MULTIDIMENSIONAL POVERTY ANALYSIS
CAMBODIA

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<th>ADB</th>
<th>Asian Development Bank</th>
<th>MoPT</th>
<th>Ministry of Post and Telecommunication</th>
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<tr>
<td>ACF</td>
<td>Arbitration Council Foundation</td>
<td>MoSAY</td>
<td>Ministry of Social Affairs, Veterans and Youth Rehabilitation</td>
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<td>CBO</td>
<td>Community-Based Organisation</td>
<td>MoWA</td>
<td>Ministry of Women's Affairs</td>
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<td>CDHS</td>
<td>Cambodia Demographic and Health Survey</td>
<td>MoWRAM</td>
<td>Ministry of Water Resources and Meteorology</td>
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<td>CDC</td>
<td>The Council for the Development of Cambodia</td>
<td>MPI</td>
<td>Multidimensional Poverty Index</td>
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<td>CDRI</td>
<td>Cambodia Development Resource Institute</td>
<td>NCCT</td>
<td>National Committee for Counter-Trafficking</td>
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<td>CEDAW</td>
<td>Committee on the Elimination of Discrimination against Women</td>
<td>NEA</td>
<td>National Employment Agency</td>
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<td>CEGIM</td>
<td>Climate Economic Growth Impact Model</td>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>CGA</td>
<td>Cambodia Gender Assessment</td>
<td>NIS</td>
<td>National Institute of Statistics</td>
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<td>CNRP</td>
<td>Cambodia National Rescue Party</td>
<td>ODA</td>
<td>Official Development Assistance</td>
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<td>CPP</td>
<td>Cambodian People's Party</td>
<td>OECD</td>
<td>The Organisation for Economic Co-operation and Development</td>
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<td>CSDG</td>
<td>Cambodian Sustainable Development Goals</td>
<td>OHCHR</td>
<td>Office of the United Nations High Commission for Human Rights</td>
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<td>CSES</td>
<td>Cambodia Socio-Economic Survey</td>
<td>OOP</td>
<td>Out-of-Pocket (spending)</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
<td>OPHI</td>
<td>Oxford Poverty and Human Development Initiative</td>
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<td>EU</td>
<td>European Union</td>
<td>PISA-D</td>
<td>International Student Assessment for Development</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
<td>PWG</td>
<td>Party Working Group (of CPP)</td>
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<td>GBV</td>
<td>Gender-Based Violence</td>
<td>RGC</td>
<td>Royal Government of Cambodia</td>
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<td>GNI</td>
<td>Gross National Income</td>
<td>RMS</td>
<td>Revenue Mobilization Strategy</td>
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<td>GDL</td>
<td>Global Data Lab</td>
<td>RS</td>
<td>Rectangular Strategy</td>
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<td>GGGI</td>
<td>Global Gender Gap Index</td>
<td>UNACT</td>
<td>United Nations Action for Cooperation Against Trafficking in Persons</td>
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<td>GII</td>
<td>Gender Inequality Index</td>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>HDI</td>
<td>Human Development Index</td>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<td>HR</td>
<td>Human Rights</td>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crimes</td>
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<td>ICI</td>
<td>International Commission of Jurists</td>
<td>UPR</td>
<td>Universal Periodic Review</td>
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<td>IHDI</td>
<td>Inequality-adjusted Human Development Index</td>
<td>UYFC</td>
<td>Union Youth Federation of Cambodia</td>
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<td>ILO</td>
<td>International Labour Organization</td>
<td>SDC</td>
<td>Swiss Development Cooperation</td>
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<td>IOM</td>
<td>International Organisation for Migration</td>
<td>Sida</td>
<td>Swedish International Development Cooperation Agency</td>
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<tr>
<td>LGBTI</td>
<td>Lesbian, gay, bisexual, transgender, and/or intersex</td>
<td>SME</td>
<td>Small and Medium-sized Enterprises</td>
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<td>MDPA</td>
<td>Multidimensional Poverty Analysis</td>
<td>TIC</td>
<td>Transparency International Cambodia</td>
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<td>MEF</td>
<td>Ministry of Economy and Finance</td>
<td>WB</td>
<td>World Bank Group</td>
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<tr>
<td>MoFAIC</td>
<td>Ministry of Foreign Affairs and International Cooperation</td>
<td>WEF</td>
<td>World Economic Forum</td>
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<td>MoI</td>
<td>Ministry of Interior</td>
<td>WFP</td>
<td>World Food Programme</td>
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<td>MoLVT</td>
<td>Ministry of Labor and Vocational Training</td>
<td>WHO</td>
<td>World Health Organization</td>
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<td>MoP</td>
<td>Ministry of Planning</td>
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EXECUTIVE SUMMARY
This multidimensional poverty analysis (MDPA) is one input to the process of preparing a Swedish country strategy for development cooperation with Cambodia from 2020. The analysis follows Sida’s MDPA model, and firstly identifies the main deprivations - 'how and who are the poor' - in four dimensions: resources; opportunities and choices; power and voice, and human security. Sida's definition of a person living in poverty is a person who is resource poor and deprived of at least one of the other three dimensions. The MDPA secondly links to institutional, structural and developmental causes - 'why people are poor' - in four contextual dimensions: political and institutional; economic and social; environmental; and conflict and peaceful.

Poverty trends are declining, measured both as national-level income poverty and as multidimensional poverty, however with a less rapid decline for multidimensional poverty, and with differences in proportions of Cambodians living in income versus multidimensional poverty. Provincial disparities are consistent between the two, with more people living in poverty in rural areas in north-eastern provinces in terms of income as well as multidimensional poverty. Multidimensional poverty disparities largely follows from poor quality public service provision.

Gains in human development has followed the decline in poverty, but with remaining distributional inequalities across the population, and with remaining marked gender inequality, driven by socio-cultural norms and unequal opportunities; with unequal sharing of household work causing time constraints for women as compared to men.

Vulnerability to poverty, i.e. people living just above the poverty line, remains a challenge. People vulnerable to poverty fall outside of poverty targeted assistance programmes, while suffering deprivations similar to those of people living below the poverty line, and for similar reasons. It is a mere matter of small differences in levels of income or degree of deprivation; any negative shock would affect the vulnerable to poverty in a similar way as those below the poverty line.

WHO IS POOR, AND IN WHAT WAY? THE FOUR DIMENSIONS OF POVERTY

RESOURCES:
Those who are resource poor:

- Population with no income. This includes for instance a large share of disabled people.
- Communities/households who have lost their land and/or access to foraging. This includes households who are evicted from their homes also in urban areas.
- Farming households with small land-holdings, vulnerable to natural and man-made natural resource degradation; exacerbated by absence of social protection.
- Own account workers with small unregistered businesses, vulnerable to negative shocks, and natural resource degradation - more women than men.
- Children who are stunted and malnourished, in particular in resource-poor rural households.
- Elderly persons, particularly women, left behind as caretakers for children of migrating family members.

