and Welfare Protection office and the provincial Employment Department.
The global economic downturn hit the export-oriented sector strongly during the second quarter of 2008. Thousands of employees were laid off, overtime and working hours were reduced, sub-contracting was reduced or cancelled, and big factories were struggling to maintain their operations. In February 2009, the car industry for example, hit bottom and decided to use article 75 of the Thai Labor Law which allows companies to temporarily shut down operations in cases of unforeseen hardship.

The picture is very different in January 2010. The big factories that managed to survive are now busy adjusting to a rapidly increase in demand for products, especially electronic goods. As for the car industry, it started to recover since March 2009, when new orders from Japan arrived. These order had a new strategic demand for smaller and energy saving automobiles. The company expects to increase its production in April.

Nevertheless, as in other provinces, while larger companies are showing signs of recovery, small and medium enterprises (SMEs) continue experiencing difficulties. A major factor in this differentiated recovery has been the reluctance of banks to provide credit to SMEs. Credit has allowed large companies to make the necessary changes to remain active in a turbulent environment. Banks have not been so generous towards SMEs.

The demand for labor at almost all levels has skyrocketed in large companies, yet few workers have been applying for the newly opened positions. Some of the possible explanations provided during the IDIs include the impact of the stimulus package that promoted entrepreneurship and new skills development. According to the provincial employment office, 20 percent of the laid-off workers may have started a small-business. Another possible explanation for the scarcity of workers might be that the increase in the prices for agricultural products has encouraged rural migrants to return to the countryside to work in the field and they have remained there for the entire harvest season. Other possible causes are the recent status of Ayutthaya as industrial province. Workers might be considering more established provinces, such as Pathumthani province or even Bangkok, as first options.

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4 According to the Employment Department, around 10,000 new positions have been opened in the province.
Some interviewees suggested that workers might simply want to take a break from factory work and have delayed their decision to see the results of the new annual labor negotiation before returning to work. Companies work with unions to adjust wages and benefits on a yearly basis. The difficult measures adopted during the crisis in turn led to a greater awareness of labor rights by workers. In a context of heightened awareness and labor shortages, companies expect that the negotiation will be much tougher this year. Unions are already requesting that sub-contractors pay comparable wages to that of companies, a request that worries many companies as it would result in higher production costs.

Another view proposed by the Provincial Employment Department noted a mismatch between the skills of the labor force and industry demands. In this view, there has been an unbalanced focus on university education disregarding vocational training. Many companies have started to enter into agreements with vocational schools to recruit new graduates. Some companies have also started to provide internships to vocational school students.

The Provincial Labour Protection and Welfare Department, the Employment Department, and the human resource clubs have been sharing information and working together to find ways to fill the much needed labor gap. Currently, the ministry of labor has an online database linking demand and supply in the various provinces. As for the increasing demand for workers in Ayutthaya, the employment department is working with the northeastern provinces to try to fill in the gaps. At the time of the assessment, they were still struggling to find workers. In addition, some companies, particularly in the IT sector are offering higher wages, bonuses, and improved benefits than six months ago.

**Industries that require unskilled workers have been able to recruit migrant workers through the Labor Protection and Welfare office.** A manager of a textile company indicated that his company was able to hire 300 migrant workers, 200 from Cambodia and 100 from the Lao PDR to fill the gap of unskilled positions. Companies noted that they would like to increase the number of migrant workers to fill gaps.

**Negative changes**

**As the economy improves and the pressure to produce increases, workers at all levels reported high levels of stress.** Specialists, managers, production line workers, all feel that their working conditions have deteriorated and observed that they are trapped in a fast and demanding production cycle with excessive overtime because they are asked to work longer hours in their main jobs. Workers in general reported feeling weak and tired. Women in particular felt that they have less time to take care of their children and families. A female respondent indicated working from 8 am until 22.30 pm. To ease the stress, some companies have a gym and recreation room for workers to use, although with pressing deadlines, few are using these facilities.

**Increasing debt.** Human resource department of a large company interviewed informed researchers that there is an increasing trend of debt through credit cards. The company received many court orders to subtract a certain amount of money from workers’ salaries and to pay for their debts. Workers in the establishment are able to get access to credit cards. Credit card debt was indicated as ranging from 50,000 to 400,000 THB and many workers have been unable to equalize their debt.

**Coping Strategies**

The crisis has forced workers to reflect on their spending and saving patterns. Some respondents expressed their desire to start making savings and be less vulnerable in case of possible future crisis. Although currently incomes are on the rise, workers reported maintaining reduced expenses, for example cooking at home rather than going out, alcohol
(males), or transport costs. To address the debt issue, companies will not provide a guarantee letter for workers to apply for credit cards; some companies have decided to set up savings groups for workers as an alternative to increase their liquidity, and some have set up special sections to deal with the government order to directly subtract payment out of the worker’s salary to pay their debts.

