

Summary of the 2001 Year-end Conference
On
Poverty Reduction Strategies*

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“We may not be able to eradicate poverty in all dimensions and senses of the word, but we can eradicate the kind of poverty that will turn into problems, so that poverty does not equate to inadequacy, deprivation and despair.”

*H.E. Mr. Anand Panyarachun
2001 Year-End Conference, closing remarks*

During the First to the Seventh National Economic and Social Development Plan (1961 - 1996), Thailand enjoyed the average annual economic growth of 6.8 percent. Within this period, the country's poverty incidence was reduced from 57 percent of the total population to 11.4 percent, or 6.8 million people in 1996). However, since the 1997 economic crisis, the poverty incidence has been steadily rising, from 12.9 percent in 1998 to 15.9 percent in 1999, or 9.9 million people. (Porametee and Pattama 2001; NESDB 2001a).

Even though the numbers showed a steady reduction of poverty incidence prior to the 1997 economic crisis, a number of poor people still feel that they were pushed into severe state of deprivation during such period. Issues of injustice and unequal treatment toward the poor, or among different groups of the poor, are often cited. Criticisms toward the government's approach to poverty reduction include:

- Too much reliance on economic growth where measurement of poverty has been based on income alone
- Implementation of certain policies that push some poor people into structural poverty
- Failure to promote fair income distribution.

Since the recent economic crisis, Thailand is faced with high debt and fiercer trade competition. Degradation of natural resources remains, and a number of social, economic and legal structures require reform for recovery and sustainability. The government is finding itself with less resources to handle the rise in

poverty incidence and other dimensions of poverty that are not shown in the numbers.

The 2001 Year-end Conference on “Poverty Reduction Strategies” was organized with the following objectives:

1. To present background research as input for debates on appropriate poverty reduction strategies
2. To exchange views and experiences on effective poverty reduction strategies among representatives from diverse groups
3. To seek recommendations on appropriate poverty reduction strategies.

Five hundred and eighty-two participants attended the conference, from the public sector, the private sector, the people's sector (NGOs), civil society organizations, and the poor. Thirty-four papers were distributed at the forum. Five group discussions were organized. Experiences were shared, options debated and most importantly, the voices of the poor were heard.

VOICES OF THE POOR

It was the intention of the co-organizers to involve the poor in the conference as much as possible. The conference started with a plenary session where the life of Mr. Prajak was presented in the form of a video. The video traces problems of his poor family, including his wife and daughter who migrated to Bangkok with him,

* *The conference was jointly organized by the Chai Pattana Foundation, the Community Organizations Development Institute, the Office of the National Economic and Social Development Board, the Bureau of the Budget, and the Thailand Development Research Institute, during November 24-25, 2001, at the Ambassador City Jomtien, Chon Buri.*

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and of his parents and brothers who are still in Ubon Ratchathani. The problems of Prajak's family revolve around the lack of stable income, high debt, little access to formal credit, change of life style due to government rules and regulations, and lack of power to negotiate with the government.

A panel discussion among representatives of the poor followed. This was based on a research conducted by representatives of the poor themselves. Studies were conducted in 10 communities, two in the urban area and eight in the rural area. The studies identified 1) characteristics of being poor, 2) causes of poverty, and 3) alternative solutions out of poverty. Research teams from the Community Organizations Development Institute (CODI) and the Thailand Development Research Institute (TDRI) conducted separate study on poverty situation at the locality.

Characteristics of being poor

Box 1 shows characteristics of being poor from the Poor's Point of View. Box 2 shows aspects of poverty in the view of academics and activists. Somchai (2001b) notes that the poor tend to emphasize factors that are close to their everyday lives and easy to understand. Most of these characteristics can be classified as 'causes,' 'effects' or both, of poverty. Characteristics of being poor as viewed by academics and activists are not in conflict with those of the poor, but go beyond to cover other structural dimensions that could be explained as causes of poverty. Common characteristics of poverty both in the views of the poor and academic and activists deal

Box 1: Characteristics of Being Poor: The Poor's View

1. General economic characteristics: Not enough to eat, low/insufficient/uncertain income, too few earners in the household, high expenditure.
2. Debts and assets: Indebtedness, no land to use for agriculture, no assets, poor house condition, lack of household appliances.
3. Occupations/personal characteristics: Making ends meet, mostly work for others, unemployment, no or low education, no job skills, old and having no one to depend on, poor health or being disabled.
4. Household characteristics: Large family with too many children, children posing burden, illness in the house.
5. Behavior: Struggle for survival, over consumption and consumerism, buying lottery, being drunk & lazy, non-socialize & self-separation, faking poverty to get assistance.

