

## **“ELDERLY FUND” AS OF THE FUNDING SOURCE FOR MONETIZATION OF THAI ELDERLY**

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### **Abstract**

Nowadays, there are approximately 10,731,000 elderly persons or 15.8 per cent of all age groups (as of 2015) (Department of Economic and Social Affairs, 2015), implying that Thailand is a completely aging society. As this situation, the biggest problem is the elderly cannot participate in the labour market and they will not get enough income for their retired life. However, The Aging Survey found that some of old age persons wish they could work and 38.4 per cent of elderly persons are still working, majority of them work as business owner without employees (National Statistical Office, 2014; Amsuk, 2015).

According to this situation, Thai government has concerned and tries to solve this financial issue. The government would like to support the elderly who cannot start up their own business because of the budget. Therefore, in 2003, the government provided the monetary fund, called “Elderly Fund” which was established under the Elderly Aging Act 2003 (Office of Promotion and Protection of the Elderly, 2011).

The objectives of this article are 1) to provide the basic information of the Elderly Fund as the funding source for monetization of Thai elderly and 2) to reveal the amount of the Elderly Fund that government has provided until now, and explain the method and qualification to assess the fund.

As the research, the Elderly Fund was established by The Aging Act 2003, the section 13. The Fund has been started the service for personal aging / group / elderly service centre / and organization which work for aging since 2007 (fiscal year) (Office of Promotion and Protection of the Elderly, 2011) and The Office of Promotion and Protection for Child, Youth, Disadvantaged and Elderly who operate the Elderly Fund. The Fund has supported and helped in 3 ways: 1) case of personal, 2) aging group and 3) case of project.

There is no significant difference of method to access to the loan of the Elderly fund between personal, group and project. However, personal and group must be Thai and aged 60 years or over. The project supports the government organization, private organization or aging organization.

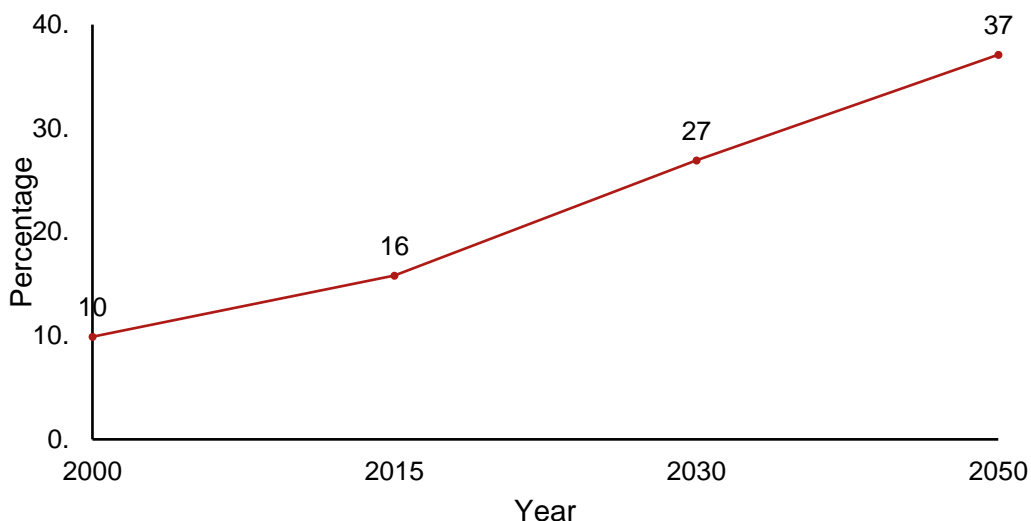
The amount of fund shows the huge difference between personal, group and project, majority of elderly persons participate in the fund as the personal case. So the amount of money that support the personal case has been highest. The total amount that Elderly Fund has provided since 2005 - June, 2016 for all cases (personal, group and project) is 1,508.7 million baht (43.62 million USD). Average amount of the fund which is spent per year is only 167.33 million baht (4.83 million USD).

**Keyword:** Elderly Fund, Monetization, Thai Elderly

## 1. INTRODUCTION

Aging proportion in Thailand has been growing rapidly and constantly over time. From figure 1 shows Thailand was experienced with aging proportion around 9.9 per cent in 2009 and then increased to 15.8 percent in 2015. However, forecasted data from Department of Economic and Social Affairs, United Nations (2015) shows the percentage of elderly in Thailand will rise to 26.9 and 37.1 in 2030 and 2050 by respectively.