There is a considerable distributional gap in household disposable income. Rural households' monthly disposable income equals 71% of that of households in other urban areas, and 57% of that of households in Phnom Penh. The 20% of households in the highest quintile have a monthly disposable income per capita that is about 10 times that of the 20% of households with lowest income. Close to 45% of disabled adults do not earn an income, and are thus considerably more likely to be poor. The main source of income was wage and salary in 2017, as compared to self-employment in 2014. More women than men remain self-accountant workers, with female-owned businesses generally being smaller, less profitable, and less likely to be registered than male-owned businesses. More women than men rely on agriculture for livelihood and income, thus being more vulnerable to natural resource degradation, climate change and other negative external shocks. Land and natural resources remain crucial for subsistence livelihoods of many poor rural households, while the generally small household
landholdings are likely to prevent a sustainable transfer to increasing commercialisation. Over the last 10 years the issue of land and natural resources has become increasingly hot and politicised, with ethnic minorities having been particularly exposed to loss of land and access to foraging.

The health of the population has improved. Cambodia achieved the MDGs for both maternal and child mortality, but with remaining gaps in coverage and significant inequities. Neonatal mortality for the poorest households is twice as that of the richest households. Child malnutrition and stunting remain widespread, with geographical variations, and stunting prevalence in the poorest quintile being more than double that of the richest quintile. With growing migration, health-related vulnerability among left-behind elderly people has become more visible. Adolescent reproductive and sexual health needs are poorly addressed, and decreased knowledge on protection from STDs and HIV, especially among migrant workers, is an emerging health risk.

The younger generations are completing more years of schooling than the older generations. Nevertheless, only 14.2% of the population aged 15-64 have an upper secondary diploma or more, and no less than 40.7% have no schooling or have not completed primary education. There is no gender gap in literacy rate among the younger population, while it remains marked in the population aged 65 and above. The quality of education remains inadequate, with poor learning outcomes and a high proportion of students performing below the baseline in reading, mathematics, and science. Young people are found to rank low in terms of their interpersonal skills, personal discipline, and critical thinking. Young people themselves see little prospects for good jobs after secondary, and even tertiary, education. There is a lack of vocational training and second-change programs.

**Opportunities and Choices:**

Those who are resource poor and deprived of opportunities and choices:

There is a particularly strong direct correlation between being resource poor and having limited opportunities and choices, i.e. being deprived of the opportunity to acquire resources.

- Rural households relying heavily on less productive agricultural activities and foraging, and living in areas with limited access to key basic services such as universal health and education, clean drinking water, sanitation, electricity, etc. More such households are headed by women than by men.

- Rural households exposed to land grabbing, and/or exposed to deforestation preventing them from accessing non-timber products on which they depend for their survival, and thus facing food insecurity.

- Own account workers with small unregistered businesses, and limited access to capital due to lack of collateral and limited level of education/knowledge to upgrade/register their businesses. In particular women of ages above 34 have in general lower levels of formal education.

- Children in poor households who are stunted due to non-affordability of appropriate nutritious food, and who are thus deprived from opportunities through for instance lower school achievement, lower adult earnings, increased health spendings, higher probability of non-communicable diseases.

- Elderly people, mostly women, who are left behind with the burden/responsibility to care for children of migrating parents, and with low level of education, weak health, and limited access to own income-earning. Those classified as just above the poverty line would be excluded from targeted poverty-reducing assistance.

Employment opportunities have occurred within the industry and service sectors, absorbing the increased number of employed people, and workers shifting out of the declining agriculture sector. The high growth in working age population is estimated to continue until 2045, posing the challenge to continue to generate additional jobs, compounded by the overall low level of education in the working age population. The share of ‘none and only some education’ in employment has dropped continuously since 2001, and may lead to structural unemployment ahead. The lack of technical skills remains a major bottleneck. An increasing share of youth move out of agriculture and into vulnerable employment or joblessness. Women are more likely to be in low-paid and vulnerable employment, and in the informal sector of the economy. Cambodia has experienced a big and rising wave of migration, both internal and cross-border. The full scope and impact of migration is not known as most
migration is informal and not systematically recorded, but survey findings suggest that the vast majority of migrants are below 35 years old, and are driven by factors such as the prospect of higher income opportunities and youths' overall aspiration to live a life outside their villages.

**Access to improved quality of education is unequal**, with remote rural areas lagging considerably behind. In primary education, the average pupil-teacher ratio is high (47:1), reaching close to 100:1 in the poorest areas, and the number of districts achieving the targeted primary gross completion rate is continuously decreasing. The net enrolment rate in lower and upper secondary schools is considerably lower among children from poor families, and lower among girls than boys from poor families. Only 6% of children from the poorest families reach upper secondary school, as compared to 43% of the children from the richest families. The higher the level of education, the higher the level of private tuition and school fee expenses.

Despite a well-established network of public health systems, access to good quality health care is far from universal. **Health expenditures continues to be largely financed through out-of-pocket spending**, thus reducing poor people's access. Household income and household savings are the two most common household sources for financing treatment. People get **low value for money** in both public and private health care, due to the lack of well-trained, motivated and adequately compensated health workers in the public sector, and due to overall inadequate regulatory and oversight for quality and safety.

The **electricity** grid tariff is considerably higher in rural areas than in urban. Access to energy services is a prerequisite for the achievement of other human rights. Storage of essential medicines depends on a reliable electricity supply, lighting in homes makes learning easier. Overcoming **geographical and socio-economic disparities in water supply and sanitation challenges** would be an important factor contributing to human capital development. Despite large increases in food availability, economic access to a nutritious diet varies, with severe **food insecurity** remaining a challenge in **poor and remote areas**.

Expanded micro-credit services have **facilitated access to formal financing also for the poorest households**. The net impact of micro-credit on household welfare has till date been inconclusive. While findings suggest its role in developing entrepreneurial activities, commercializing agriculture, and improving overall living standards of the poor, loans used for immediate-term non-income generating activities increased markedly between 2012 and 2017. **Financial illiteracy** among loan takers contributes to households taking on loans of a size beyond their repayment capacity. It remains unclear to what extent a debt in itself facilitates migration vs. causes the migration.

**POWER AND VOICE:**

**Those who are resource poor and deprived of power and voice:**

- People who have been victims of unfair appropriation of their resources and with no access to means to claim their rights or recompensation; for instance loss of land, being evicted from their homes, or unjust treatment the workplace. Both rural and urban households fall within this group, but access to legal aid is considerably less in rural areas.