Source: Summarized from presentation of surveys of the poor by representatives of the poor, 4-5 October 2001, Pattaya, cited in Somchai (2001b).

Box 2: Academics' and Activists' Points to Consider for Poverty Reduction

1. Income and expenditure
2. Distribution of capital and income
3. Assets and capability to consume
4. Indebtedness
5. Basic needs, health, education
6. Basic services, electricity, clean water, safety in life and assets
7. Social capital
8. Living standard relative to expectation
9. Acceptance and respect from society
10. Choices and opportunities of personal life and of family
11. Voices to be heard
12. Spiritual

Source: Summarized from a seminar at the Thailand Development Research Institute, December 22, 2000, cited in Somchai (2001b).

with income, assets, indebtedness, basic needs, health, and education. Additional aspects of poverty as viewed by academics and activists encompass social, economic and political structural dimensions, such as social acceptance and respect, social capital, basic public services, rights to be heard, and (unequal) distribution of capital and income.

Causes of poverty, as viewed by the poor

Causes of the poverty in views of the rural poor and the urban poor differ in details and refer back to their living patterns, that is, being in the agricultural sector in the case of the rural poor, and lacking permanent residence and being unskilled migrant/laborer in the case of the urban poor.

Causes of poverty, as viewed by the rural poor

Some behavior and life patterns that attribute to poverty are: disrespect for self, lack of confidence, lack of protection, being drug/cigarette/gambling addict, lack of information, education and managerial skills leading to unsuccessful investment, imitation of consumption and production patterns without thorough contemplation, expenditure exceeding income due to high spending, cultivation for sale rather than family/own consumption, lack of savings both in monetary and non-monetary terms, greed, selling off land (to send children for higher education, yet children are unable to work at the locality nor find decent job due to economic situations).

Government policies have contributed to poverty, such as the government's promotion of agricultural production for both the domestic and export markets. This requires investment in new technology. Moreover, through this approach, there have been a shift to cash crops and a shift from cultivation for family consumption and selling the excess, to commercial production. With these shifts, along with deforestation and natural

resources degradation, the rural poor have had to face higher production cost while the price of produce remains low. Although the government has provided monetary support, this has come without sufficient educational/technical support. An example of this is where the government has provided support in the production and not the marketing aspects, thus paving way for injustice where people with higher resources and knowledge reap the benefits in the marketing of the produce.

The rural poor face the lack of arable land, inadequate land, or loss of land. Worse still, they are unable to live on forest resources as before and have had to use money to buy almost everything. A number of rural poor remain in poverty for their inability to pay off debt, having to make new credit every year. At the same time, social capital, family coherence and the use of local wisdom decrease.

The rural poor often lack the education and experience in group/organizational management, thus do not have group organization to help solve the community/village problems. Some ad hoc groups have been organized only to receive external funding, and some groups are organized by the initiation of public agencies and are thus not sustainable after the assistance has ended.

The rural poor also state that databases of the villages are constructed by public agencies and not the villagers. It therefore lacks participation by the villagers. As a result, planning by the people does truly not exist and production and development targets remain determined by outside influences, e.g., policies or public officials.

Causes of poverty, as viewed by the urban poor

Failure of rural development and being forced out of homes/shelters are two major causes of poverty for the urban poor, for most urban poor are rural migrants who settle down in deserted plots of land. Being forced out of their homes affect their earning and living patterns

significantly due to high cost for new shelter and having to move away from sources of income. Other causes of urban poverty include: inability to make ends meet, lack of investment capital, lack of access to formal credit, having to rely on informal credit with high interest, and relatively higher cost of living, especially higher utility costs.

Like the rural poor, the urban poor state that lack of knowledge in investment, management and marketing lead to failure in business operation. They agree that some people put themselves into poverty through drug abuse, gambling and alcoholism. However, while the rural poor state public policies as part of poverty causes, the urban poor point out more clearly to the economic situation. This particularly includes higher rate of unemployment and, interestingly, the fall of middle-class into the poor group and taking up the life style and job patterns of the poor group, resulting in fiercer job competition among the poor.