Figure 1 the percentage of aged 60 and over in Thailand between 2000 - 2050



Source: Department of Economic and Social Affairs, 2015

The significant reasons why Thailand was experienced the aging society are (1) high fertility rate in the past and the higher survival rate of population (Knodel and Chayovan, 1996). (2) Medical and technologies development (Paker, 2002) were also the cause of the aging society in Thailand because these developments can improve the survival rate.

Aging society of Thailand has affected to socio-economic status of the country because most of elderly persons need the support from other social units such as family, communities or government. Hence, to cope with the problems, the government should issue the policy to support the elderly income (Amsuk, 2016).

One method that Thai government has been using to support the certain income of older person is the subsidy which called "*Elderly Allowance*" or "*Bea Young Cheap Poo Sung Ar-Yu*". The allowance provided for aging who did not receive any pension from central or local government, or state enterprise. Nowadays, the rate of allowance which is provided by the government is divided by age group. Firstly, senior person who age between 60 - 69 years old will receive for 600 baht (around 17.35 USD) (exchange rate as of August 31, 2016 at 1 USD = 34.58 baht). Secondly, aging who are between 70 - 79 years old will receive 700 baht per month (around 20.24 USD). Thirdly, age group between 80 - 89 years old will receive 800 baht (around 23.13 USD). And aging who are 90 years old or over will receive 1,000 baht per month (around 28.92 USD) (Buranasing and Prasertsak, 2012). Although, Thai government subsidy for the elderly person is not enough when it is compared with living cost.

However, becoming elderly without any jobs means the incomes will be mostly decreased and never be the same as the previous life. Even though the government subsidy can support but this small amount is never enough for their cost of living. So the lack of revenue was caused by (1) leaving from the normal labour market and (2) they have no budget for investment. As those reasons, "*Elderly Fund*" was founded. The Elderly Fund was set to support the elderly without interest in order to monetization. Furthermore, not only support, this fund also helps aging who try to get through the problem in their life without compensation.

The objectives of this article are 1) to provide the basic information of the Elderly Fund as the funding source for monetization of Thai elderly and 2) to reveal the amount of the Elderly Fund that government has provided until now, and explain the method and qualification to assess the fund.

## **2. THE ELDERLY FUND: BRIEF AND BASIC INFORMATION**

Referring to the section 13 of The Aging Act which was issued in 2003, the establishment of the Elderly Fund is mentioned and this fund has been operating by The Office of Promotion and Protection for Child, Youth, Disadvantaged and Elderly, under the supervision of The Ministry of Social Development and Human Security. The Elderly Fund was started the service for aging / group / elderly service center / and organization who working for aging in fiscal year 2007 (Office of Promotion and Protection of the Elderly, 2011).

The objectives of the Elderly Fund is to provide the budget to protect, promote and support the elderly people to be more potential, secure and improve the quality of life. Moreover, the fund assisted in the activity in the organization which operated for elderly. Therefore, the Elderly Fund provides the support to 3 groups 1) personal elderly person 2) elderly groups and 3) group of projects

The assistance from this fund is divided into 3 parts which are the assistance for the elderly in person, the second is for the elderly group and the third is for the project for the elderly.

The role of the Elderly Fund is to support the main activities as follows;

1. Project support for promote aging activities in case of group, club, service center, utility center, elderly organization and organization for elderly in the communities.
2. Project subsidy for elderly organization and organization for elderly.
3. The loan for business start-up for elderly group and in person.
4. Help the elderly who experienced violence or harassment, abandonment and including lacking of accommodation, food and clothing.
5. Subsidy for organization that provide the advice, consultation for the lawsuit, including to solve the problem in family.
6. Other issues as the National Seniors Council specify for highest benefit for aging base on the Aging Act 2003.

## **3. APPLICATION AND QUALIFICATION FOR FUND**

As mentioned above, The Elderly Fund provides the support to 3 groups 1) Personal elderly person, 2) Elderly groups and 3) Group of projects. The qualification of the applicant is as follows;

### **3.1 Personal and Group**

The elderly who apply for the fund to earn their income as a personal case or group, need to be 60 years old or more with Thai nationality. There is no specification of the limit of the minimum wage, this may cause the inequality of the opportunity to apply for the fund. However, the applicant will be evaluated for the suitability.