**Table 2** Example of the change in consumption from factories workers in Ayutthaya and in textile factory in Samutsakorn.

<table>
<thead>
<tr>
<th>Consumption item</th>
<th>Number of cards showing decrease</th>
<th>Number of cards showing increase</th>
<th>Intensity of change</th>
<th>Who is most affected within a household?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol</td>
<td>5</td>
<td></td>
<td>-</td>
<td>Men</td>
</tr>
<tr>
<td>Egg</td>
<td></td>
<td>5</td>
<td>+</td>
<td>Family member</td>
</tr>
<tr>
<td>Clothes</td>
<td>10</td>
<td></td>
<td>-</td>
<td>Women</td>
</tr>
<tr>
<td>Eat out</td>
<td>20</td>
<td></td>
<td></td>
<td>Family member</td>
</tr>
<tr>
<td>Personal vehicle</td>
<td></td>
<td>3</td>
<td>+</td>
<td>Family member</td>
</tr>
<tr>
<td>Rice</td>
<td>2</td>
<td></td>
<td>-</td>
<td>Women</td>
</tr>
<tr>
<td>Cosmetic</td>
<td>2</td>
<td></td>
<td></td>
<td>Women</td>
</tr>
<tr>
<td>Accessory</td>
<td>5</td>
<td></td>
<td></td>
<td>Women</td>
</tr>
</tbody>
</table>

**6. Migrant workers and the Unemployed**

**Composition and Profile of respondents in Samutsakorn**

Samutsakorn Province is nearby Bangkok. Because of labour shortage, all sectors in this province employ migrant workers and most of them are from Myanmar. In March 2010, report of Minister of Labour reported that there were 130,365 migrant workers living and working in Samutsakorn.

Interviews with migrant workers from Myanmar and unemployed Thai workers were carried out in Samutsakorn, a coastal area in Central Thailand. This site was chosen to provide a perspective of impacts on people whose livelihoods depend on the formal sector, both Thai and migrant workers from Myanmar. During this round, the team organized three FGDs with registered migrant workers and 12 interviews with unemployed Thai workers. The IDIs were conducted with representatives from the Provincial Chamber of Commerce, the Provincial Federation of Industry, a factory owner, a government officer from the Provincial Employment Department, and from the Labour Rights Promotion Network.

**Trends from IDIs:**

*The economic crisis has limited impact on the major industry in Samutsakorn, the fishing and seafood industry.* Representatives from the Provincial Chamber of Commerce and the Federation of Thai Industry indicated that the demand for products in some cases is stabilizing and some cases are increasing such as in the frozen and processed food. This is because in the fishery industry, food can be kept for a long time. Therefore, the industry does not have to lay off workers unlike other industries. There is often a shortage of labor to cope with the demand.

**Box 3. The hard way to recovery for small and medium enterprises**
The owner of a small garment enterprise with 35 workers explained that when the crisis hit he considered closing down the business and switching to other type of business, such as shrimp farming. He hesitated to do so as he did not have the necessary skills and knowledge. By now, he feels that the situation is getting worse. The prices of raw materials have gone up. His company has also been impacted by the recent policy to open up trade with China. Chinese garments are cheaper and difficult to compete with. He explained that more than 90 percent of small and medium garment factories in the province have had to close down, strangled by competition and rising debt. He is also concerned by the announced of an increase to the minimum wage. Although this measure has no effect on larger companies that in general pay over the minimum, he believes it will affect some of the smaller companies like his, experiencing financial difficulties.

Impact on the Migrant workers

Companies in general prefer to hire migrant workers who are regarded as hard working, reliable, committed, and cheap. In Samutsakorn province, there is an increasing demand for labor in the seafood industry where working conditions are involving long working hours in very cold and smelly environment from the seafood products. According to the Ministry of Labor migrant workers are currently filling many new positions ‘in almost every major factory’ in this sector. In many sectors migrant workers are considered labor-market competitors by local workers, but that is not in the case in the fishing and seafood industries, as this type of work is not appealing to Thai workers. As a result, there is a positive long term employment trend for migrant workers especially in this province.

Negative changes

New regulation on migrant workers may jeopardize the ability of migrants from Myanmar to remain in Thailand. In late 2009, the Thai government presented legislation requesting migrant workers to present proof of nationality for legal status. IDI representatives raised a concern over this regulation as it could cause negative consequences for migrants. The reason given was that many of the migrants from Myanmar are economic migrants with diverse ethnic background. Some are minority groups. Proof of nationality would mean that migrant workers would need to request their national authorities for the necessary documentation, a process that many of them fear of negative implications for families in the home country such as requesting families to pay taxes. With this fear in mind, many migrants from minority groups are thinking about leaving the country if the Thai government insists in imposing the regulation upon them. Around 200 Burmese workers have already left the province in November 2009. Many industries in Samutsakorn have expressed concern about the effects of the new regulation on their operations as they are heavily reliant on migrant workers.