Solutions out of poverty from the viewpoint of the poor

Overall, most solutions out of poverty proposed by the urban poor and the rural poor are similar. At the individual and family level, they state the need for attitude change toward self-reliance. Both the urban and the rural poor view that reduction of expenses by cutting unnecessary expenditures and finding additional sources of income by taking on a second job are important. Both groups recognize the need for savings and stress the need for quitting drugs, alcohol, and gambling.

The rural poor stress attitude change with regards to agricultural cultivation, that is to shift back to the old lifestyle of family consumption first and selling the excess rather than cultivation to get rich. They also stress a change in production methods for the reduction of production expenses.

The urban poor stress the ability to learn new technology and improve knowledge in order to adapt to the fast changing lifestyle and further their career

Shifting back to the old lifestyle of family consumption first and selling the excess is a solution out of poverty as proposed by representatives of the poor.



development. Such enhancement in their skills should gradually improve their earnings and eventually help resolve the problem of being forced out of the land they encroached to make shelter and living.

At the community level, both the urban and rural poor stress arrangement of community welfare suggesting that there should be community cooperation in organizing groups, such as saving groups. The rural poor emphasize a wider variety of groups, such as group for savings, job development, housewives' group for additional income and natural resources conservation group. The urban poor stress assistance for children and the elderly, while the rural poor refer more to welfare in terms of cooperation credit.

The rural poor propose restructuring of the production and marketing system within the community via group planning, assessing demand and supply, and producing to serve its community first. They stress networking among the communities to exchange knowledge and increase negotiation power in order to attain the best buying and selling price. In addition, the learning process of the community needs to be encouraged via surveys to provide better understanding of the community. The rural poor also state that cooperation in natural resources management will lead to sustainability.

At the government/policy level, both the urban and rural poor state amendment of laws and support from the government to enhance the capability of the poor. Issues involved, however, noticeably differ.

The rural poor require promulgation of the community forest act, support of the community enterprise act, and amendment of laws that violate community rights and for fair distribution of resources. They also propose direct budget allocation to the community based on the people's community planning, and stress that the community must have knowledge of all information that concerns itself, that is, databases of public agencies must be revealed to the community. With regards to capability enhancement of the poor, the rural poor stress the change of public officials' role from implementation to facilitation and support. Areas where support is needed are continuing learning process within and among the communities, data collection using of local wisdom, and educational system to serve the community.

For the urban poor, land is not considered much as capital, but rather as residence and security. The urban

poor require such laws as the slum act, land allocation and establishment of funding for residence. They need development of managerial skills via learning through practical experience (e.g., promotion of savings groups and let the people manage, prepare accounting statements, and conduct preliminary audit). The urban poor also require the promotion of job development groups and establishing of funding for job creation and support.

Conclusion from the poor's views

From the poor's view on poverty, the following points can be derived for policy implications.

1. *Relative poverty.* This refers to being poor when compared to others or being poor as measured by both monetary and non-monetary terms (such as knowledge, education, skill and opportunity). Despite evidence of the rapidly improving living standard of the Thai people over the past 40 years, representatives of the poor still view that overtime the middle-income people fall more and more into being poor (see Table 1). Any future poverty reduction policies, therefore, cannot ignore the distributional aspects, where at the heart of the matter lies unequal benefits (or losses) from the past development process (Somchai 2001b).

2. *Structural poverty.* This refers to a family that is likely to remain in poverty for the following generation, or a person to remain poor without visible chance of getting out of poverty due to structural problems (be it economic, social or political). Two examples that can lead someone to into structural poverty are: lack of collateral for formal credit thus having to resort to loan sharks, and lack of arable land due to state evacuation for dam construction or forest conservation on one's farmland. This indicates that unequal distribution of positive effects from development and government policies are partly factors pushing the already poor or the not-so-poor into structural poverty. Specific policies are needed both for prevention and cure.

3. *Identification of Target Groups.* Distinction between the rural and urban poor implicates the need to categorize the poor into specific groups. Due to differences in the nature and causes of poverty of the various groups, solutions to their problems cannot be the same. Being urban and rural poor is one category. Other dimensions of poverty need to be studied and taken into account as well.