### **3.2 Elderly Organization or Organization Working for Aging**

Can separate by 2 types as follow:

#### *3.2.1 Government organization*

Must be agency with authority in protection, promote and support the elderly and was assigned to responsibility for perform by the announcement of The Prime Minister's Office in the issue of agency which accountable for performance by the Aging act 2003. Or responsibility for the protection, promotion and support for the elderly by the announced of Ministry of Social Development and Human Security.

#### *3.2.2 Private organization or aging organization*

1) Must be the organization is registered as corporation or get the certified as the commonwealth agency as definition by The Protection and Social Welfare Law. For this type of organization must have the process on protection, promoted and support for the elderly not less than 6 months.

2) In case of the organization that not registered as the corporation or not get the certified as the commonwealth organization as definition by The Protection and Social Welfare Law must running the activities as protection, promoted and support not less a year. And was guarantee by the government or public agency or the aging organization which registered as corporation or commonwealth organization certified as the organization with result of protection, promoted and support the elderly.

When considered in the field of reinforcement can explain by type of support as follow:

1) Personal and group can categorised by 2 type. First, loan for occupation supported and second is aid for the older person who experienced with trouble.

The aging who requested for loan in case of loan for occupation can borrow not over 30,000 baht (867.55 USD) per person. About group, they must have the group of aging not less than 5 persons. 100,000 baht (2,891.88 USD) is the limit of money to borrowing from fund per group. Reimbursement for personal and group must be paid back in monthly instalments within 3 years' period and without interest rate.

In case of aid for the older person who experienced with trouble. Elderly fund was support for build or renovate aging accommodation and not exceed 10,000 baht (289.18 USD). Moreover, fund was contributed 2,000 baht (57.83 USD) per aging who got the trouble about food supply or clothing. For both of support from the scholar in this paragraph is aid with no need of return.

2) Project type was assist for any project without need of return and can categorise as follow:

- Small project can request for fund not over 50,000 baht (1,445.92 USD)
- Medium project can request for fund around 50,001 - 300,000 baht (1,445.95 - 8,675.53 USD)
- Big project can request for fund more than 300,000 baht (8,675.53 USD)

Requests for support in project, the project will be financed from the Elderly Fund must be:

- Obviously of objective and performance process.
- Create participation of personal or agency or population.
- Project from government organization should be novel or urgent project. No budgetary support and is not ongoing project.
- Project from private organization or aging organization that not receives financial support from the government or other sources of funding. Except receive but it not enough.

#### **4. METHOD AND PROCESS TO ACCESS THE ELDERLY FUND**

Request for reinforce from the Elderly Fund can categories by 2 parts. One is the part of personal and group loaner and two is the part of project support.

For personal or group loan

From figure 2 that concluded by Kachanuban et al (2012) show steps and method for provide loan for case personal and group and can explain by follow.

First step, aging who wish to borrow some money from the Elderly Fund contact the officer for get the form of request for loan. Complete the form and prepare other documents that require by the fund. Then took it back to the officer.

Second step, after the aging done for first step, the second step is the respond by the fund staffs. They will check the filled document for make sure that all absolutely and follow the the fund specify. Then, the staffs contact the older person who sent the request form for man an arrangement for home visit.

Third step, officer make home visit. The cause for do home visit for make some interview and evaluate living conditions of elderly, check of necessary need for granted from the fund and assessment environment and other conditions. All of the result from home visit will be advantage screening data for approve or reject the fund. However, in the second and third step was running by local officers.

Fourth step, this step responsible by the central officers, after receive any document from local staffs the officers from central will analyse the necessary and suitable of business/job for borrowing from fund. The issue was considered such as the potential of elderly to working by themselves, capability of loan management and ability of reimburse, furthermore, in the necessary issue fund were considered on necessary for dependent on the Elderly Fund or can access to another fund that encourage for aging such as fund from financial institution, family or other government agency.