In addition, the lack of precision on the registration process has created a market for brokers that might be taking advantage of the migrants. Brokers are charging around 8,000 to 12,000 THB for this process. These migrant workers earn around 300 THB per day and many are already highly indebted. Some factories would pay for the registration work permit card for the workers first and subtract each month from their payment. Many workers do not have sufficient money as they have to send some funds back home each month. They usually borrow from their friends and neighbors, and some time from informal money lenders (120% interests per month). They would provide the money lender with their ATM card and negotiate with the lender of how much per month the lender could take out from their accounts.

Both Thai and Migrant workers feel that they are being treated unequally by their supervisors. For migrant workers they feel that Thai workers could take leave and have a day off per week when they cannot. If a migrant worker takes leave, the company would deduct 40 THB from the daily wage. Sick leave is not paid. While the Thai workers feel that the supervisors prefer hiring migrant workers and treat them much better than Thai workers.
Supervisors gave them tougher and longer hour tasks so that they would finally leave the company. On the other hand, the registered migrant workers feel that it is very difficult to leave the company they are registered with. The company would have to give them leave for seven days that could be used to find a new job. In reality, many factories may not want to provide leave. Often workers have to pay brokers to negotiate with the managers to get this permit. Note that it is illegal for migrant workers to have supplementary work with other employer.

In addition, migrant workers concerns over their safety. A majority of both males and females migrant workers interviewed, expressed concern for their safety as cases of violence against migrants are increasing, particularly during sporting events such as football matches. One worker said that for security reasons, he finishes his night shift and rides his bicycle 'as fast as I can now without looking back each night trying to get home as soon as possible’. Workers mentioned protecting and helping each other to avoid being harmed or harassed by gangsters.

Impact on Thai Unemployed

Large companies in Samutsakorn are experiencing a shortage of labor, especially at the production line level. There are many vacant positions at the factories and Thai workers are not turning up to fill them. The majority of the people interviewed seemed to agree that Thai workers tend to move around often to explore different job opportunities. A representative of the Provincial Employment Department expressed a concern over the high rate of people changing jobs in a short period of time. Unlike in Ayutthaya, most workers interviewed in Samutsakorn are from Samutsakorn themselves and have limited skills in agriculture to be able to move to rural areas.

Research found that economic crisis has very little impact on the Thai unemployed in Samutsakorn. The Thai unemployed workers interviewed at the Provincial Employment Department informed that they voluntarily leave their current jobs because they would like to explore more job opportunities. They are mainly looking for office related work such as secretary, messenger, and computer work. One worker move to a company that offered a better package and then left again as she felt the salary did not compensate for the long distance she had to travel to get to work. Two workers quit their jobs because they did not like the way their companies operated. Only one worker interviewed worked in the fishing industry. She left the work as she felt that the management of the company favors migrant workers who are willing to work more for less, thus lower the labor standards, and that the working conditions were deteriorating. Only two workers out of twelve workers decided to leave due to crisis related wage reduction.

Coping Strategies

Migrants have been relying on the support of NGOs. In Samutsakorn, the Labour Rights Promotion Network (LPN) provides migrant workers with a great deal of support including legal rights awareness, language training, counseling, legal support, and schooling for children.

Prices for goods and services have also increased in Samutsakorn province and Thai and migrant workers continue to consume less. The coping strategy used by Thai and migrant workers has been to change their consumption patterns, eat less, and cook at home rather than eating out. People mentioned relying on eggs and instant noodles instead of rice and pork or chicken.
7. Specific impacts on male and female formal and informal workers

Key gender issues regarding the impact of the economic crisis could be summarized as follows:

1. Male and female workers in the establishment

The research found that in the establishments interviewed, the majority of senior managers and leaders are males while the majority of women are often hired in the lowest levels of the company – working in the assembly line. Women workers in these factories feel that promotion to higher levels often goes to male workers. One reason given during the IDIs was that women have more patience to work longer hours and could handle more sophisticated work than men. Beyond these laudable comments on women’s abilities in the industrial sector, women often got paid the lowest rate. The research also found that during the economic crisis last year, more women than men got laid off in all types of industries. Of the 5,066 workers who were laid off in December 2008, 2,897 were women. One company producing audio system parts hired both males and females but only females got laid off. Currently, in companies experiencing labor shortages and pressing deadlines, women are working longer hours with overtime payment, especially in the assembly line. Some reported high stress levels and indicated that if the company would dismiss them with benefits, they would be ready to leave.

On the positive side, due to the shortage of laborers, many factories started to provide better welfare and benefit package to workers. Interview with a manager from an electronic factory informed that his factory will reduce sub-contracting works and will do direct hiring of staff. This way, he feels, would attract more workers to stay with the company. In addition, workers reported that treatment for pregnant women was improving as some companies are now providing separate suitable working areas for pregnant women, some even providing special uniforms during pregnancy. One company visited support income generating activities allowing women to sell home products to supplement their income such as food or crafts at the factory.