Table 1 Economic Status and Changes over the Past 30-40 years

Region	Ratio of Poor: Middle Income: Well-to-Do		
		Year 1991	Year 2001
Northeast	10 : 90 : 0	70 : 15 : 5	70 : 15 : 5
North	10 : 85 : 5	40 : 40 : 20	60 : 30 : 10
Central	25 : 60 : 15	50 : 40 : 10	50 : 40 : 10
South	10 : 80 : 10	40 : 45 : 15	50 : 35 : 10

Source: Representatives of Poor (CODI/TDRI meeting during 2-4 September 2001, Nakhon Nayok), cited in Somchai (2001b).

GROUP DISCUSSIONS

The five group discussions cover significant issues with regards to poverty reduction:

1. Economic development and poverty reduction
2. Strategies on creating opportunities and capabilities of the poor
3. Strategies on strengthening the community and capabilities of the poor
4. Social protection strategies for poverty reduction
5. Public sector reform strategies for poverty reduction

Group 1: Economic Development and Poverty Reduction

The questions dominating the discussion:

- Why is the problem of poverty still serious despite 40 years of development?
- Does the macroeconomic development framework play role in this? If so, where did it fail?

Thailand's prominent framework for economic development is the capitalist system. This relies on market mechanisms: price of products and allocation of resources are dictated by the market, the public or individuals are owners of production resources and state intervenes only when necessary. The objective of Thailand's economic development is to maintain continuous economic growth with sustainability and equality. Policies used are predominantly financial and monetary measures (flexible or contract), free international trade and finance, with emphasis on the industrial, service and urban sectors.

With regards to basic structure and philosophy in economic management, the group agrees that market mechanisms do not automatically lead to equal distribution of positive effects from development. This is due to lack of readiness of organizations, institutions, and rules and regulations. In the past, state intervention was utilized to reach a specific goal, and there were times when such intervention has generated negative repercussion on the poor. Promotion of competition may not have helped the poor as one may have expected, for the poor are usually not strong enough to enter the competition in the first place. Development via such system is also likely to lead to destruction of natural resources in which the poor seek shelter for self-reliance. In short, capitalism that relies primarily on market mechanisms has high risk, as power structure within such a system does not automatically facilitate the poor.

The group also agrees that economic growth helps reduce poverty, but growth alone is not enough and is not the only factor in poverty reduction. At the moment, the role of economic growth in poverty reduction has subdued. Therefore, although economic growth should still remain a development target and for business and political necessity, additional macroeconomic measures

to reduce poverty need to be in place. High growth, however, may not be highly necessary provided that existing resources are allocated for poverty reduction first and employment is fully promoted. In this case, sufficiency economy is an alternative solution.

The need for additional measures in poverty reduction rather than relying solely on growth and existing programs is confirmed by Warr (2001). The Ninth Economic and Social Development Plan (2002-2006) targets poverty incidence by the end of the plan, or 2006, at 12 percent of the total population, the growth rate of real GDP during the plan at 4 to 5 percent, and inflation at 3 percent. Past statistical relationship between poverty reduction on the one hand and growth and inflation on the other, indicates that even if these growth and inflation targets were achieved, they would imply no reduction in poverty incidence relative to the level of the beginning of the Plan. For the targeted reduction of poverty to be accomplished, additional policies are thus needed.

Income distribution and poverty incidence were also discussed, where coordination policies and measures are needed for both. Reform for a more direct tax structure, taxation on unused land or advanced tax structure for people with many plots of land and decentralization of fiscal power to local communities are options for income distribution strategies. However, these measures tend to solve more of the income distribution problem than the poverty problem.

The group recognizes the importance of knowledge and information in poverty reduction. The learning process, both at the individual and community levels, can be learnt from the community's experience. There is also a need to develop accurate and timely national databases that include both physical capital and natural resources capital. Analytical methods of the poverty situation must take into account human capital, social capital, physical capital, and natural resources, in other words, the kinds of capital that are essential to capacity and opportunity development of the poor. In addition, development of science and technology as well as research and enhancement of managerial skills are important, and correct and accurate poverty indicators are also required.