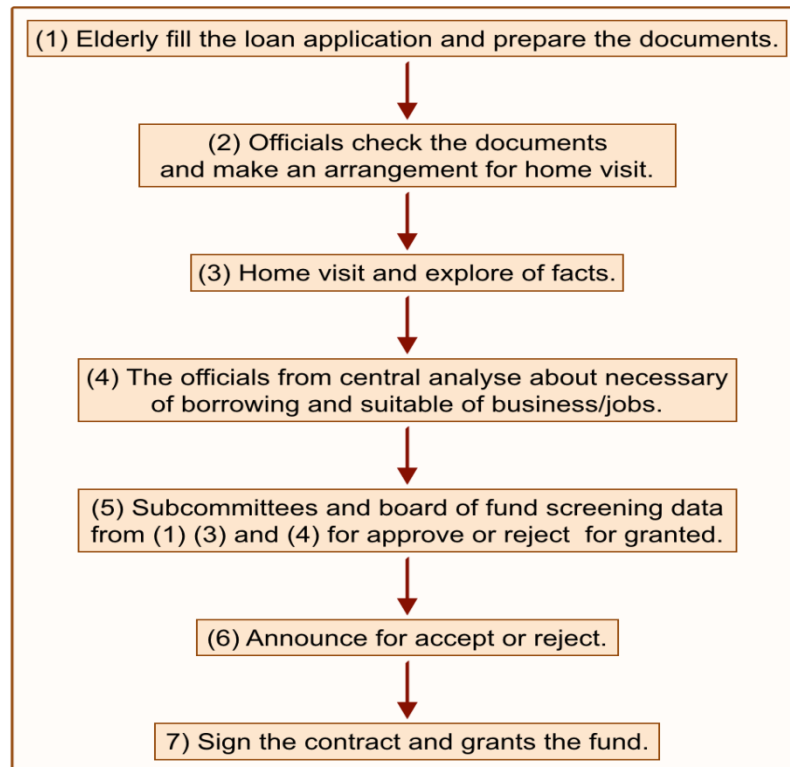
Fifth step, if the application form of the elderly does not reject from each step before this process the document of the elderly will passed to subcommittees and board of fund. They will be screening the project for approve or reject the loan. Importance topic to be considered was focused on suitable and necessary of older person in fund granted.

Then, in the sixth step, after the board and committee approve the fund for the elderly, officers will be

announced the result to the aging. For the announcement, fund's staffs will announce bot of approved and rejected. Then, make an appointment to do contract and receive money from fund.

Finally, Elderly who granted from the fund do the contract and get the money that subsidy by the Elderly Fund.

Figure 2 method and process to assess the Elderly Fund in case of personal and group.



Source: Kachanuban et al (2012)

For project support

From the figure 3, the organization or agency which needs the support from the Elderly Fund will process as follow.

First step, it is same the personal or group loan. The owner of project or need for assist from the Elderly Fund must completed the application form, attach the project proposal and present any document that related the project and sent it to the fund officers.

Second, the officer checks the project proposal and any document that was attached to make it clear, completed and follow by the fund regulation.

Third, central officer will analyse the project proposal. If found some trouble such as not completed or misunderstand, the officers will contact for get more information from the project owner.

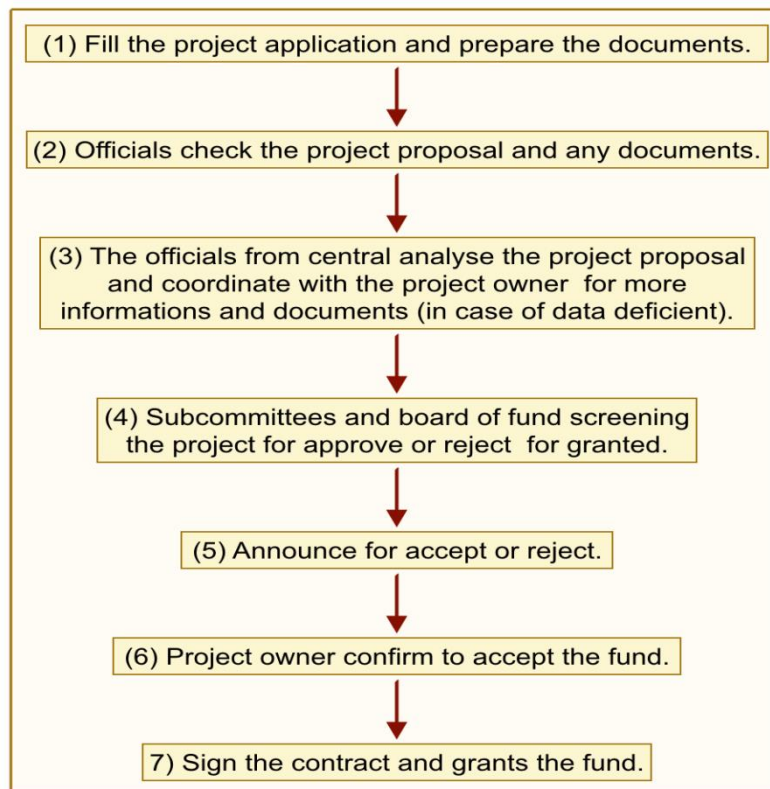
Fourth step, if the project passed from step 1 - 3, it will take to the subcommittees and board of fund for screening the project.