A representative from the labor union commented on the general behavior of women who got laid off that they usually switch to other small scale business and stay in the area if their husbands are still employed. In addition, in the assembly line of the electronic factory, women who are older than 26 year old often feel too old for the tasks required. And if they decided to return to their homes in the countryside, they usually want to stay home instead of coming back to find work in the city.

Although some businesses are recovering, both male and female workers are experiencing physical and mental stress. Organization restructuring and high target achievement have led to competition within the factory, causing stress to managers and staff. Workers at technical levels such as the engineers and heads of departments, a majority of whom are males, feel that their working conditions have deteriorated, with increasing signs of mental and physical stress. Male workers informed that they are worried and feel insecure and nervous about losing their jobs all the time.

At the production line level, female workers although receiving better payment and benefits, feel they are trapped in a fast and demanding production cycle. Some women feel that they have no time to rest and less time to take care of their children and families. These female workers said that with the longer hours of highly concentrated work, they encountered more headache and body

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5 Data from Ayutthaya Provincial Labor and Welfare Protection Office
ache. They feel more and more fatigues from work. Although the factory has recreation center for workers, they never have time to use the facilities. They also spent less time socialize with friends or relatives. All they want to do to cope with this demanding job is to be able to just rest at home and safe money.

The research found that Burmese migrant workers come to Thailand with their older children who can help with work, while leaving the smaller children at home in Myanmar with the grandparents. Women workers who work during the night shift are quite concerned over their safety.

2. **Males and females workers in the informal sector and rural areas.**

Both males and females who work in the informal sector are struggling to find jobs as they have limited skills and education. While trying to find additional work for the family, women workers reported that they also have to take extra responsibility in caring for children and household chores. As a result, many women prefer to search for sub-contracting work which would allow them to work at home such as sewing clothes or making accessories. However, the sub-contracting work has been declining steadily since the crisis started with a few signs of recovery.

Regarding the allocation of work within the households, the research found that families in both urban and rural areas are trying to maximize the ability of family members to access paid-work outside the home. In many cases this means that older siblings take care of younger ones. In the case of an accessory maker, for example, his two daughters are now working outside home. A garbage collector, his wife has to take a job and his eldest daughter has to take her mom’s responsibilities in the house. In urban poor areas, strategies have included engaging children in income generating activities, mostly as street vendors.

In the Klong Toey a 20% drop out rate from the Mercy Center School was reported. The research also found that in urban areas there is a noticeable change in the behavior of young teens, both males and females. There was an increase in young people involved in drug dealing and sex-work to earn money.

The economic crisis hit especially hard on female-headed households. In the urban poor area, there are a couple of cases from the interview that women were left behind to take care of children and grandchildren either because their husbands went to jail due to drug related crime, or passed away or left them to have new wives. These women have to carry a lot of extra burdens alone.

In rural communities, elderly males and females are often the ones who take care of grandchildren while their children are working in urban areas or aboard to send remittances. In the case of rural poor, especially women headed households without land; they are suffering the same way as the urban poor. However, in the rural areas, the social cohesion and support from the community provide them with a better cushion to survive during this hardship.

8. **Conclusions**

The second round of the rapid social impact assessment conducted during January 2010 covers the four selected provinces of Bangkok, Samutsakorn, Nakhonratchasrima, and Ayutthaya. It identifies impact of the economic crisis and coping strategies on six different vulnerable groups: informal workers, formal workers, rural households dependent on remittances, both with and without land, migrant workers from Myanmar and the unemployed Thai workers. The
findings of the second round suggest a diversity of impacts and uneven signs of improvement in different industries and among different vulnerable groups.

Big businesses especially the ones with strong international business connections have been able to survive and are rapidly regaining their production demands levels. It is telling that automobile and real estate products catering for the wealthy have reported no impacts, while products catering for the middle and lower middle class are being adjusted to reflect the changing of income and preference.

Small and medium enterprises, on the other hand, have had more problems to cope with the crisis and its aftermath and in many cases are still struggling to keep afloat. An important limitation to their recovery has been the reluctance of banks to provide credit.

The intensity of the impact has also been different for each vulnerable group. Urban workers of the informal sector have been the most affected as they have limited education and skills to find alternative jobs, and have limited possibilities to access either formal and informal safety nets and assistance. In addition, only very few urban workers have maintained linkages with rural areas. This group showed signs of stress as it continues to struggle to cope with the situation, this was especially the case noted among women headed households.

The second group that experienced an intense impact has been landless households that receive remittances from relatives working aboard or in other provinces in the rural areas of Nakhonratchasrima province. This group is mostly composed of elderly taking care of young grandchildren greatly dependent on remittances. Due to their age it has been difficult for them to offset the effects of falling remittance support. Strong communal solidarity within the rural area and the available of public land has allowed them to cope with the situation.

