Thailand's Policy Perspectives on the (Third) Demographic Dividend

Pataraporn Laowong
The Office of the National Economic and Social Development Council

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Outline

01  The Thailand’s past and current population contexts

02  The medium – long term policies
01 The Contexts
Framing the demographic dividends

The demographic dividends (DD)

1st DD
The dividend from the increase of labour population that supported an economic growth.

2nd DD
The dividend from high saving. But this will happen in condition with higher labour productivity and strong saving system so that there is an achievement in wealth accumulation which in turns bolsters the economy.

3rd / silver DD
The dividend from economic & social capital gain from older adults. But the country can meet this if there are healthy and capable aging population.
Thailand transformed its economy from agriculture to export-oriented manufacturing.

Thailand was one of the world’s fastest growing economies before the Asian Financial Crisis in 1997 with a real growth rates at around 8%. Even after the 1997 crisis, the growth was still around 5%.

Main manufactured products are food, rubber, garments, chemicals, electronics etc.

The First Demographic Dividend in Thailand has its ending since 2011

Support Ratio, Thailand 2011 - 2040

Second- and Third dividend phase = capable and healthy humans

(source: OECD, Thailand's development trajectory: Past and future strategies. https://www.oecd-ilibrary.org/sites/a21090a7-en/index.html?itemId=/content/component/a21090a7-en)
In the past 10 years, the reap of the 2nd and 3rd demographic dividends are not clear

Growth Rate of GDP and Sources of Growth

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<tbody>
<tr>
<td>GDP Growth</td>
<td>5.76</td>
<td>2.96</td>
<td>3.50</td>
<td>1.18</td>
<td>4.18</td>
<td>4.22</td>
<td>2.15</td>
<td>-6.20</td>
<td>1.53</td>
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<tr>
<td>Sources of Growth</td>
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<tr>
<td>Labor</td>
<td>0.73</td>
<td>0.51</td>
<td>-0.15</td>
<td>0.01</td>
<td>-0.22</td>
<td>0.37</td>
<td>-0.23</td>
<td>0.06</td>
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<tr>
<td>Land</td>
<td>0.02</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
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<tr>
<td>Capital</td>
<td>2.05</td>
<td>1.94</td>
<td>1.65</td>
<td>0.83</td>
<td>1.45</td>
<td>2.02</td>
<td>0.86</td>
<td>-0.59</td>
<td>0.41</td>
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<tr>
<td>TFP</td>
<td>2.96</td>
<td>0.52</td>
<td>2.00</td>
<td>0.34</td>
<td>2.95</td>
<td>1.83</td>
<td>1.53</td>
<td>-5.67</td>
<td>1.05</td>
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Scenarios of labour demand in 2037 with a variation in labour productivity

The demand will drop around 2 mil. head counts for every 5% increase in the labour productivity

The goal in the 13th National Economic and Social Development Plan

Thailand as …..

- ‘ASEAN’s Digital and Smart Electronics Industry Hub’
- ‘High-value Medical and Wellness Hub’
- ‘World’s Major EV Production Base’
- ‘Leader for High-value Agriculture and Processed Agricultural products’
- ‘Strong, High-potential, and Competitive SMEs’


Do we have quality labour (yet)?

<table>
<thead>
<tr>
<th>6th pillar: Skills 0–100</th>
<th>value</th>
<th>score</th>
<th>Rank/141</th>
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<tbody>
<tr>
<td>Current workforce 0–100</td>
<td>-</td>
<td>51.4</td>
<td>↓ 91</td>
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<tr>
<td>6.01 Mean years of schooling years</td>
<td>7.6</td>
<td>50.7</td>
<td>↓ 96</td>
</tr>
<tr>
<td>Skills of current workforce 0–100</td>
<td>-</td>
<td>52.2</td>
<td>↑ 68</td>
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<tr>
<td>6.02 Extent of staff training 1–7 (best)</td>
<td>4.3</td>
<td>55.1</td>
<td>↑ 48</td>
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<tr>
<td>6.03 Quality of vocational training 1–7 (best)</td>
<td>4.1</td>
<td>51.6</td>
<td>↑ 74</td>
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<tr>
<td>6.04 Skillset of graduates 1–7 (best)</td>
<td>4.0</td>
<td>49.7</td>
<td>↓ 79</td>
</tr>
<tr>
<td>6.05 Digital skills among active population 1–7 (best)</td>
<td>4.3</td>
<td>54.3</td>
<td>↓ 66</td>
</tr>
<tr>
<td>6.06 Ease of finding skilled employees 1–7 (best)</td>
<td>4.0</td>
<td>50.4</td>
<td>↑ 86</td>
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</tbody>
</table>


Thailand PISA’s score 2000 – 2018 haven’t improved significantly

In 2021, NEET group is around 1.06 mils.