Fifth, the fund staffs announce the result of screening from subcommittees and board of fund for the project owner (both of approved and rejected).

Sixth, the project owner and get the support for the Elderly Fund confirm forget the granted.

Finally, project owner sign the contract and got the money from the Elderly Fund.

Figure 3 method and process to assess the Elderly Fund in case of project type.



Source: Kachanuban et al (2012)

From above, request the support from the Elderly Fund in case of personal, group and project no difference of method process. But, it differentiation of personal and group, both of them the officer appoints and make home visit. Cause of home visit of personal and group for evaluate the aging environment and fact. While the project no organization or agency visit because of the project type was certified by the government organization or other agency.

## 5. AMOUNTS OF THE ELDERLY FUND

The Elderly Fund was established in 2003 but fund took about 4 years for preparation to run the fund. The fund has officially operated for support, helping and granting the loan since 2007. Therefore, the fund has been operated for 9 years only.

The report from Department of Elderly Affairs (2016) showed, during year 2007 - June 2016 the loan was mostly provided to the personal cases which are 51,720 persons in total. In 2011 the number of borrower were highest than other years, increasing to 9,555 persons in total. And the second highest rate is in 2016 and 2014 which are 7,015 and 6,870 persons by respectively.

For the borrower group, in 9 years, there are only 74 groups. Moreover, there is no group borrower during 2011 - 2016 that related to the study of Kachanuban et al (2012). According to this research, they found that the participation does not cover all aging group. In addition to the participation is too difficult because written proposal is too hard for elderly. The causes above resulted in failed project that was rejected by the Elderly Fund Committee.

For the project type, 1,272 projects were granted by the Elderly Fund in 9 years of operation. In 2014, number of supported project is 250 projects which is the highest, 208 projects in 2010 and 197 projects in 2009 respectively. The detail is shown in table 1 as below;

Table 1 the amount of subsidy from Elderly Fund during 2007 - June 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
<b>Personal</b>	717	1,560	3,138	4,072	9,522	6,357	5,843	6,870	6,626	7,015	51,720
<b>Group</b>	0	8	20	30	15	1	0	0	0	0	74
<b>Project</b>	40	69	197	208	117	123	94	250	90	84	1,272

Source: Department of Elderly Affairs. (2016).

Comparison of the amount of poor aging and the amount of the aging who can participate in the fund as personal case, as it is shown in Table 2, the number of poor aging who participate in is very few during 2007 - 2013, it was less than 1 per cent each year. Although, the proportion of poor aging has been decreasing but the number of aging who can approach to the fund is still very few. However, there is no data available during 2014 - 2016 so it is not possible to analyze the current situation from this information.

Table 2 the comparison of the amount of poor aging and aging who access the fund during 2007 - June 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
<b>(1) Aging*</b>	717	1,560	3,138	4,072	9,522	6,357	5,843	6,870	6,626	7,015	51,720
<b>(2) Total of Aging**</b>	2.338	2.493	2.223	2.108	1.750	1.667	1.545	N/A	N/A	N/A	N/A
<b>Proportion of (1) and (2)</b>	0.03	0.06	0.14	0.19	0.54	0.38	0.37	N/A	N/A	N/A	N/A

Source: Adapted from Department of Elderly Affairs. (2016) and Ministry of Social Development and Human Security.