With the recovery of the industrial sector, formal workers are experiencing growing demand for their services and more work than they can manage. Male and female workers are also experiencing high levels of stress due to long working hours and pressure to meet deadlines.

Rural households with land seem to have been able to maintain a comfortable standard of life as demand for agricultural produce from neighboring countries grew, and prices climbed. Rural land-owners have, in many cases, been able to provide safety net for relatives who were laid off during the worst of the crisis.

Although the decision on the type of work that a migrant can take varies from one province to the other, the crisis opened up opportunities for migrant workers to find jobs in the establishment. While in Samutsakorn province migrant workers are able to take all kinds of jobs, in Ayutthaya migrant workers are only allowed to take up the unskilled work category. Nevertheless, the reluctance of Thai workers to go back to factory work might force the authorities to re-think their positions regarding limitations for migrant workers placement.

Despite the diverse range of impacts, workers have resorted to similar coping strategies. In all groups, respondents report changing their consumption behavior with a preference for cheaper types of food, and refraining from eating meat, or consuming luxurious goods. Multiple-worker households have become the norm with family members arranging their schedules to maintain household work while maximizing the opportunities for more income. Findings suggest that the allocation of work also includes 11-15 years old children having to care for their younger siblings allowing mothers to free time to find additional jobs after the school hours. Although this does not affect schooling directly, for some families, this could affect cutting down on their extra curriculum courses ater school.

From the formal safety nets provided by government, one that has had a strong impact has been the education support, subsidizing school fees. This scheme has allowed parents to keep
their children at school. Other schemes such as subsidies on basic services (water and electricity), and debt refinancing, have had a lesser impact on the poor, who have limited access to basic service infrastructure, and access informal loans only.

Additional negative social impacts are not so related to crime and social cohesion as anticipated in the hypothesis, but more on the widespread involvement in the drug trade and gambling to earn quick money. Some families that loan illegal money from loan sharks, have their children delivering drugs instead of paying interest. Finally, these families cannot withdraw from criminal circles for fear of being killed. Some families have to run away from loan sharks.

As the economy starts to pick up and there is growing demand and job availability in various sectors, the next round of research could provide a more positive outlook, but the upcoming drought, and continuous uncertainty in politics could also maintain or intensify the existing negative impact of the crisis.
# Annexes

## Annex I

### Breakdown of Respondents

<table>
<thead>
<tr>
<th>Areas/Provinces</th>
<th>Target Group</th>
<th>FGDs</th>
<th>IDI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td><strong>Bangkok</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Klong Toey</td>
<td>7</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>- Daily wage earner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- small business owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4 women are heads of household – head HH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bungkum</td>
<td>8</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- accessory makers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- garbage collectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Romklaow</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>- Home Workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Motor Cycle Taxi Drivers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Head, Informal Sector Network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wangthonglang</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Home workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(clothes making)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3 women head HH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>13</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

<p>| <strong>Samutsakorn province</strong> |      |        |     |       | |
|---------------------------|------|--------|-----|-------| |
| <strong>Muang district</strong>        |      |        |     |       | |
| Chamber of Commerce, Federation of Thai Industry | - | - | 2 | - | 2 |
| Employment Department     | 6    | 6      | 1   | -      | 13   |
| (1 woman head HH)         |      |        |     |       | |
| Migrant workers           | 10   | 9      | -   | -      | 19   |
| Textile factory workers and | 3    | 1      | 1(owner) | - | 5 |</p>
<table>
<thead>
<tr>
<th>Areas/Provinces</th>
<th>Target Group</th>
<th>FGDs</th>
<th>IDI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td></td>
<td>owner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>19</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Ayutthaya province</td>
<td>Factories</td>
<td>6</td>
<td>17</td>
<td>5 (HR 4, labor union 1)</td>
</tr>
<tr>
<td></td>
<td>Employment Department, Welfare and Protection Department</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6</td>
<td>17</td>
<td>6</td>
</tr>
</tbody>
</table>
| Nakhonratchasrima province | Employment Department | 3 | - | 1 | 2 | 6 *
| Muang, Korat | Business sector, Chamber of Commerce, Real estate, automobile, small retail business, media, retails, media, NGOs | - | - | 6 | 2 | 8 *
<p>| Railway slum community | Urban poor | 3 | 2 | - | - | 5 |
| Kookkamin | landless | - | 2 | - | - | 2 |
| Don E-lum village, Prathai | Remittance / with land | 4 | 4 | - | - | 8 |
| | (1 woman head HH) | (1 woman head HH) | | | | |
| | Remittance / Land less | 1 | 2 | - | - | *3 |
| Non-Kee Lek, Prathai | Remittance / with land | 1 | 1 | - | - | 2 |
| | Remittance/landless | 1 | - | - | - | 1 |
| Nongtaklai | Landless | 1 | 6 | - | - | 7 |
| | (2 women head HH) | (2 women head HH) | | | | |
| Muang | Business sector, agriculture | - | - | 1 | - | 1 |</p>
<table>
<thead>
<tr>
<th>Areas/Provinces</th>
<th>Target Group</th>
<th>FGDs</th>
<th>IDI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>14</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Male participants in FGDs 59
Female participants in FGDs 63 (Female headed households 12)
Male participants in IDIs 19
Female participants in IDIs 9
Total 150 participants
# Annex II