- People who have few resources and are being discriminated against in the communities and in workplaces, with no access to means or channels to claim their rights. This group includes for instance disabled people, LGBTI persons, poor Vietnamese communities who are prevented from civil registration and thus prevented from accessing basic services.

As the government reversed the 2017 commune/sangkat election results through judicial and legislative means, the **political voice and will of a significant share of the electorate was violated**. Elected opposition CNRP councillors that were stripped of their seats are closely monitored and prevented from talking to their constituencies. Since 2016, the **freedom of expression and assembly has been curtailed** in various ways. Through new repressive laws, with increased state surveillance and control, the **space for civil society and trade unions** as a means for channelling voice, influence, and justified claims has become **increasingly restricted**. Trade unions, civil society organisations, and media outlets may be fined, closed or prohibited from carrying out activities, many of which have responded by turning to self-censoring to avoid being targeted.
While international NGOs have shifted focus towards increased grassroots mobilisation and advocacy, most CSOs continue to engage in basic social services and fewer work in areas such as legal consultation, human rights, and advocacy. CSOs in Cambodia are strongly influenced by their funder's agenda, while at the same time demonstrating greater transparency and accountability due to donors' monitoring and reporting requirements. A new financing trend is emerging, with financing from non-traditional donors such as China, while traditional donors are shifting away their support from Cambodia. 'GONGOs' (CSOs that work under tight control and clear directives from the government) have been established and, with superior access to funds and resources, increasingly join and monopolize civil society space such as regional and international forums, workshops and consultations. At the Arbitration Council, the number of registered labour dispute cases has plummeted sharply after the Trade Union Law became fully effective in September 2016.

The view of women as 'the guardians of Cambodian cultural identity' imposes a socio-cultural burden upon women, limiting their opportunities, and confining women alone as responsible for household chores and childcare duties. Women are employed outside the home at almost the same rate as men, however with few women employed at senior or managerial levels in the private sector. Women remain severely under-represented in accessing political power and in public decision-making. Negative gender stereotypes and norms contribute to discriminatory selection criteria by all political party leaders.

Cambodia continues to lack actual rule of law, with a politically controlled and corrupt legal system. With impunity for the powerful, and with most lawyers working in urban areas while most poor Cambodians live in rural areas, access to justice becomes even more difficult for the poor and the powerless.

Vietnamese communities are discriminated. A large proportion of villagers being re-located from floating villages onto permanent land sites are ethnic Vietnamese, some being among the poorest. People with disabilities, and in particular women and children, are facing stigma, discrimination and violence in their communities. Equally, LGBTI persons face stigmatisation by their families, communities, and the media alongside in workplace and school. Women suspected of engaging in not only sex work, but any part of the entertainment industry, could be prosecuted or harassed by authorities and are often denied basic social services.

**HUMAN SECURITY:**

**Those who are resource poor and deprived of human security:**

- People whose land rights are violated through land grabbing without lawful protection of their rights. Many indigenous people are found in this group.
- Men and women who lose land rights and become subjected to human exploitation, including labour bondage, forced migration and human trafficking, and without lawful protection of their human rights. This includes loan-driven loss of land but also loss of land due to environmental degradation.
- Resource poor women who are subjected to gender and sexually based violence, and left without support in their community, including left without legal support and with nowhere to turn.
- Resource poor local activists who are harassed, threatened, and - in worst case scenario - at risk of being unlawfully killed.
- Children in poor families who are abused and subjected to violence, domestically, in school or in their communities.

Journalists, labour union leaders, as well as ordinary citizens who, including on-line, express legitimate critical views, demand legitimate rights, or speak out against public policies are regularly targeted, surveilled, harassed, and charged with criminal offences and imprisonment. A few targeted killings of high profile activists have been executed. Despite the protection offered to indigenous communities in the Land Law, the land rights of in particular indigenous groups are violated through land grabbing by richer and more powerful, facilitated by the weak and corrupt legal system. Members of grassroots groups defending land rights and the environment were among activists who were particularly targeted in the 2017 post-election crackdown.
There is evidence of poor rural households being pushed into severe human exploitation through debt bondage within e.g. the domestic brick industry. Research suggests that the micro-finance sector’s low non-performance ratio is made possible only through relying on inadequate government regulation and widespread complicity of local authorities to facilitate and pressure coerced land sales. Trafficking of women and girls occurs for labour exploitation, sexual exploitation, surrogacy, and begging. Out of four researched Southeast Asian countries, migrant workers from Cambodia have the worst experiences when it comes to exploitation, human trafficking and enslavement.

All forms of gender-based violence remain common. Violence against women is by many treated as a family problem to be resolved informally or condoned, rather than as a crime. Women in rural areas have increased risk and experience higher rates of physical intimate partner violence. Sexual harassment in workplaces and in the community is alarmingly high. Gang rape, often of sex workers, is widely recognized as a recreational sex activity among particularly urban youth. While rape is widely understood to be criminal, women and girls themselves are blamed and suffer significant social stigma, underpinned by blunt media reporting.

There is prison abuse in government facilities. Anecdotal evidence suggests that women are in prison for minor or even crimes they committed on behalf of their male partners. The conditions for mothers and their children is difficult.

**Why are the poor living in poverty?**

**Political and institutional context:**

- Corruption is the major serious factor preventing poor people from having their rights protected, and getting adequate access to services and resources.
- The politically controlled judiciary system is another major obstacle for poor people to move out of poverty and in some events severe human exploitation.
- Weak enforcement capacity in the public sectors prevents good reform initiatives and policies from being effectively implemented.

The democratisation process in Cambodia has come to a halt at present as the government clarified its intentions to focus on peace, stability, growth and prosperity, and attend to human rights ‘the Cambodian way’. This has till date implied a continuous decline in political and civic space, including the closure and suspension of human rights and environmental non-governmental and media organizations. However, Cambodian citizens have become more aware about their political rights. Consolidation efforts among the elite, especially around the Prime Minister’s (PMs) family circles, have intensified since the 2018 national election in four strategic areas: the armed forces, youth, positions within the party high structure, and high finances and business sector. The PM’s regular meetings with garment workers suggest that he attaches not only economic and social, but also political significance to the garment industry and its workers.

