



# Extending Sustainable Social Protection for the Informal Sector in Thailand

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## Abstract

The research on "Expanding Sustainable Social Protection for Informal Workers in Thailand" has four objectives: to study the current situation and the impact of the COVID-19 epidemic on informal workers; to study the existing social welfare system and social protection for informal workers; to assess measures to provide immediate government assistance to informal workers and their barriers to access; and to propose policies and measures to expand sustainable social protection. The research employed a qualitative method to collect data by organizing a focus group discussion and in-depth interviews with informal sector workers.

The findings reveal the spread of the COVID-19 pandemic in Thailand has affected informal workers, both Thais and foreigners, in terms of mental health and quality of life. The government assistance program is unsustainable, and the existing social welfare system cannot provide security for informal workers.

The researcher suggests the government improve the Social Security Act by: expanding the benefits of Section 40 insured informal workers to have benefits that are close to those insured under Section 39, issuing ministerial regulations or ministry announcements to enforce the law in detail, improving the management of the Informal Sector Occupation Promotion Fund by including representatives of the Informal Sector Federation to be part of the administrative committee, and clearly linking the network of government aid protection systems at both local and national levels.

**Keywords:** Sustainable Social Protection, Informal Sector in Thailand

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## 1. Introduction

COVID-19 is an emerging disease which started in Wuhan Province, in the People's Republic of China on December 30, 2019, and has spread to many countries around the world. As a result, the World Health Organization (WHO) declared it a pandemic on March 11, 2020.

The first patient with COVID-19 in Thailand was of Chinese nationality [1]. The government ordered public places and businesses in Bangkok to close and declared a state of emergency, prohibiting people from leaving their residences at night from the night of April 3, 2020. They also ordered to temporarily suspend the sale of liquor and prevent people from travelling across the provinces and closed the schools in August 2020.

The spread of COVID-19 continues to expand. Data from the Department of Disease Control as of July 31, 2021, found 597,287 cumulative cases, 18,912 new cases, and 4,857 deaths [2].

Economically, many people experienced a sudden drop in income. As a result, debt repayment ability has decreased, and overall debt has increased. During the past year, Thai households' debt increased by

about 500,000 million Baht, from 13,489,333 million Baht (79.8% per GDP) in the 4th quarter of 2019 to 14,020,730 million Baht (89.3% per GDP) in the 4th quarter of 2020. According to the Bank of Thailand, in early 2021, about 4,700,000 people were unemployed.

Informal workers are a large group of workers in Thailand. The National Statistical Office conducted a data collection on informal workers in the third quarter (July-September) of 2019. It found that 37.5 million of the employed population were unprotected workers. The lack of social security is predominant among workers is the informal sector, which accounts for about 20.4 million people, or 54.3 percent [3]. The National Statistical Office indicates that in Bangkok, there are 26.3 percent of informal workers. Occupational service workers in shops and markets, of which 7.75 million were severely affected by COVID-19[4].

In the first wave of the COVID-19 epidemic, the government issued remedial measures for both domestic and informal workers, consisting of eight main measures: 1. For labor groups, temporary workers and self-employed that are not covered by the social security system will receive 5,000 Baht per person per month for a period of 6 This group has 3 million people. 2. Special loan of 50,000 Baht per person at an interest rate of 35% per month with collateral. 3.

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An emergency loan of 10,000 baht per person at an interest rate of 1% per month without collateral. 4. The Thananukroh Office gets a low interest pledge by charging interest from the public at a rate of not more than 125 percent per month. 5. Extension of the personal tax payment period to August 2020 6. Increase the amount of deduction for health insurance premiums from 15,000 baht to 25,000 baht. 7. Exemption from income for medical personnel risks 8. Training to increase professional skills or organize social activities, including students who are still unable to find work in addition, on October 1, 2020, at 6:00 am, the government will open registration through the website [half-person.com](http://half-person.com) for “The 50-50 co-payment scheme (Kon La Krueng) the ‘half-per-person’ project to restore the economy at the foundation level. The government will pay 50 percent, but not more than 150 baht per person per day.

Subsequently, under the third wave of the COVID-19 epidemic situation, on May 5, 2021, the Cabinet approved the projects such as We Win scheme (Rao Chana), We Love Each Other scheme (Section 33 Rao Rak Kan), The more you pay the more you gain to increase purchasing power for those who need special assistance.