## Short summary of each target group

<table>
<thead>
<tr>
<th>Target group</th>
<th>Urban poor</th>
<th>Unemployed workers</th>
<th>Migrant workers</th>
<th>Formal workers</th>
<th>Rural poor with land</th>
<th>Rural poor without land</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area</strong></td>
<td>Informal sector workers in Bangkok and Nakhonratchasrima provinces: Klong Toey, Romklaow, Bungkum, Wontonglang areas, and along the Railway in Nakhonratchasrima province.</td>
<td>Samutsakorn</td>
<td>Samutsakorn</td>
<td>Samutsakorn, Ayutthaya</td>
<td>Nakhonratchasrima (Korat)</td>
<td>Nakhonratchasrima (Korat)</td>
</tr>
</tbody>
</table>
| **Positive change** | • Some families experience better relationships as they have to consult one another of how to manage family finance.  
• People receive benefit from the recent government livelihood/employment stimulus scheme such as universal health scheme, free transportation, water and electricity, free education policy, and elderly cash transfer support. | • Some people are benefit from the recent government livelihood/employment stimulus scheme: half of salary (8 months) from social security fund; free transportation, water and electricity, free education, elderly transfer and income generating activities. | • Job opportunities have increase. Many have job to do all season (fishery and fishery related sector)  
• Have more flexibility changing jobs.  
• Receive better management and welfare benefit. | • Receive more benefit from the employers due to the shortage of labor.  
• Workers who work in industrial sector had earned more money because they had more overtime jobs. | • Higher prices for agricultural products  
• Receive benefit from the government stimulus schemes; 30 baht health scheme, and over 60 years old receive 500 baht cash transfer and free education policy. | • Receive benefit from the government stimulus schemes; 30 baht health scheme, and over 60 years old receive 500 baht cash transfer and free education policy. |
| **Negative change** | • Increasing of debt, drug, crime and gambling problems.  
• Loan refinancing is impossible for the informal sector workers as they cannot reveal the names of their loan sharks.  
• There is less garbage to be collected with higher competition from many new garbage collectors.  
• Slow down in subcontract work | • Increasing costs of living.  
• Instability of income  
• More debt | • New policy regarding proof of nationality has had some negative impact. It was a rumor that once the information of the workers reach the government in Myanmar, the | • Workers worked in the assembly line with long working hours and they were having high levels of mental and physical stress.  
• More debt to pay off especially from | • Reduction of remittance due to baht strengthening and less over time work.  
• Higher costs of living. | • Higher costs of living.  
• Less job available as farming tends to rely on machinery.  
• More debt  
• Receive less and irregular remittances. |
<table>
<thead>
<tr>
<th><strong>Work Availability</strong></th>
<th><strong>Wages and Income</strong></th>
</tr>
</thead>
</table>
| • Instability of income  
• Unable to benefit from the government-sponsored debt refinance scheme  
• Increasing price of raw material and cost of living  
• Competing to deliver customers (taxi drivers and motorcycle)  
• Using their long term savings funds for housing to bail out their debt.  
• Work longer hours  
• Much allocation of labor within the household. Many females and children have to shift in their times to help increase income. Children have to work after school. | • Low wage and instability of income  
• Illegal migrant workers receive lower wages than Thai workers.  
• Earn more than minimum wages and receive more benefit from over  
• More income from agricultural products but less income from  
• Less income |
| • Work longer hours  
• Much allocation of labor within the household. Many females and children have to shift in their times to help increase income. Children have to work after school. | • More flexibility in terms of finding jobs.  
• Some feel that they have higher competition with migrant workers.  
• More flexibility of work with over time job.  
• Several workers who work in factory felt insecurity on their jobs while challenge the economic crisis and some workers were afraid to fire from their job or reduce their welfare. Therefore, economic was better than before, but they also felt insecurity in their job and seek their new opportunities on their occupation such as continued to study or saving etc.  
• More work as the price of agricultural products rise.  
• Limited education and skills are the key factors that reduce their opportunities to find jobs  
• Majority of these people interviewed are elderly, thus difficult to find job. |
| government might go to their families and tax them. As much as they would like to leave the country and work in Thailand, this policy would force them to go back home. | | • Higher vulnerability in terms of their housing/living space.  
• Cannot get access to village fund as they feel that the committee thinks that they are poor and unable to return the funds. |