The three cross-cutting reform areas (public financial management, public administration, and decentralisation) are aimed at improving state capacity to better connect resources to the promised policy outcome to prioritise public service delivery and assistance to vulnerable groups. Sustained progress in implementation has however been inhibited by weak coordination overall. Implementation continues to face considerable challenges, with limited agency-collaboration, vested interest, weak monitoring and evaluation capacity, and the too close interlinkage between state and the parallel structure of the party working group. Civil servants’ minimum wage has tripled as compared to the level in 2013, while there is little evidence of improvements in critical tasks on public administration reforms to enhance public sector productivity and more efficient public service delivery. The widespread use of party/patronage-based parallel structures have both positive and negative impacts on public sector reform, yet, the long-term negative impact is that they have continued to systematically undermine the formal state apparatus and give excuses to civil servants at all levels to not perform, and even abuse, their formal government roles. Since the withdrawal of financial support from Sida and other donor agencies, there are early signs of commitment from the government to strengthen administrative capacity of local government in inclusive
service delivery, reaching also the most poor and vulnerable. At the strategic level, gender (or social equity and inclusiveness) needs to be more fully integrated into the all three cross-cutting reforms.

Despite the many reforms, corruption remains an area of serious concern. Progress has been made in public awareness about corruption and in reduction of petty corruption, thereby decreasing poor people’s barriers to access public services. This has been achieved partly because of electronically made payments through bank accounts, Facebook and other mobile apps as a way to connect. For grand corruption, however, the situation might be less optimistic, although there is no concrete evidence to support this claim.

The human rights situation in Cambodia has experienced serious set-backs over the last 2 years, with adoption of repressive legislation, harassment of opposition parties and activists, stepping up repression of freedom of expression, increasing pressure on civil society organisations, restricted press freedom and continued harassment of human rights defenders. The actual space for citizens to demand accountability from their government in its service provision has been further circumscribed, and even risky. The justice sector remains the most serious challenge in Cambodia, filled with individuals who are regarded as part of the state and therefore likely to be loyal to the government, rather than to impartial rule of law. Though many policies, plans and strategies are in place, implementation and enforcement of regulations is limited. Impunity for the powerful and politically well-connected remains widespread.

ECONOMIC AND SOCIAL CONTEXT:

- The possible withdrawal of Cambodia's EBA status may halt the growth in the garment and footwear sectors, and thus prevent poor people with low levels of education to find productive jobs with secure incomes. In the worst case scenario, the level of production may even be shrink as compared to today thus causing massive unemployment among current employees.

- The natural resource-based growth model has expanded land for cultivation of crops at the expense of forests and wetlands of utmost importance for poor people's livelihood. The agricultural expansion has in turn not included extension or other support to small-scale farmers.

- The lack of functioning social protection schemes for the vast majority of Cambodians makes the poor and the near-poor vulnerable to also small shocks.

The high level of economic growth is expected to continue in the short and medium terms with the potential to contribute to continued reduction of resource poverty through job creation. Exports are increasingly diversified. The construction booms has concentrated in Phnom Penh, and more recently, in Sihanoukville. Thanks to rising number of Chinese visitors, high numbers of international tourist arrivals are sustained. The decline in exports of rice to Europe has been more than off-set by increase in rice exports to the Chinese market. Domestic challenges include elevated financial sector vulnerabilities and large minimum wage increases which may erode Cambodia's competitiveness, and thus erode continued growth of job opportunities. External factors include concerns on the withdrawal of Cambodia's EBA status or loss of preferential access to key export markets, a global rise in protectionisms or trade sanctions, as well as a weaker-than-expected growth in China. Concerns are also increasingly raised about the (un-)sustainability of the natural resource-based growth model. Cambodia's ecosystems and natural capital have been degraded significantly due to poor practices, uninformed decision-making, and limited investments in sustainable management of these productive assets. Cambodia has witnessed significant deterioration of livelihoods and destruction of infrastructure.

Levels of foreign direct investments surpassed levels of official development assistance in 2010. China is Cambodia's number one investment partner. Industrial growth has so far been driven by cheap labour and an abundance of natural resources. Large modern foreign-owned enterprises have created more, better, and more inclusive jobs in Cambodia - jobs which have underpinned Cambodia's rapid poverty reduction. The majority of jobs are however still in traditional sectors. The industrial expansion has been characterised by a large informal sector, mainly women-led, and a missing small and medium enterprise sector, as well as low levels of technology. The modern and traditional sectors are weakly integrated, and two in three jobs in Cambodia are excluded from the modern economy. Entrepreneurship remains weak and urban-centered.
State revenue has increased steadily and reached 22.4% of GDP in 2018 (tax revenue, revenues from customs and excise, and non-tax revenues). Taxes on goods and services continue to be the main source of domestic revenue. The tax system is biased towards non-progressive sources, whereas progressive taxes such as property taxes would allow more inclusive growth. State budget allocation to social sectors has increased. The government’s social protection framework, adopted in 2017, is one of Cambodia’s first attempts to provide comprehensive support in responding to the needs of vulnerable people. It incorporates a social insurance pillar for workers regulated by the labour law, which has expanded gradually and now provides 1.4 million workers with employment injury insurance, social health insurance, and maternity benefits. However, over 7 million workers remain without access to contributory social protection, including those in the informal sectors, many of whom are migrants, and the majority are women. Under the second social assistance pillar, the pension for civil servants and veterans is the largest social assistance program currently financed by public budget. Other envisioned assistance, such as universal assistance to elderly people, has not yet materialized. Expansion of social assistance to specifically targeting poor households would require reallocation of significant public revenues. There is further not yet any signs of a strategy or action plan to address vulnerability and impacts on poor women and men, boys and girls from the recurrent natural disasters. The absence of state support for agriculture and rural development, exacerbated by negative impacts of climate change, and lack of social protection to help households manage shocks, or affordable and accessible health services, are underlying structural causes driving near-poor farmers back into poverty, and in worse case scenarios, into abusive bonded labour or labour trafficking.

Public expenditures account for only one fifth of total health expenditure. Through the health equity fund, a joint contribution between government and development partners, health services have however become more pro-poor. It pays for health related costs when citizens use public health facilities and has decreased the risk of poor households being unable to pay for their medical expenses. Nevertheless, out-of-pocket spending remain the main source for financing health services. The government is expected to take over full responsibility of the fund by 2025, which would require significant reallocation of state revenue.

Education is the sector that has received the largest increase in national budget from 2013 to 2018. Poor-quality education erodes gains made in educational attainment. Learning outcomes are low at all levels, and as jobs become more knowledge-intensive, Cambodia’s new workers will be at a disadvantage by being unable to engage and thrive in these jobs. Three main challenges are teacher pay, deployment of teachers from urban areas to rural areas, and the quality of teacher training and ongoing capacity development of teaching staff for the sector remains weak. Vocational training does not respond to the market demand, and the private sector involvement remains limited. Only 22% of registered Cambodian employers offered formal training courses, compared to an average of 57% in the East Asia region as a whole. Reform efforts have focused on setting standards rater than developing feedback mechanisms from the employers or creating results-based incentives for training institutes.

Environmental context:

- Degradation of natural resources combined with frequent natural and man-made disasters prevent farmers and people otherwise depending on natural resources from improving productivity and thus income.
- Widespread land disputes and violations of land rights in which the poor loose out to the richer and politically well-connected.