Source: The National Statistics Office (NSO)

Thailand PISA’s 2018 score in comparison with other countries is nearly at the bottom

Source: The Institute for the Promotion of Teaching Science and Technology, Thailand.
Building healthy citizens is still a challenging issue

An increasing mental health patients

The gap between life expectancy and the healthy one

Limitations to work
- Male: 6.3%
- Female: 8.6%

ADL problem (Activities of Daily Living)
- Male: 24.4%
- Female: 41.3%

IADL problem (Instrumental activities of Daily Living)
- Male: 17.8%
- Female: 30.4%

15-59 with healthy lifestyle
- (43% now with a negative trend)
- Male: 73.5% → 68.3%
- Female: 66% → 60%

adolescent birth rate (15-19 yr)
- (from 85,000 in 2018 to 52,000 births)

adolescent birth rate (10-14 yr)
- (from 2,500 to 1,600 births)

Healthy old age (68%)
- 19-29 / 30-44 yr with proper BMI (57%/50%)
- 6-14 / 15-18 yr with overweight (13%)

0-5 yr with proper physical growth/height (63%)

Early childhood development (85%)

maternity deaths
- (25.8 per 100,000 live births)

The 3rd demographic dividends is super challenging

Population structure by education level

Proportion of population aged 50+ who still work (Q3/2019)

Proportion of income of the old age

Source: old-aged employment survey 2021.
Source: UNFPA. Thailand population situation 2021.
02 The Policies
The expecting dividends with new contexts

The changes of FAMILY STRUCTURES

A climbing in household debt

<table>
<thead>
<tr>
<th>Household debt</th>
<th>yearly</th>
<th>Quarterly</th>
<th>Quarterly</th>
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<tbody>
<tr>
<td></td>
<td>2561</td>
<td>2566</td>
<td>2562</td>
<td>2563</td>
<td>2564</td>
<td>2565</td>
<td>2566</td>
</tr>
<tr>
<td>%YoY</td>
<td>6.0</td>
<td>5.1</td>
<td>4.1</td>
<td>3.8</td>
<td>3.9</td>
<td>4.0</td>
<td>4.7</td>
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<tr>
<td>Household debt per GDP</td>
<td>78.4</td>
<td>79.9</td>
<td>80.3</td>
<td>83.9</td>
<td>86.8</td>
<td>89.8</td>
<td>90.9</td>
</tr>
</tbody>
</table>

At Q1/2022, 35% of the household debt is housing loan, 28% is loan for household consumption, 19% is loan for business, 12% is car financing.
The population development plan for the long term national development (2022-2037)

- Quality family
- Long term care & palliative care
- Aged and die well
- Migration management (esp. high skilled labour)
- Healthy living
- Educational system revamp
- Financial security development
- Lifelong learning
- Digital technology
- Resource sharing between public and private
- Open up state operations to capable civil society or social enterprises with state monitoring & evaluation
- Proper shared contribution into a social protection system
- Strengthening local administration
- National & local vision and commitment
- Laws & regulations
- Data, database, and connected data system
- Enabling system to raise a child (support system at work/ career path / regional development)
- Born well
- Live well & participate in economic and social

Migration management (esp. high skilled labour)
The strategies

1. Promoting quality families and creating a family-friendly ecosystem

2. Increasing labour productivity

3. Enhancing personal financial security

4. Promoting healthy living to reduce premature mortality, and developing long-term and end-of-life care system

5. Creating an enabling environment to ensure quality living throughout the life-course

6. Managing migration
The strategies to harness both the 2nd and 3rd dividends

2.1 Promote a quality education system
- Upgrade the education system to equip population with the 21st century competencies and digital literacy
- Expand internet coverage to support learning