**Wages and Income**  
Their wage and income was reduce  

**Work Availability**  
Less work as companies has become more mechanized.  
Competition among informal workers especially in the independent activities such as operating own food stalls.  
Limited education and skills are the key factors that reduce their opportunities to find jobs.
| Safety Nets | • NGOs, temples, savings group, neighbors, and some government’s stimulus package | • Social security fund and Government’s stimulus package | • NGOs, friends, relatives | • Companies such as setting up a savings group for workers, relatives, friends, and Labour union | The Bank for Agriculture and Agricultural Cooperatives, and Village Funds | • Village headmen, relatives and neighbors | time and welfare support. | remittance. |
## Annex III
### Coping Strategies employed by six vulnerable groups

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change job</td>
<td>2 (to be hired by NGO and have more secured daily wage)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4 (work in different factory)</td>
<td>-</td>
</tr>
<tr>
<td>Be a member of a savings group and get some welfare benefit</td>
<td>24</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Get loan from loan shark</td>
<td>21</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Forming a group to find contracting work and Divide up the work among members.</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Seek more knowledge, skills and advices from NGOs and other agencies</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Get housing from Village headman</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Stay at Daughter’s house which might be sold in the future</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rely on remittance from husband and children (but in a much reduced amount and irregular)</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ask village headman to help find daily labor work</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pawn or sell value stuff</td>
<td>10</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reduce consuming expenses</td>
<td>47 (all)</td>
<td>-</td>
<td>-</td>
<td>27 (all)</td>
<td>19 (all)</td>
<td>12 (all)</td>
</tr>
<tr>
<td>Buy low quality of consuming products</td>
<td>47 (all)</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>which are cheaper (buy chicken’s or duck’s rip instead of meat, pig’s fat instead of cooking oil, eggs and mackerel instead of pork, soft boiled rice instead of jasmine rice )</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Buy food instead of cooking</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease drinking alcohol</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Buy low quality of goods which are cheaper (cigarette to tobacco, alcohol to traditional liquor)</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Decrease study expense of children (sports, musical instruments, foreign languages)</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work extra jobs</td>
<td>20</td>
<td>11</td>
<td>5 (weave and sell cloth)</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Increase work hours</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Have their children serve monks to get free food</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Have their children work after school (i.e. selling garlands or lottery-result leaflets at the traffic junction)</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reduce leisure or visiting relatives in other provinces or other districts</td>
<td>47(all)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan from credit cards</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Get food or other stuffs from relatives who live in other provinces</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
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</tr>
<tr>
<td>Own a small business</td>
<td>1 (sell food)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buy groceries by credit</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Register to Government’s Refinance Project</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Help looking after children of the other to save child care cost</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work harder to save more money in case of emergency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Decrease the number of main dishes in each meal from three or two dishes to one dish</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Reduce amount of remittance or prolong sending money home</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>19 (all)</td>
<td>-</td>
</tr>
<tr>
<td>Share food with neighbors</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Cook by themselves instead of buying</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Go back to accommodation with friends to protect themselves from criminals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Go back to Myanmar if compelled to have nationality proved</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>Use saving money</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Join government’s career training program (Ton Kla Ar Cheeve)</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Borrow money from friends or relatives</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Register with Social and Welfare Department to get pension for unemployed</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Go back home in another province to work</td>
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<tr>
<td>in farms</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Buy a lot products each time to have cheaper prices and save travelling cost</td>
<td></td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Further study to enhance working potential</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 (engineer staff)</td>
<td>-</td>
</tr>
<tr>
<td>Take a bus offered by a factory instead of using personal car</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Use NGV instead of gas</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Do a household account</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Get loans from a village fund or a bank for agriculture and agricultural co-operatives, or government savings bank</td>
<td>3</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Sell or mortgage rice fields to have money to send their children work abroad</td>
<td></td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grow rice, plant vegetables</td>
<td></td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant vegetable in public space/ catch fish or crabs in the river</td>
<td></td>
<td>-</td>
<td>1</td>
<td>-</td>
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</tr>
</tbody>
</table>

**Note that one respondent could choose more than one item.**
Annex IV
The Royal Thai Government’s Economic Stimulus Package

On January 13, 2009, the Thai Cabinet approved the framework for economic stimulus plan, as agreed upon by the Committee of Economic Ministers on January 7, it also approved the allocation plan for the 115 billion baht (US$ 3.3 Billion) mid-year budget of the 2009 fiscal year with the aim of reinvigorating the Thai economy with the most effective and direct impact as well as quick result.