The degradation of natural resources and biodiversity is an urgent threat to the population’s well-being and prosperity, driven by land conversion, due to government-approved economic land concessions to private companies for rubber plantations, agriculture, mining, large-scale tourism, and other economic activities. Infrastructure development (roads, dams, urbanization) in natural areas open up forest land to further development. Illegal logging and timber trade continues. Conversion of coastal land for agriculture and aquaculture, over-exploitation of fisheries, sand mining and dredging, destruction and degradation of coastal habitats and urban development threaten the livelihoods of millions of Cambodians, not least men and women living in poverty. While the health of Cambodia’s free flowing rivers are in particular vital to the well-being of Cambodia’s poorer rural population, the government is on the threshold of committing to an extensive hydropower program. Poorly conceived hydropower development risks undermining Cambodia’s sustainable development.
Growing inequality of land access – where the land access of people living in poverty is declining – and ineffective land management for sustainable development are core issues, underlined by widespread land disputes and violation of land rights caused by economic land concessions and the expansion of agribusiness, particularly in upland areas with large share of ethnic minorities.

Risk calculations show that the impacts of climate change on the Cambodian people and key economic sectors are likely to become increasingly significant. Cambodian agriculture is extremely vulnerable to climate change and food security is thus threatened. Climate change also negatively affects fisheries, forests and water resources, all of importance for the livelihood in rural areas where the majority of poor Cambodians live. Energy supply and demand is a moving target and requires careful consideration as how to respond to the rate and location of demand growth in an environmentally sustainable fashion. The unplanned and unregulated process of urbanization has resulted in several major problems, including lack of urban services such as sewage and garbage collection and increased urban flooding.

**CONFLICT AND PEACEFUL CONTEXT:**

- Personalised networks of loyalty and clientelism that underpin the state, the military and the party are used to exclude perceived opponents from opportunities and rights. The security forces are used as a repressive threat, thus preventing initiatives from people outside the networks of loyalty.

There are no immediate external threats to Cambodia. However, after more than 20 years from the formal ending of its civil conflict, some fragilities still persist and are reinforced by deeper social norms, whilst new fragilities emerge as the state becomes dominant, creating new tensions and risks of social conflict. The current CPP leadership at national and local levels has remained remarkably stable since the 1980s, and is linked by long-standing ties of loyalty, gratitude and personal obligation. Security forces are politicized, as are many other senior security personnel in the army, gendarmerie, and police. The state of repression may increase if the CPP feel too pressurised, with a risk that security forces may be activated. Continued destruction of biodiversity as the livelihoods basis for many people, severe shortcomings in governance, and land conflicts with increasingly unequal and unfair access to land could lead to a situation where the existing firm grip on political power may be challenged, leading to violent reprisals such as evidenced in 2017 following the commune/sangkat election outcomes.
1. **BACKGROUND AND APPROACH**

1.1. **An analysis of multidimensional poverty**

This multidimensional poverty analysis (MDPA) provides one input to the process of preparing a Swedish country strategy for development cooperation with Cambodia from 2020.

1.2. **The MDPA approach**

The analysis applies Sida’s MDPA model (see figure). The model illustrates the four dimensions of poverty in the middle and ensures a focus on identifying the main deprivations (how), in what dimensions one is poor, as well as who is poor in which dimensions and linking it to institutional, structural and developmental causes to poverty (why – the outer circle) (Sida 2018).

To put 'who' at the centre implies that situation, needs, pre-conditions, and priorities of poor women, girls, men and boys constitutes the starting point as implied by poor people’s perspectives.

In the model, the development context has been added as an outer circle. The outer circle has several functions. Firstly, it is the explanatory framework for the degree and dimensions of poverty (why). What are the institutional, structural and development causes to poverty? Secondly, it also contains the main elements of a development analysis that explains opportunities and constraints both for an inclusive and sustainable development as well as for people living in poverty to change their situation. Thirdly, it provides an understanding of poverty at a structural level. All the dimensions in the inner circle as well as the development aspects in the outer circle of the model are interlinked. Different social divides, such as gender, age, sexual identity, disability, goes across all the dimensions and should be consistently considered to understand who is poor, how and why.

Furthermore, risks related both to the vulnerability of people and the resilience of the development processes, need to be considered to support an analysis of vulnerability and resilience of the society and of different groups to e.g. economic shocks, climate changes as well as tensions and conflict.

**THE FOUR DIMENSIONS OF POVERTY:**

- **Being poor in terms of resources** means not having access to or power over resources that can be used to sustain a decent living standard and improve one’s life. Resources can be both material and non-material – e.g. a decent income, capital, being educated or trained, professional skills, being healthy.

- **Being poor in terms of opportunities and choice** concerns what possibility you have to develop and/or use your resources so as to move out of poverty. Access to e.g. social services, to infrastructure, to capital, to land, or to natural resources affects the opportunities and choices.

- **Being poor through lack of power and voice** relates to the ability of people to articulate their concerns, needs and rights in an informed way, and to take part in decision-making that relate to these concerns. Power is a relational concept that allows us to better understand socio-cultural hierarchies and relations of which gender is one, others include age, caste, class, religion, ethnicity and sexual identity. Reinforcing forms of discrimination based on such socio-cultural relations may increase an individual’s poverty in this sense.

- **Being poor in terms of human security** implies that violence and insecurity are constraints to different groups’ and individuals’ possibilities to exercise their human rights and to find paths out of poverty.
1.3. **Highlights, limitations and data shortages**

This MDPA builds on a review of a selection of documents, initially compiled by Swedish Embassy staff with additional documents added by Sida HQ staff, and by the consultant herself. The full list of references is seen from Annex 1.

The most recent poverty data explicitly acknowledged by the Royal Government of Cambodia (RGC) is comparatively old, describing the situation in 2014, based primarily on two surveys: i) Cambodia Socio-Economic Survey (CSES - conducted annually but with a 'big' sample size for households throughout the country every five years, such as in 2014 and previously in 2009 and 2004), and ii) Cambodia Demographic and Health Survey (CDHS - conducted every 5 years, with the most recent in 2014). Cambodia Gender Assessments (CGAs) covering a number of sectors are conducted every five years, with the most recently published from 2014, and with the 2019 assessment underway but not yet released for citation.

Use has also been made of available data which is internationally acknowledged, albeit possibly not yet acknowledged by the RGC, such as multidimensional poverty index (MPI) findings and global human development updates.

1 In the revised planning proposed by NIS, the CSES will be conducted with a 'big' sample size for households throughout the country every two years, starting from 2019 (NIS/MoP 2018).
2. **Overview of Multidimensional Poverty in Cambodia**

This section provides an overview of the main poverty indicators, followed by an analysis of the current situation and recent trends in the poverty indicators.