2.2 Develop various life-long learning pathways
- Design and integrate learning courses
- Develop databases on skill clusters and job market, and analyze future of jobs.
- Integrate lifelong learning infrastructure
- Provide minimum training vouchers
- Promote labor organization to strengthen their collective bargaining power

2.3 Increase quantity and quality of labor among vulnerable populations
- Promote non-stigmatization towards vulnerable populations
- Adopt competency-based employment
- Using a comprehensive package/approach for skill development due to multi-dimensional limitation of the vulnerables.
- Develop and integrate a database of vulnerable populations.

2.4 Retaining talents within the country
- Develop a formal mentorship/bridging system
- Provide funding for social enterprises that are in line with country development, as well as allow government agencies to outsource their projects to such enterprises
- Develop a system to connect Thai talents abroad

4.1 Promoting health literacy to prevent and control health risk factors
- Have a shared vision on reducing health risk factors
- Develop media and improve national curricula in order to promote and disseminate knowledge on health
- Applying behavioral economics, technology and innovations to public health policy
- Study and analyze risk factors contributing poor health in the next normal era and tackle that issues.

4.2 Develop a care system for the elderly
- Support a care plan for the elderly
- Develop a system to protect the elderly’s assets
- Develop a care system for the elderly and end-of-life patients

2. Increasing labour productivity
4. Promoting healthy living to reduce premature mortality, and developing long-term and end-of-life care system
**Policy Prioritization**

### Big Impact Policies

- **Education system** that can truly build key competencies for 21st century
- **Develop lifelong learning system** by integrating resources from public and private stakeholders / developing Labor Competency Development Fund
- **Develop clear frameworks and guidelines on jobs for low skills labors** and those vulnerable for being replaced by automation, piloting together with the development of communities with livability, good health and job opportunities
- **Pilot learning at the sub-district level**
- **Promote compulsory savings**

### Structural Reform

- **Define work patterns / adjust laws in order to encourage child and elderly care / change attitudes towards the role of fathers in caring for children and families**
- **Develop competency-based employment system**
- **Adjust attitudes of the society/ organizations to encourage and provide opportunities and flexible learning and employment models for vulnerable groups** (for example, NEETs/ ex-convicts)
- **Develop public-private/civil society partnership working system** that has the potential to take certain actions on behalf of the government based on having a reliable evaluation system
- **Develop measures under comprehensive package framework** so that the stakeholders can work on and meet the various needs of each group effectively
We need...

**A new focus**

**A new implementation**

1. Utilizing a 3rd level national plans (issue-based mid-term plan) to push up important agendas and projects
2. Analysing the existing gaps in the 3rd level plan to add up crucial operations at a ministry level
3. Piloting the important development strategies.

Social movement

1. Create awareness of the long term population plan
2. Build up consortium composing of stakeholders (state agencies, local administration, community, academia etc.) to make things happen.
3. Pilot certain projects with Monitoring & Evaluation
4. Analyze existing gaps and coordinate with line agencies and stakeholder at the provincial level to adopt the gaps in their plan with tackling strategies.

Consulting with related implementing stakeholders on the strategies chosen to select area for small implementation
Final remarks

To reap the 2\textsuperscript{nd} and the 3\textsuperscript{rd} demographic dividends….

• An economic structure has been changed from especially advancement in technology, it underlines the crucial skills that make people thrives. It may imply that a source of demographic dividends may be different from the past, or the weight of each factor are dissimilar to the past. A rigorous investigation will be useful for policy formulation.

• Challenges are more complex, the playing fields are multi-layered and multi-faceted. Thus, a new set of operations are in need, which a government has to adjust herself dramatically.

• In the case of Thailand, the untapped leftover 1\textsuperscript{st} demographic dividend (DD), together with redesigning & operating the edu. & skill development system (with a consideration on emigration tracking esp. the skilled workforce) for the 2\textsuperscript{nd} and 3\textsuperscript{rd} DD can be and have to be done together.

• Aligning NTA for monitoring and evaluating those policy implementations would be a nice combination.
THANK YOU