\* In case of personal who borrow from the Elder fund.

\*\*in million

During 2007 – June 2016, the fund was granted for the personal case as the biggest borrower group. The number of personal borrow is hugely different from other groups. The fund has been increased since the fund was founded in 2007, increase to the peak, 253.21 million baht (7.32 million USD), in 2011. After that, the fund is decreased to 202.33 million baht (5.83 million USD) in 2016 and 198.39 million baht (5.73 million USD) in 2014.

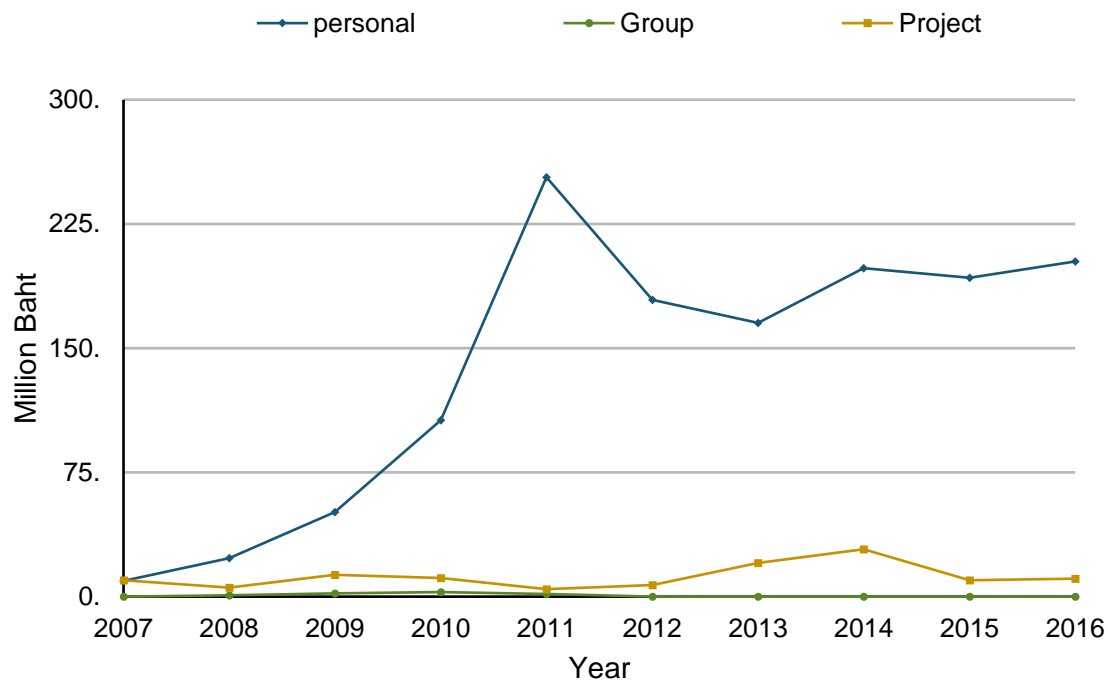
Therefore, the data in the table is for the fund that has been granted until June 2016, not all year round. As the calculation for one year in 2016, the fund was forecasted to be increased much more than others due to the new policies from the government to support the elderly (Ministry of Social Development and Human Security, 2016) and economic stimulation which focus on the expense from the government support (Bank of Thailand: 2015).

The subsidies for group borrower type and project type keep growing to the same direction as the approved fund for group type and project type as mentioned above. The data reveal that the loan for the project is always much more than the group, especially in 2013 and 2014 (20.29 million baht (0.58 million USD) and 28.59 million baht (0.82 million USD), respectively)

While the amount of subsidy for group borrower and project type are the same direction. Asking for project support is more than group loaner. The project support much higher in 2013 and 2014 with 20.29 million baht (0.58 million USD) and 28.59 million baht (0.82 million USD) by respectively. For group borrower was highest in 2010 with 2.75 million baht (0.07 million USD) and 1.87 million baht (0.05 million USD) in 2009.