### 2.1. Main Poverty Indicators

Key poverty indicators include income poverty, income inequality, multidimensional poverty, as well as selected values of human development (Table 1).

#### Table 1: Key Poverty and Inequality Indicators

<table>
<thead>
<tr>
<th>Poverty and Inequality Overview</th>
<th>2004</th>
<th>2009</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty headcount ratio at <strong>national</strong> poverty line a) (USD 0.93-0.98 daily per capita depending on exchange rate)</td>
<td>47.8% (2007)</td>
<td>...</td>
<td>23.9% (rural 27.5%)</td>
<td>10.0% (2016) (estimate in Rectangular Strategy IV)</td>
</tr>
<tr>
<td>Poverty headcount ratio at <strong>international</strong> poverty line at $1.90 c) (set in 2015 to reflect changes in costs of living over time)</td>
<td>31.9%</td>
<td>8.9% (2011)</td>
<td>6.2% (2012)</td>
<td>...</td>
</tr>
<tr>
<td>Multidimensional Poverty Index (MPI) headcount: d)</td>
<td>58.0 %</td>
<td>46.8%</td>
<td>34.9%</td>
<td>...</td>
</tr>
<tr>
<td>Contribution to deprivation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Health</td>
<td>26.3%</td>
<td>27.8%</td>
<td>26.4%</td>
<td>...</td>
</tr>
<tr>
<td>- Education</td>
<td>29.0%</td>
<td>25.9%</td>
<td>30.8%</td>
<td>...</td>
</tr>
<tr>
<td>- Living standards</td>
<td>44.7%</td>
<td>46.4%</td>
<td>42.8%</td>
<td>...</td>
</tr>
<tr>
<td>Human Development Index (rank) e)</td>
<td>129</td>
<td>124</td>
<td>143</td>
<td>146</td>
</tr>
<tr>
<td>HDI (value) e)</td>
<td>0.583</td>
<td>0.494</td>
<td>0.555</td>
<td>0.582</td>
</tr>
<tr>
<td>- Life expectancy at birth</td>
<td>56.5</td>
<td>62.2</td>
<td>68.4</td>
<td>69.3</td>
</tr>
<tr>
<td>- Mean years of education</td>
<td>3.5</td>
<td>4.4</td>
<td>4.11</td>
<td>4.8</td>
</tr>
<tr>
<td>- GNI/capita (2011 USD PPP)</td>
<td>...</td>
<td>1,868</td>
<td>2,949</td>
<td>3,413</td>
</tr>
<tr>
<td>Gini coefficient f)</td>
<td>...</td>
<td>0.34</td>
<td>0.30</td>
<td>0.28 (2016)</td>
</tr>
<tr>
<td>Palma ratio f)</td>
<td>...</td>
<td>...</td>
<td>1.3 (2005-2013)</td>
<td>...</td>
</tr>
<tr>
<td>Gender inequality index value (GII) g)</td>
<td>...</td>
<td>0.672</td>
<td>0.477</td>
<td>0.473</td>
</tr>
<tr>
<td>Global Gender Gap Index (GGGI) i)</td>
<td>0.629 (2006)</td>
<td>0.641</td>
<td>0.652</td>
<td>0.693</td>
</tr>
</tbody>
</table>

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a) National Institute of Statistics (NIS)/Ministry of Planning (MoP). Percentage share of population living below the national poverty line (calculations based on Cambodia Socio-Economic Survey (CSES) data)


c) World Bank 2017b. No estimates available in on-line database for USD 1.90 or USD 3.1 a day


f) The lower the Gini-coefficient, the higher the equality (a value of 0 represents absolute equality, a value of 1 absolute inequality).

f) Palma (2011) found that, in any country, middle class incomes almost always account for about half of a country’s gross national income (GNI), and that the other half of the GNI is split between the richest 10% and poorest 40% of the population. However, the respective shares out of this half of the GNI received by the poorest vs. by the richest vary considerably across countries. Therefore, the Palma ratio is the ratio of the richest 10% of the population’s share of GNI divided by the poorest 40%’s share.

g) A composite measure to quantify the loss of achievement within a country due to gender inequality. It uses three dimensions to measure opportunity cost: reproductive health, empowerment, and labor market participation (lower value = less loss).

h) WEF 2018. The GGGI evaluates gaps in fundamental outcome variables related to basic rights such as health, education, economic participation, and political empowerment. It ranks countries according to gender equality rather than women’s empowerment, scoring from 0-1 (0 = imparity; 1 = parity).
2.2. Recent trends in poverty

A decline in income inequality is suggested by the trend in the Gini-coefficient (Table 1). The per capita consumption for the poorest 40% of the population grew by 7.8% per annum on average during 2007-2014, helping to reduce income inequality (WB 2017b). Large gaps however remain—between rich and poor—and the absolute differences are getting bigger. The distribution of income rises sharply towards the top quintile, with a consumption almost five times that of the bottom quintile (CSES 2017).

The decline in national income poverty incidence under the national poverty line has been sharp, supported by improvements in other indicators of living standards such as asset ownership, housing amenities, and human development outcomes (see below). The RGC’s methodology for calculating national headcount poverty differs from the methodology applied by World Bank (WB), but both calculations consistently point to a particularly sharp decline in income poverty between 2007-2009 (Figure 1.a). The most recent official estimate of headcount poverty is 13.5% (2014). Unofficial estimates suggest that headcount poverty has continued to decline to below 10% in 2016, however, with poverty among children estimated at 16% (MoP 2018). In rural areas, the average poverty incidence remains more than 3% higher than the national average (Table 1, WB calculations). There is further continued presence of disparities in sub-national incomes, and hence in poverty levels. Poverty incidence varies markedly, and was in 2014 estimated to be as high as 29% in Rattanakiri, 27% in Otad Meanchey, 26% in Mondulkiri and 25% in Preah Vihar and Stung treng (Figure 1.b).

Equally significant is the emergence of large-scale vulnerability. Some 28% of the population remain near-poor, highly vulnerable to falling back into poverty (UN 2017). Most households who escaped poverty did so by only a small margin. This group is insufficiently remunerated to protect themselves and their families, yet they fall outside poverty targeted assistance programmes, and are thus often referred to as the missing middle (RGC 2018b). Any negative shock reducing daily consumption per capita by Cambodian Riel 2,000 (USD 0.50) would double the poverty rate (WB 2019b).