**Research objectives:** 1. To study the effects of the COVID-19 epidemic on informal workers.

2. To study the social welfare system and social protection for existing informal workers.

3. To evaluate measures to provide immediate government assistance to informal workers and barriers to access.

4. To propose policies and measures to increase long-term social protection for informal workers.

#### **Research questions**

1. Can the current state’s social welfare system, which provides the opportunity for informal workers to enter social security under Section 40 of the Social Security Act 1990, help informal workers to have security?

2. Will short-term government measures that come out by paying 5,000 baht per month for 3 months help solve the problem of informal workers?

3. Does the government need to amend the Social Security Act No. 4, 2015, the Home Workers Protection Act, 2010 and 2018, and the Labor Protection Act, 2019 or other laws? resulting in truly sustainable social protection of informal workers.

## **2. Literature review on social protection**

Social protection is a concept that dates to the Roman Empire between the 3rd and 5th centuries AD, during the era of Emperor Triyanus. Trajan was also known as Emperor Trajan. He organized a free grain distribution program to unite the poor citizens. A public fund was established to help the poor children of that era [5].

In the late 19th and early 20th centuries, Germany and the United Kingdom established a welfare system for the working class. During the Great Depression of 1930, the United States implemented an emergency relief policy for those severely affected by the Depression. Social protection is used in the welfare states of Europe and the rest of the developed world to maintain a standard of living and deal with poverty. Social protection in the modern era has broadened the scope of issues and objectives. It is now used as a policy guide in developing countries to address persistent structural poverty. Moreover, it is a measure designed to lift the poor out of poverty. Instead of providing coverage only during emergency situations, social protection is also used to reduce poverty in developing countries. To promote economic and social growth, the rationale behind social protection is to promote a dynamic, cohesive, and stable society for greater equality and security. Over the past few decades, social protection has become an important tool for improving the lives of people, including the poorest and most marginalized people in the world.

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International organizations have defined social protections as a right under Article 22 of the Universal Declaration of Human Rights (UDHR). It is a measure to protect the lack of income caused by illness, childbirth, work-related injuries, unemployment, old age, or the deaths of family members [6]. It is a program that helps individuals and society manage risk and volatility while protecting them from poverty [7], and to prevent, manage, and overcome situations affecting people’s livelihoods [8].

Social protection consists of policies and programs designed to reduce poverty by promoting effective labor markets [9]. It is also one of the United Nations Sustainable Development Goals [10], which aim to

eliminate poverty and promote greater social equality.

The three most common forms of social protection are: Labor market interventions which are policies and programs designed to promote employment; efficient operation of the labor market; and labor protection through social insurance. It reduces the risks associated with unemployment, poor health, disability, work-related injuries, and old age by providing health or unemployment insurance, and social assistance, which is the provision of cash or material assistance to vulnerable individuals or households. Single parents, homeless people, people with physical or mental disabilities, poor children, women, the elderly, and people with disabilities, including the displaced, the unemployed [11].

Social protection can contribute to economic growth, long-term development and help people permanently out of poverty [12].

### 3. Research Methodology

This research uses a qualitative research methodology, focusing on collecting insights of Thai and foreign informal workers in the manufacturing sector and the service sector. In-depth interviews and focus group discussions were used as data collection tools.

The sample selection for this research was purposive sampling. The researcher discussed with an NGO working with informal workers, "The Network of Informal Worker in Thailand" on who should be the sample according to the objectives of this research. The following are selected samples: 1. Three groups of home-employed workers, namely, Rom Klao garment subcontractors, Ladkrabang District, and Garment Group in Bang Khun Thian District, and the Goldware Production group, Chatuchak District. Total = 15 people.

2. Three taxi drivers who do not have their own cars, 3 motorcycle taxis, 3 street vendors, and 3 domestic workers.

3. Five leaders of the Informal Workers' Union

4. Three academics with expertise in informal labor

5. One lawyer who specializes in labor law and the informal sector.

### 4. Research Tools

The researcher has prepared questionnaires for homework recipients' discussion and three sets of in-depth interviews to be used as a tool for collecting data. Three experts were assigned to assess the consistency between the question and the research objective (the Index of Item-Objective Congruence (IOC)). The assessment result was an IOC value higher than 0.5, meaning the question was consistent with the objectives of the research at an acceptable level.

### 5. Research ethics

The Huachiew Chalermprakiet University Research Ethics Committee issued certification 965/2563 on the 20<sup>th</sup> of July 2020 approving this research. The researcher explained the purpose of the research, the methodology, the outcomes, including safety, consequences, and the right to terminate participation in this research project at any time before collecting data.