The Royal Thai Government’s Economic Stimulus Plan is a package comprising three sets of measures to bring money directly into the hands of the people – ranging from farmers, workers outside the agricultural sector, parents, low-income and regular salary earners and senior citizens to business- in order to boost domestic consumption which will in turn help boost the manufacturing, agriculture and other business. The package include measures to increase people’s income (i.e. one-time payment of 2,000 baht for people in low income [with salaries less than 14,000 baht per month] including government officials, state enterprises’ employees and private sector employees under the Social Security Funds), measures to alleviate senior citizens’ cost of living (including provision of additional monthly sustenance allowance), and measures to reduce people’s daily expenses (such as extension of a subsidy programme of free water and electricity for small households, free bus and train rides for commuters, the 15 year free education programme, and reduction of other expenses associated with education such as uniforms, textbooks).

In addition, the Thai Government will implement specific programmes to address the unemployment problem which will cover those risk of being laid off, programmes include support for the production sector (including tax measures to business particular export and tourism sectors), agricultural sector (including price stabilization for agricultural produce) and tourism sector (including implementation of an integrated plan to restore confidence in targeted foreign countries.

In line with the economic stimulus package and the Royal Thai Government’s policy, the Thai Government also approved the allocation of its mid-year budget totaling 115 billion baht for 16 programmers / projects to restore and enhance economic confidence and to general people’s income and improve quality of life and social security, as well as for reserve for emergency expenses and for covering treasury account withdrawals.
# The Royal Thai Government’s Economic Stimulus Package

<table>
<thead>
<tr>
<th>Programme / Project</th>
<th>Budget (million baht) / (approx US$ m.)</th>
<th>Target group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Plan on restoration and enhancement of economic confidence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Alleviation of the cost of living of people and civil servants</td>
<td>Baht$ 18,970.4 / US$ 545.1</td>
<td>Low-income employees/ people replying on salaries</td>
</tr>
<tr>
<td>1.2 Extension of Five-measures-for-six-months programme to reduce people’s cost of living</td>
<td>Baht$ 11,409.2 / US$ 327.8</td>
<td>People in low-income groups</td>
</tr>
<tr>
<td>1.3 Water supply development for farmers</td>
<td>Baht$ 2,000 US$ 57.5</td>
<td>Farmers</td>
</tr>
<tr>
<td>1.4 Local road construction in villages</td>
<td>Baht$ 1,500 US$ 43.1</td>
<td>People / communities</td>
</tr>
<tr>
<td>1.5 Commercial project to help the public (e.g. cheap goods markets)</td>
<td>Baht$ 1,000 US$ 28.7</td>
<td>People in low-income groups</td>
</tr>
<tr>
<td>1.6 Tourism promotion</td>
<td>Baht$ 1,000 US$ 28.7</td>
<td>Tourism and other related industries</td>
</tr>
<tr>
<td>1.7 Development of small reservoirs for water management</td>
<td>Baht$ 760 US$ 21.8</td>
<td>Farmers</td>
</tr>
<tr>
<td>1.8 Promotion and support for food industry and SMEs</td>
<td>Baht$ 500 US$ 14.4</td>
<td>Private sector</td>
</tr>
<tr>
<td>1.9 Restoration of confidence and promotion of national image abroad</td>
<td>Baht$ 325 US$ 9.3</td>
<td>Overall restoration of confidence and revitalization of the economy</td>
</tr>
<tr>
<td><strong>2. Plan on income generation and improvement of quality of life and social security</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 15-year free education programme</td>
<td>Baht$ 19,000 US$ 545.9</td>
<td>Students / parents</td>
</tr>
<tr>
<td>2.2 Sufficiency economy for community development</td>
<td>Baht$ 15,200 US$ 436.8</td>
<td>People / communities</td>
</tr>
<tr>
<td>2.3 Income security for senior citizens</td>
<td>Baht$ 9,000 US$ 258.6</td>
<td>Senior citizens</td>
</tr>
<tr>
<td>2.4 Capacity-building for the unemployed to add economic and social value for communities</td>
<td>Baht$ 6,900 US$ 198.2</td>
<td>Farmers / labour outside the agricultural sector / businesses</td>
</tr>
<tr>
<td>2.5 Promotion of village public health volunteers</td>
<td>Baht$ 3,000 US$ 86.2</td>
<td>Public health volunteers</td>
</tr>
<tr>
<td>2.6 Housing for junior police officers</td>
<td>Baht$ 1,808.8 US$ 51.9</td>
<td>Junior police officers</td>
</tr>
<tr>
<td>2.7 Improvement of health stations</td>
<td>Baht$ 1,095.8</td>
<td>US$ 61.5</td>
</tr>
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</tr>
<tr>
<td>3. <strong>Management plan for emergency circumstances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve budget for emergency expenses</td>
<td>Baht$ 2,391.3</td>
<td>US$ 68.7</td>
</tr>
<tr>
<td>4. <strong>Expenditure to cover treasury account withdrawals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds to cover treasury account withdrawals</td>
<td>Baht$ 19,139.5</td>
<td>US$ 550</td>
</tr>
</tbody>
</table>

*Source: Royal Thai Government House, 2009.*