The decline in income poverty has to a large extent been driven by successful creation of labour-intensive jobs for youth and women in industries and in services. This allowed rural households to diversify their livelihoods, moving into a growing rural non-farm economy and remittances from an increasing number of domestic and international migrants, when international food prices declined and agriculture slowed down in 2012. The non-agricultural wage played a more significant role in reducing poverty during 2013-17, compared to the 2009-13 period when household agriculture was the primary driver of poverty reduction (WB 2019b). Continued inclusiveness ahead faces a number of constraints which may hamper necessary diversified job creation, including low household endowments in terms of education, health, and land, and in addition, accelerating environmental degradation compounded by climate change.

The proportion of Cambodians living in multidimensional poverty has also declined over the years, although not as rapidly as income poverty. The multidimensional poverty index (MPI) is calculated to look beyond income
poverty in order to understand how people experience poverty in multiple and simultaneous ways. It identifies how people are being left behind, lacking such things as clean water, sanitation, adequate nutrition or primary education, and thus provides a complementary picture of poverty to the traditional monetary poverty measures. Those who are deprived in at least one third of the MPI’s components are defined as multidimensionally poor. Based on the latest data from 2014 (Table 1), the proportion of Cambodians living in multidimensional poverty is estimated to be around 35%, with 12% experiencing severe poverty in their daily lives (while the national level income poverty headcount for that same year was estimated as 13.5%).

Figure 2: Mapping MPI value by region

![Map of Cambodia showing MPI values by region](image)

A higher MPI value implies greater multidimensional poverty. The disparities in multidimensional poverty within Cambodia are mapped in Figure 2, with regional MPI values ranging from a low 0.03 in Phnom Penh, to a high 0.31 in Preah Vihear and Steung Treng. The corresponding proportions of the population which are multidimensionally poor and deprived reach a sizeable 64% in Preah Vihear and Steung Treng, 55% in Ratanakiri and Mondulkiri, and 52% in Otad Mean Chey, as compared to 7% in Phnom Penh - disparities are thus consistent with variations in provincial income poverty rates (Figure 1.b above), although at higher levels.

Figure 3: Censored deprivation in each indicator by area - national/rural/urban
Deprivation is worse in rural areas than national average in each of the indicators, except for child mortality in which rural deprivation equals the national average (Figure 3). It is worth noting that the dimensions in which the rural population is worse off include access to cooking fuel, drinking water and electricity. It is also worth noting that the urban/rural difference in years of schooling is twice the size of the difference in school attendance. Regional disparities in multidimensional poverty to a large extent follows from poor quality public service provision in rural areas, indicating inefficiencies/ineffectiveness in service delivery and/or inadequate public expenditure priorities. The vast majority of poor Cambodians live in rural areas, which deserves to be kept in mind at all times, although urban poverty may be on the rise driven by rapid urban in-migration, with children and women particularly vulnerable (People in Need and UNICEF 2015).

**Gains in human development** has followed the decline in income poverty (Table 1). Cambodia is now a medium human development country with a Human Development Index (HDI) ranking of 146 out of 189 countries and territories. Cambodia’s HDI value was 0.582 in 2017, which is below the average of 0.645 for countries in the medium human development group. Between 1990 and 2017, Cambodia’s HDI value increased by 59.9% (up from 0.364 to 0.582). Cambodia’s GNI per capita increased by about 265.8% between 1990 and 2017, life expectancy at birth increased by 15.7 years, mean years of schooling increased by 2.1 years, and expected years of schooling increased by 5.0 years (UNDP 2018).

There are however **remaining inequalities in the distribution of human development**, masked by the average HDI value. A disaggregation across provinces of the national HDI value suggests human development improvements in all provinces, although at varying rates, and with remaining considerable gaps. Phnom Penh maintains a large lead over other provinces (HDI of 0.711), followed by the provinces of Takeo and Koh Kong (0.608), and Battambang and Pailin (0.606). The lowest HDI values are found in the north-eastern provinces (0.511 in Preah Vihear, Steung Treng, and Kratie; and 0.513 in Rattanakiri and Mondulkiri) (Global Data Lab 2019).

When the HDI value is discounted for inequality across the population, the HDI falls to 0.469, an overall loss\(^2\) of 19.4% due to inequality in the distribution of the HDI dimension indices. The inequality loss is particularly high in mean years of schooling (Table 2).

**Table 2: Comparison of HDI, GDI and IHDI (2017)**

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Life Expectancy at Birth</td>
<td>Expected years of schooling</td>
<td>Mean years of schooling</td>
<td>GNI/capita (2011 PPP USD)</td>
<td>GDI (female/male HDI ratio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDI</td>
<td>0.582</td>
<td>69.3</td>
<td>11.7</td>
<td>4.8</td>
<td>3413</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDI by gender</td>
<td>F: 0.553</td>
<td>M: 0.605</td>
<td>F: 71.3</td>
<td>M: 67.1</td>
<td>F: 11.2</td>
<td>M: 12.2</td>
<td>F: 3.8</td>
</tr>
</tbody>
</table>

\(^2\) The ‘loss’ in human development due to inequality is given by the percentage difference between the HDI and the IHDI (the inequality-adjusted HDI).
Multidimensional Poverty Analysis - Cambodia

<table>
<thead>
<tr>
<th>IHDI</th>
<th>0.469</th>
</tr>
</thead>
<tbody>
<tr>
<td>% inequality</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

Source: UNDP 2018 Statistical Update Cambodia.

A gender-disaggregation of the 2017 HDI value and indicators reveals that women overall fare worse than men, with a human development value for women of 0.553 versus of 0.605 for men (Table 2). Women do have higher life expectancy at birth, but lower expected years of schooling, mean years of schooling, and GNI per capita. The Gender Inequality Index (GII) (Table 1) confirms loss of achievement due to inequalities between women and men in three additional dimensions: reproductive health - measured by maternal mortality and adolescent birth rates; empowerment - measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity - measured by the labour market participation rate for women and men.

The Global Gender Gap Index (GGGI) measures gender-based gaps in access to resources and opportunities in countries (rather than the actual levels of the available resources and opportunities in those countries). It evaluates fundamental outcome indicators related to basic rights such as health, education, economic participation and political empowerment. A country's score thus reflects its proximity to gender equality (rather than women's empowerment).

Cambodia’s GGGI score (Figure 4) shows that Cambodia scores average in narrowing gender gaps in educational attainment (driven in particular by high enrolment rates in primary and secondary education), and in health (healthy life expectancy and gender ratio at birth). Cambodia fares above average in closing gender gaps across economic participation and opportunity (driven in particular by high rate of labour force participation). The gender gap in political empowerment however remains particularly marked.

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3 In 2017, 18.5% of parliamentary seats are held by women, and 15.1% of adult women have reached at least a secondary level of education compared to 28.1% of their male counterparts. For every 100,000 live births, 161 women die from pregnancy related causes; and the adolescent birth rate is 50.2 births per 1,000 women of ages 15-19. Female participation in the labour market is 80.9% compared to 88.7% for men.
3. **FOUR DIMENSIONS OF POVERTY**

This chapter presents findings of who is poor in the four dimensions. Explanatory contextual factors as to why the poverty situation is what it is are discussed in chapter 5.