One key strategy of poverty alleviation is sound and efficient macroeconomic management as macroeconomic stability is a supporting factor for income generation with low risk of volatility. Porameteer and Pattama (2001) recommend that in macroeconomic design and implementation, the following conditions should be taken into consideration:

- Effect on the poor must be taken into account.
- In cases where various alternatives for stable macroeconomic environment are available, the one that provides optimal benefit to the poor must be selected.
- Should there be a conflict between the overall economic objectives and benefits of the poor, the overall economic objective has to be maintained and additional measures to provide

social safety nets and protection for the poor need to be simultaneously implemented.

The group stresses differences between long-term and short-term strategies. In the long run, increase of productivity and alleviation of negative effects from nature, such as flood and climate, are important. The group also voices concern over utilization of resources during the present economic difficulty. Transfer of resources under direct management of the poor needs to be implemented with care, and capacity building and managerial skill enhancement must go hand in hand with the transfer of resources. At the same time, a good monitoring and evaluation system must be put in place.

Group 2: Strategies on Creating Opportunities and Capabilities of the Poor

The group discussed problems of capital, water, land, access to credit, the role of the Bank for Agriculture and Agricultural Cooperatives (BAAC), and creating opportunities and capabilities through community learning and grooming natural community leaders.

Water resource management and land management have been major problems affecting the poor in Thailand. Lack of water and arable land has deprived the poor of investment capital and of having a source for self-sufficiency. Unfairness in water allocation and land distribution is likely to aggravate the poverty problems into social conflicts. In the case of water resource management, for instance, Thailand has no laws, rules or regimes with regards to water allocation. Water rights are not specified, and surface water is under an open regime. People with more resources, power and labor thus have greater access to water, leading to inequality and unfairness. In addition, water shortage has made competition for water fiercer, particularly between highland users and lowland users on the one hand and national power structures on the other. The lack of law regulating competition for water and no recognition of the rights of highland users are likely to broaden into national security issues (Mingsarn 2001).

Thailand's water management policy emphasizes more on the requirement of water resource rather than its allocation. Mingsarn (2001) recommends that ownership of land and water resource should be separated, and water rights should be given to users. Granting of water rights should be done in grouping, with compensation payment to the group whenever water is drawn for use. This payment is to be taken to indemnify the poor. It is also noted that under the existing structure where rights of water users are not specified, collecting water fees that are equivalent to the opportunity cost would have a negative impact on the poor rather than solution. This is because the poor generally lack adequate accompanying factors of production, e.g., land, thus are unlikely to use water most efficiently. Accordingly, the poor is likely to be driven out of production should water be charged.

Land management and lack of arable land is another major problem for the poor. Currently, the number of landless farmers stands at 500,000 house-

holds, while the number of farmers who fully or partly rent the land has increased to 1.5 million households. The total land rental amounts to 14.85 million *rai*, and the land mortgage with unspecified period and specified period are 14.6 million *rai* and 200,000 million *rai* respectively. Meanwhile, the soil erosion problem spreads to over 108 million *rai* (Sopon 2001).

Existing policies on land management and allocation cover land rental control, land tax, land bank to assist farmers to repurchase their land, and educating farmers on preservation of soil fertility and water qualities. These policies, however, are still unsuccessful due to lack of continuity, unity, effective monitoring and evaluation system and management. The following measures are recommended to solve land-related problems:

- Accelerate the act of community forest.
- Solve the problems of land rights and land titling in the conservation area.
- Improve the land tax system (e.g., using advanced tax structure) for fair distribution of land ownership.
- Accelerate land reform through the Land Bank.
- Solve land mortgage problem by the Revolving Fund.
- Establish land information system.
- Encourage public participation in land resource management.
- Improve soil fertility.

Another problem with regards to the poor's opportunities is access to credit. More often than not, the poor do not meet the criteria for formal credit. Although the amount of liquidity channeled into villages is likely to increase every year (via the BAAC, commercial banks, special projects and other additional funds), the amount of credit received by the poor is still limited. More often than not, the poor do not have collateral or do not meet the criteria for formal credit. They thus resort to informal credit, such as cash loans from relatives, advanced purchase of goods, having lender using one's land until the debt is paid, and using pre-paid employees' wages and prices of products as loans. It is interesting to note that a significant amount of these loans is for daily or seasonal consumption. Formal credit to the poor can therefore be improved with the understanding that the rural poor have unpredictable source of income and their wages only cover daily expenses, thus borrowing is unavoidable. It is recommended that assistance from the government be given in form of consumption loans, educational welfare, free medical care, and grant aids for the disabled. Small investors should be given not only low- or no-interest loans but also advice and information on career development improvement of performance (Prayong 2001).