In summary, the total fund that was spent for personal loan during 2007 – June 2016 is 1,381.13 million baht (39.94 million USD) and this is the highest amount. And the second highest is the loan for project which is 120.62 million baht (3.48 million USD) in total. For the group borrower, the fund spent only 6.95 million baht (0.20 million USD). In 9 years, the Elderly Fund has spent 1,508.7 million baht (43.62 million USD) in total to support the business and activity for elderly or 167.33 million baht (4.83 million USD) per year which is very small amount as the information in the figure 4 and table 3.

Figure 4 the amount that the Elderly Fund granted each type from 2007 - June 2016



Source: Department of Elderly Affairs. (2016).

Table 3 the amount that the Elderly Fund granted each type from 2007 - June 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
<b>Personal</b>	9.50	23.21	51.09	106.55	253.21	179.25	165.19	198.39	192.41	202.33	1,381.13
<b>Group</b>	0.00	0.74	1.87	2.75	1.48	0.10	0.00	0.00	0.00	0.00	6.95
<b>Project</b>	9.94	5.50	13.11	11.14	4.50	6.96	20.29	28.59	9.79	10.79	120.62

Source: Department of Elderly Affairs. (2016).

Unit: Million Baht

## 6. CONCLUSION AND RECOMMENDATIONS

The Elderly Fund was emerged from the Aging act 2003 that mentioned in section 13. The fund started for



support and help the older persons is 2007 or 4 years later. Cause of lately running from fund need a lot of staffs for operate in any province and it is the first time in Thailand that have the fund to provide for elderly. Furthermore, time for setting and collaborative with each other such as setting the agency, collaborative with local government and solution any trouble from law and regulation make fund delayed (Kachanuban et al, 2012).

Amount of loan divided to 3 types there are personal, group and project. Personal separated by 2 types. 1) The Elderly Fund provide loan without interest and grant for benefit in occupation of aging. 2) For support the elderly who got some troubles without need of return of money. Case of loan and support for group and project divided by amount of money. The qualification of elderly who needs scholar from the fund must age 60 years old and over. Thai nationality is required (in case go personal and group). For project, applicant must be the government organization or the private organization or aging organization (Office of Promotion and Protection of the Elderly, 2011).

There are no significant difference methods to access the loan of The Elderly Fund between personal, group and project. For project support, officer not do agency visit or talk with the staff from the organization. But, they use method of read from the project proposal or any accompanying documents submitted for evaluate the project. While personal and group loaner, the officers will do the home visit after received application form and any document. Home visit of fund staffs for evaluate the potential, probability and environment of elderly or group. However, non-visit for project support from the fund because of the regulation that imposes the agency must be (1) government organization, (2) private organization or (3) aging organization. So, number (2) and (3) must be certified from government or other and perform for aging support more than 1 year. Therefore, the performance result and certified can guarantee for (2) and (3) that them have the efficiency or ability or potential in fund management that provided from the Elderly Fund.

Consideration to money spending showed the enormous differentiation between personal, group and project. Abundant of aging participate the fund in case on personal and the amount of scholar to support the personal case is highest than other as show in figure 4 and table 3. For group and project support, both of them have more amounts to support per each group or project than personal case but the number of granted were less than personal. Why the group and project less supported from the Elderly Fund? It from the cause of difficult of writing the proposal process, labyrinthine or regulations and including to thrust of other who joint in group or project.

Totally of money that the Elderly Fund was granted since 2005 until June, 2016 or around 9 years' period, fund spent to support for the borrower of each type (personal, group and project) around 1,508.7 million baht (43.62 million USD). Average of scholar of the fund per year is just 167.33 million baht (4.83 million USD). It very little of money to support when compared with aging proportion or elderly demand.

The recommendations from this study were:

(1) money granted for monetization of the elderly should focused on equally distribution between personal, group and project. Particularly, should concentrate on the project support because it makes vast benefit for aging than group and personal. For group support not only generate revenue but also make the participation and decrease the desolation of the older person.

(2) extend the qualification of elderly who need the scholar from the fund and not limit only the aging who age 60 years old or over. But can do like to participation with other age group such as corporate between aging and child or labour age group. For this suggest creating the ability and protecting the elderly from any effect from performance.

(3) process of consideration and screening should perform by local committee than base on the subcommittees and board of fund in central committee in Bangkok (the capital of Thailand). Form the current, it waste of timed most of central do not understand the context and elderly demand in each areas or region (Thammasat University Research and Consultancy Institute, 2009)

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