### 6. Research findings

Home-employed workers, taxi drivers, motorcycle taxis, street vendors, and domestic workers were seriously affected by COVID-19. They lost about 50% of their income, which affected their mental health and quality of life. (in-depth interview 3 groups of home-employed workers 3 taxi drivers, 3 motorcycle taxis, and 3 street vendors)

The current Thai Government's social welfare system and social protection for informal workers is to provide informal workers to access social security under Section 40 of the Social Security Act of 1990. Informal workers do not enter the Social Security system under Section 40 due to unstable income. Entering the social security system under Section 40 does not answer the job requirements of informal workers. At present, informal workers are already exercising their rights under The Universal Coverage Scheme (UCS) or health insurance card (gold card) for medical treatment. (in-depth interview 5 leaders of the Informal Workers' Union)

In relation to the Home Workers Protection Act of 2010, the study found that this Act can enable home-makers to receive fair wages, but on the other hand, it causes employers to have concerns in this respect as well. It makes getting the job harder because there must be documentary evidence of employment. Some employers find it difficult and therefore hire a worker who does not need documents to get the job done at home instead. including government agencies that do not see its importance. In addition, government officials were unable to answer legal inquiries or questions. When officials do not understand the law, they give the wrong advice. including those who accept work to do at home without knowledge or understanding of the law. It became apparent that this law was not effectively used despite its existence. (in-depth interview 3 groups of home-employed workers and 5 leaders of the Informal Workers' Union)

The measures to provide immediate assistance to informal workers did not help the informal workers. The government's remedies of 5,000 baht per month for 3 months did not help them to use it to build social stability in the long run. It does not help informal workers to use it to build social stability in the long term.

## 7. Discussion

The results of this study leading to expanding sustainable social protection for informal workers in Thailand are as follows:

### 1. Thailand's social protection system is still fragmented and weak.

The approach to social protection of several international organizations, including the ILO, World Bank, ADB, UNICEF, UNAIDS, describes social protection as a basic human right. It is a measure that benefits the poor, to cover loss of income caused by sickness, disability, childbirth, work-related injuries, unemployment, old age, or the death of family members. It is a collection of public and private policies and programs designed to reduce poverty and vulnerability by promoting an efficient labor market, reducing people's risk, and increasing our ability to protect ourselves from harm and disruption/loss of income. Its purpose is to reduce structural socio-economic vulnerabilities.

The COVID-19 crisis that occurred in Thailand as a test that Thailand's social protection system is not strong enough to withstand, in line with the research of Kusol Soonthornthada (2016) on *"Diversity of health and security for informal workers in Bangkok"* found that most of the injured informal workers did not go for medical treatment, accounting for 72.5 percent. Furthermore, informal workers receive 71.94 percent of their medical care through the universal health insurance card (86.59 percent). The social protection rights of informal workers are still very few compared to formal workers because of the limitations and inequality of access to services due to the lack of protection under the current labor law.

The lack of interest in the social security system from the informal sector may be due to uncertainty in wages and working conditions. As a result, informal workers are unable to pay contributions according to the conditions of membership in the social security system. The remaining 28.06 percent of injured informal workers did not use welfare to cover medical expenses. Most pay for their own medical expenses.

Social security is a welfare system to protect the benefits of insurers or individuals in the private sector. It is like the government's medical welfare system. However, the three amendments to the Social Security Act still focus on protecting workers in the government sector. There is only Section 40 of the Social Insurance Act, B.E. 2533, as amended by the Social Insurance Act (No. 4). B.E. 2558 stipulates that any person may apply to be an insured person under this Act to show their intention to the Social Insurance Office. At the Cabinet meeting on April 25, 2017, there was a resolution to extend the benefits for insurers under Section 40, who are informal workers, to have more benefits like those insured under Section 33, who are formal workers, by increasing the benefits as well as increasing membership options for informal workers. However, only a few informal workers enter

social insurance under Section 40. The sickness protection benefits are not attractive enough because they can use the rights to medical treatment in the 30 Baht health insurance system to treat all diseases [13].

Research findings on the impact of COVID-19 on taxi driver is like the previous research findings of Pakapon Salathong (2012) titled "Mechanisms to support the quality of working life of informal sector workers: a case study of taxi drivers in Bangkok," which found that most taxi drivers are renting cars. There is no security or safety in this occupation. Most of them take care of their health by taking a rest and buying medicines to take when they are sick. The researcher proposes expanding social protection for taxi drivers; for equality and fairness; support and development of income stability; establishment of a provident fund for taxi drivers; promoting and developing the potential of taxi drivers to achieve stability in occupation; budget grouping support for the welfare and professional welfare of taxi drivers. Measures should also be taken for the preparation of risk measures and the integration of laws and regulations to facilitate the career management of taxi drivers [14].