The BAAC is a major government's lending channel to the rural community. To best benefit from rural development, the BAAC is taking on a new role,

To best benefit from rural development, the BAAC is taking on a new role, from being a specialized financial institution into a Rural Development Bank.



from being a specialized financial institution into a Rural Development Bank. The new objective of the bank is to provide more diversified financial services which will focus on increasing employment opportunities in rural areas through increased labor productivity, supporting the integration of production, processing and marketing for value-added products. This should enhance the community income and promote the rural people's learning process.

With its new role, the BAAC will adopt a new management approach emphasizing more on performance agreements and assessments at both the policy level and at the operational level. Emphasis will be placed on the BAAC's performance in enhancing the quality of life and improving living standards of the rural people rather than financial return of the BAAC. Amendment to the BAAC Act is necessary to expand the scope of operations to cover providing financial assistance to community enterprises, rural enterprises and local authority, such as the Tambon Administrative Organizations and Municipality. The BAAC will also strengthen farmers' involvement with the bank, develop databases on agriculture and village level product and services, and support community master plan development (Ennoo 2001).

Besides the external and structural factors, solving poverty problems largely depend on the poor themselves: how they view themselves and the world around them. Study found that stories of success among the poor in terms of poverty reduction is the ability to independently generate new knowledge, a process that must go beyond individual knowledge to community knowledge. Through the community learning and action process, natural community leaders with local wisdom will be formed. These leaders need to have skills in management and in leading a community to change. This is done through the process of creating a community where people participate and know how to think properly, conduct community planning independently, develop commitment at the community level by way of taking action, and link with other communities to learn from and share experiences with them. In this regard, the role of the government is to support grouping, organization

and networking among the communities for sustainable creation of the intellectual force (Opert 2001).

All in all, the group concluded that problems that hinder the poor's opportunities and capabilities are:

- The poor being regarded not as individuals but the collective poor
- Unreliable and inconsistent information from the government
- The 'middle man' system, which needs to be revoked
- Lack of equality.

Solutions to these problems lie in an increase in the poor's ability to solve their own problems and a prerequisite for this is the ability to gain access or obtain allocation of resources.

Group 3: Strategies on Strengthening the Community and Capabilities of the Poor

Prateep (2001) views that the main reasons for unsuccessful attempts of poverty reduction are as follows:

1. National policies are not coherent nor in line with the local capability and demands.
2. Government officials lack adequate understanding of budgetary constraints which prevents multilateral and people-focused plan for centralized management.
3. Agencies' goal is to achieve targeted activities rather than promoting the learning process and human development gained from such activities.
4. The poor has limited access to public information and social services.

The group agrees that active participation and placing the poor at the center of the poverty reduction strategies is an important prerequisite of a successful poverty reduction scheme. The central question, therefore, is what needs to be done in order to attain this type of participation from the poor as part of the poverty reduction strategy.

The group points out to adjustment of thought, of the system, of activities and of the law. The goal of development or the meaning of being successful should be set at being happy and secured rather than being rich or wealthy. At the same time, the various dimensions of poverty and the poor need to be understood in order to tackle the problems effectively.

With regards to adjustment of the system, the public sector should reform at the central and local level, with decentralization of development activities, human resource allocation and budget to the community level. People's politics and network should be established for self-improvement and in order to counter the unfair structural power and corruption. At the same time, fair allocation of resources, be it water, land or credit, to the community must be promoted. System of work and the rules and regulations established by the agencies should be adjusted to correspond with the community's way of life. Moreover, cooperation among agencies involved need to be established to create the true "people's state."

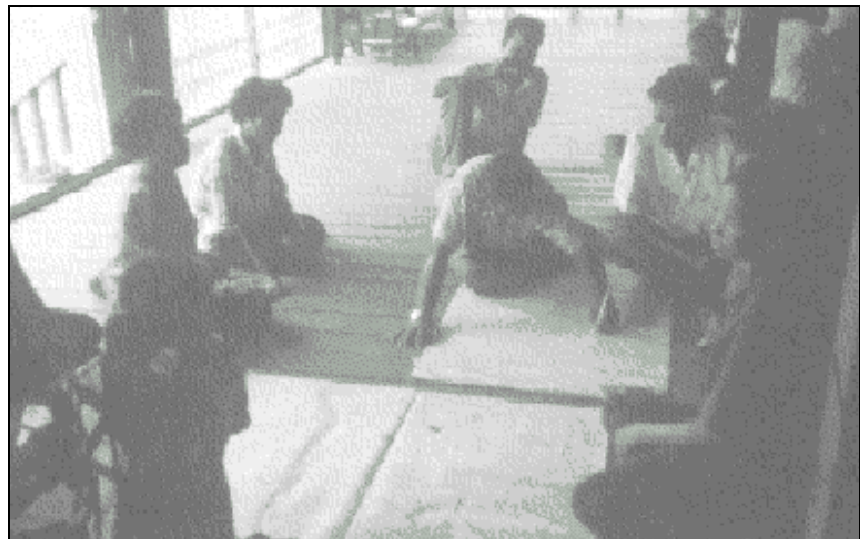
To adjust development activities, promotion of joint learning throughout the development process is needed. The media should be utilized to create awareness with the right attitude. The spirit of generosity should be created and nurtured in the community. Communities must be given the opportunity to establish their own databases and manage the various funds so that the problems are tackled at their roots. To promote the learning process, trainers must be developed and leaders be promoted and maintained. Communities should be encouraged to enhance their capability in community development and problem-solving skills. Skill and knowledge development of local administrators as well as promotion of role and ability of local academic institutions to take part in strengthening the community are equally important. In short, activities should not be viewed as an end in themselves but as means and tools for change in the way of thinking and the way relationship of parties involved are set. This is to enable the community to become a true center of development and poverty reduction.

For the people-centered approach of poverty reduction to materialize, laws with regards to people participation need to be promulgated. Public participation in law proposal or amendment should be promoted. Laws with regards to communal rights can be used as a catalyst. In addition, educational syllabus should be adjusted to promote analytical thinking, while men and women should have equal role in community development.

Group 4: Social Protection Strategies for Poverty Reduction

Social protection programs can be classified into four schemes: social insurance, labor protection, public assistance and social security related services (Worawan 2001). The group agrees that social protection should be regarded as the basic rights for the people. The questions raised are: 1) whether social protection should be in place as prevention or cure, and 2) whether social protection should be universal or targeted.

With regards to the first question, because all individuals have a chance to become poor unexpectedly (either from unemployment or sickness), insurance policy should be in place as a safety net. This includes health insurance, unemployment insurance and financial management schemes (e.g., provident fund). For the elderly, savings should be promoted with some assistance in form of government contribution. Social protection strategies should be planned in advance. The government cannot neglect the roles of communities in providing social safety net or protection, as communities are able to reach the right target groups effectively, have relatively complete information on the needy and their needs when compared to the government. In planning social protection strategies, however, one cannot neglect social assistance. This is because there are poverty problems of certain poor groups that cannot be prevented beforehand (e.g., being born poor and/or handicapped thus unable to work).



Equal role of men and women in community development is viewed to facilitate poverty reduction.

With regards to the universal coverage vis-à-vis targeting coverage, the group recognizes the necessity of both in different situations. For instance, health insurance or unemployment insurance should be universal. On the contrary, assistance to the ultra poor needs specifically designed sets of social welfare.

Other issues discussed cover the amendments of rules and regulations for higher efficiency. In many cases, receiving public assistance requires house registrar for identification and record. This pushes the marginal poor out of the formal assistance scheme, while ironically, more often than not; they are among the groups that need help the most. At the same time, a social warning system needs to be developed. Awareness must also be raised that actual providers of social protection are taxpayers and not the government. A note of concern is made that too much social protection may destroy generosity and a spirit of helping one another in a family.

The Social Security Office plans to launch the unemployment insurance (UI) program this year (2002). Administration of UI should be institutionalized with a UI commission being set up. Moreover, as the Thai labor market is highly dynamic, concerns should be carefully given to the design of eligibility conditions, types of insurable employment, the contribution or premium rate, the benefit period and replacement rate, and penalties of fault and misuses (Worawan 2001).