Research findings on the impact of COVID-19 on migrant informal workers who are domestic workers are like the research of Banyat Salee (2011) titled *"Informal Migrant Workers"*. This study found that the problem of informal migrant workers was that most of them have to work long hours. In many cases, the employer cheated on their wages and failed to pay the agreed amount. Informal migrants are unable to make a claim and dare not confront government officials for the crime of illegally working or working without a permit [15].

### 2. The Home Workers Protection Act 2010 lacks details of enforcement.

A review of the Home Workers Protection Act found many gaps, as follows:

1) Although there is a provision that empowers the Minister of Labor and the Director-General of the Department of Labor Protection and Welfare to issue ministerial regulations and direct the Department of Labor Protection and Welfare for effective law enforcement; it does not appear that the Ministry of Labor has issued a ministerial regulation specifying the type of work. In practice, the ministerial regulations on the protection of labor in work to be done at home, B.E. 2547, issued under the Labor Protection Act, B.E. 2541, Section 22, came into force instead, which have different intentions in promulgating.

2) Section 14 prohibits the employer from requiring or accepting a guarantee of work or a guarantee for damage while performing work unless the type, quantity, or value of the work performed may cause the employer harm. However, the request for or receipt of such security must be in accordance with the rules, procedures, and conditions prescribed by the Director-General. Until now, the Department of Labor Pro-

tection and Welfare has not announced the rules, procedures, and conditions for calling or receiving work guarantees or collateral for damage from work.

3) Section 21 categorizes hazardous work into 4 categories: (1) work relating to hazardous substances according to the law on hazardous substances (2) work to be done with tools or machines where the worker has been exposed to potentially dangerous vibration; (3) work related to extreme heat or cold which may be dangerous; and (4) other work that may affect health, safety, or environmental quality by the hazardous work under (2) to (4) prescribed by law to be in accordance with the Ministerial Regulation. There is no ministerial regulation issued under the Protection of Homeworkers Act, 2010, section 21. Therefore, it lacks clarity.

4) According to Section 24, *"the employer shall be liable for the cost of medical care, rehabilitation, and funeral expenses in the event that the worker experiences danger, illness, disability, or death as a result of the use of raw materials, equipment, or other things used in the work that the employer has prepared or delivered; or because the employer does not provide protective equipment for work safety; or in the event of an accident at the workplace."* At present, there is no ministerial regulation prescribing such rules, procedures, and rates of payment.

Therefore, it can be concluded that the Home Workers Protection Act, 2010 cannot provide guarantees that domestic workers will receive social protection in accordance with the intent of this Act.

### 3. The Informal Workforce Management Strategic Plan has not been implemented.

The Ministry of Labor has prepared the first strategic plan to manage informal workers, 2012–2016, with the vision that informal workers are protected and have social security leading to a better quality of life. The goal is for informal workers in all occupations to be protected by the social security system equally and fairly and with benefits close to those that formal workers receive. Moreover, the Informal Workforce Management Strategic Plan (Second Edition) 2017–2021 had been developed to ensure continuity from the previous plan, and to serve as a framework for the work of agencies under the Ministry of Labor, including agencies related to informal workers. However, an assessment by the Office of the Health Promotion Foundation (ThaiHealth) found that informal workers still lack social security. The Informal Workforce Management Strategic Plan was not put into practice. Informal workers therefore do not have a better quality of life according to the goals of the two plans.

#### Recommendations

The state should implement policies for "Universal Social Protection" in Thailand. The state should develop a high-quality and sustainable social protection system by clearly defining minimum standards for welfare and social protection services; integrat-

ing agencies related to social protection for informal workers; amend the Social Insurance Act, No. 4, 2015 by expanding the benefits for insured workers under Section 40 to be comparable to those insured under Section 33; revise the Home Workers Protection Act, 2010, Section 14, which prohibits employers from demanding or accepting work guarantees or guarantees for damage in work; Section 21 on dividing dangerous work into 4 types: (1) work related to hazardous substances according to the law on hazardous substances; (2) work to be done with tools or machines where the maker has been exposed to potentially dangerous vibration; (3) work related to extreme heat or cold; and (4) other work that may affect health, safety, or environmental quality by the hazardous work; ratify ILO Convention No. 98 to support the gathering of informal workers to play a role in building social protection for sustainable informal workers.

The Informal Workers' Union which is an informal worker organization should be empowered itself by strengthening its committee, its members, play leading role in pushing its demand on sustainable social protection for the informal sector, and monitor the government to implement the policies as above mentioned.

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