Group 5: Public Sector Reform Strategies for Poverty Reduction

Orapin (2001) lists the following problems of the previous public sector's efforts to reduce or eradicate poverty:

1. Redundancy and duplication in poverty reduction programs, as many programs are introduced and designed by different organizations or committees. Some programs are politically motivated, resulting in the broadening of objectives and goals so that implementing agencies can attach their own projects within the policy framework.
2. The allocated budget not reaching the targeted poor
3. Complex budget execution process leading to budget being approved and transferred at the end of the budget year, resulting in a rush to finish the project with less satisfactory performance quality
4. Centralized budget decision and allocation obstructing integration of related development projects at the provincial level, leading to inefficiency, ineffectiveness and redundancy
5. Highly bureaucratized system hindering public officials from efficient project implementation and public services

6. Public officials adhering to rules rather than quality of services due to the lack of a performance-based evaluation system
7. Ineffective monitoring and evaluation system as well as limited budget and lack of skilled evaluators
8. Lack of clear understanding on the part of local authorities with regards to their roles and function in poverty reduction programs.

Public sector reform for services to effectively reach the target groups with performance-based evaluation system and flexible management system will facilitate the success of poverty reduction programs. Public sector reform plan covers the following elements: bureaucratic structure and responsibility, budgetary system, human resources management, and rules and regulations.

The Performance-based Budgeting is another promising solution to past problems and inefficiency in the implementation of poverty reduction programs. It should be able to realize objectives of poverty reduction programs due to the requirement for clarity in specifying strategic areas, objectives, strategies, and linkages among government agencies. Within the new system, budget appropriation will be based on outputs and planned outcomes. To make the Performance-based Budgeting work to its full benefit, a systematic and effective monitoring and evaluation of performance is crucial. Coordination and cooperation among agencies involved both at the policy and implementation levels are also important. Moreover, additional techniques are needed in order to effectively set up a policy and to identify strategic areas (Bureau of the Budget 2001).

The group discussion concludes that with regards to the public sector's role, there are four major areas of concern for successful poverty reduction programs.

1. *Policy determination.* Policy planning should be long-term with enough flexibility to adapt to a changing environment for full efficiency. Decentralization policy should be stressed.
2. *Clear determination of target groups and problems.* Specific groups of the poor who are not covered in government schemes should be focused, potentially by having laws to recognize the rights of the poor to public services and social protection.
3. *Structural reforms.* Focus should be given to reform the budget system, educational system, public sector management, rules and regulations in order to attain efficiency, flexibility, with adherence to principles and self-sufficiency.
4. *Monitoring of public sector's operation and budget allocation for higher efficiency.* Past experiences show that budget allocation for poverty reduction has been ineffective, with only 1.6 percent of the budget reaching the poorest 20 percent of the population.

The group views that “empowerment” is the most important strategy of poverty eradication. Empowerment here covers two dimensions. The first dimension is the empowerment of the people, by providing opportunity for self-development and the ability to think independently, take action, and set life purposes. This will enable the poor to get out of the vicious cycle of poverty. The second dimension refers to the empowerment of the public sector. This includes decentralization of decision-making power to the locality so that officials at the local level can work jointly with the people to solve problems without having to wait for instructions from the central authority. To reach this goal, rules and regulations need to be relaxed via output budgeting. At the same time, the public sector should change their role from being instructor or operator, to being supervisor for promotion of social justice as well as facilitator and problem solver for the people. Last but not least, to ensure the effective system, comprehensive key performance indicators of public sector budgeting and operation must be developed.

CONCLUDING REMARKS

Poverty problems have become more complex both in terms of the nature of the problems and in terms of the conceptualization of people suffering from poverty, where there is the feeling of deprivation with no hope for a better life, and the feeling of being treated unfairly and powerless. The dynamism of poverty, relative poverty, structural poverty and injustice in resource allocations, all these are inseparable issues that need careful, specific yet coordinated analysis for effective policy planning and implementation.

The complexity of the poverty problem and its multi-dimensional feature require both universal programs and specific programs targeting the different groups of the poor. Most important of all, special attention should be given to the “ultra poor” as they normally do not participate in village programs and are likely to be overlooked by either the people-centered approach to poverty reduction or social protection schemes. Long-term and sustainable assistance to the structurally poor is another area where government invention is urgently needed.

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