3.1. **Resources**

**Household disposable income:** The *median* household income is the income for the household in the middle of the distribution of income across all households. The monthly *median household* disposable income varies considerably between geographical domains, from USD 563 in Phnom Penh, to USD 460 in other urban areas, and a low USD 325 in rural areas. *Per capita median* monthly disposable income amounts to USD 142 in Phnom Penh, USD 110 in other urban and USD 81 in rural areas. In 2017, the 20% of households in the highest quintile however had a monthly disposable income per capita that was about 10 times that of the 20% of households with lowest income. This distributional income gap is nevertheless slightly more narrow as compared to 5 years earlier (2013). There is no trend of differences in monthly per capita disposable income in female-headed households as compared to households with a male head of household. Findings from 2013-2017 show that some years female headed households had higher per capita disposable income, and other years households headed by men had higher per capita disposable income (CSES 2017). About 45% of adults of the 10% of the population with disabilities do not earn an income, and household wealth for people with disabilities is about half that of non-disabled people (WB 2017b).

It is notable that the main source of Cambodian household income in 2017 is wage and salary, while the main source of income in 2014 was self-employment. In Phnom Penh, the share of wage and salary (64%) in household income was almost twice that of self-employment (33%). In other urban areas, the share of wage and salary (46%) was slightly lower than that of self-employment (48%). For rural households there has been an increase in sources of income different to agricultural self-employment, with share of wage and salary (52%) markedly higher than that of self-employment (43%). The share of agriculture in self-employment itself has also decreased.

Self-employment/own account worker is defined as persons who currently work to contribute to their own households and who operate their own enterprise (e.g. farmers cultivating their own land, small shop keeper or small restaurants) without other payment or income of any kind. Considerably more women (50%) than men (39%) are own account workers/self-employed (CSES 2017). Female-owned businesses comprise more than half of all business establishments in Cambodia. However, female-owned businesses are generally smaller, less profitable, and less likely to be registered than male-owned businesses (WB 2017b). Women also outnumber men in dependence on agriculture for income. More women than men are thus immediately exposed and vulnerable to income and livelihood impacts from negative external shocks, climate change, and natural resource degradation. The impact of negative shocks on poor households is exacerbated because of the limited social protection systems in place (WB 2016).

Transfers received by households were reported as a comparatively small share of total household income in all geographical domains, and reported at similar levels since 2015, i.e. just above 2% in Phnom Penh, a higher 5% in other urban areas, and 6% in rural areas (CSES 2017). Studies on migration and migrant households however suggest that remittances contribute significantly to household income in migrant households (WFP 2019; UNICEF 2016). Estimates are that a quarter of Cambodia’s population have migrated internally and/or cross-border (NIS/MoP 2013). Only 2% of migrant households did not feel benefit from remittances (IOM et al. 2019).

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4 It should be noted that it is difficult to gather accurate income data. The statistics produced in the CSES are however assessed as reasonably reliable to give useful information about the differences between geographical domains in Cambodia and also about how Cambodian earn their living (NIS/CSES 2017).
5 Average values are easily inflated by a few households with large incomes, and does therefore not give a fair picture of the income level for the typical household.
6 The per capita median accounts for differences in household size, thus indicating only small variations in household size across the three areas (with 3.96 persons/household in Phnom Penh, 4.18 in other urban areas, and 4.0 in rural areas).
Multidimensional Poverty Analysis - Cambodia

Natural resources\(^7\) and agricultural land\(^8\) ownership: Rural families struggle to farm in one of the most climate vulnerable countries in the world, and vulnerability is greatest among the smallest farms. Access to land and natural resources is crucial for the subsistence livelihoods of many poor rural communities, but over the last ten years it has become an increasingly hot and politicised issue (Bottomley 2014). Ethnic minorities are highly vulnerable to the loss of land. Estimates show that between 1989 and 2007 alone, indigenous communities lost 30% of their traditional land, and thus their access to foraging, and since then conflict over land has remained one of the most contentious issues in the country (WB 2017b).

Among the five zones (see map), Tonle Sap zone has the largest share of agricultural land followed by Plain zone, of which 17% is owned by female-headed households in Tonle Sap and 15% in the Plain. The majority (59%) of all households in Cambodia own less than one hectare (10,000 square meters) of agricultural land, with variations across the zones (92% Phnom Penh, 73% Plain, 44% Tonle Sap, 76% Coast, and 41% Plateau/Mountain). Only 6% of all households own more than 3 hectares of agricultural land. The generally small household landholdings are likely to prevent a sustainable transfer to increasing commercialisation of agriculture production.

Only 0.5% of households own forest land (in Tonle Sap and Plateau respectively) (CSES 2017), while people living near or in forests depend on forests resources for a variety of products and services. Forest-dependent people almost exclusively extract non-timber forest products, such as food, medicine, agricultural inputs, and fuel, for both subsistence and commercial purposes. Community forestry was established in 2003, aiming to to ensure local people's rights to forest resources, and to directly participate in the protection, conservation, and development of forest resources (Hansen et al. 2006). Challenges that have arisen are conflicting interests with how to manage forests within communities, the government's reluctance to transfer resource management power to communities, powerful special interests overshadowing local interests, the costs of management, and lack of needed assistance (Sin 2014). Community forests only cover some 1% of Cambodia's land area which is extremely small compared to the concessions given to commercial forestry. The most significant loss of forests occurred in the northwest of the country (notably Banteay Meanchey, Battambong, Siemreap, Oddar Meanchey and Pailin Provinces). Key factors leading to severe forest cover disappearance include large scale economic land concession (ELCs), illegal logging, agricultural expansion and urbanization (NESAP 2016). Poor enforcement of laws protecting land and natural resources has enabled land grabbing through ELCs, mining concessions, dam projects and urban development (CCD et al. 2018).

Health capital: The health of the population has improved significantly as demonstrated in the achievements in meeting the health-related Millennium Development Goals (MDGs). Cambodia was one of only four Countdown to 2015 countries\(^9\) to achieve the MDGs for both maternal and child mortality. Despite improvements in coverage of essential maternal and child health and nutrition and services, gaps in coverage and significant inequities remain. Neonatal mortality of the poorest households remained 27 deaths per 1 000 live births in 2014 - twice as many as that of the richest households (WB 2019b).

Child malnutrition and stunting remain widespread. Geographical variations range from 40% or higher down to less than 20% (Figure 5.a). The consequences of early childhood under-nutrition are life-long, ranging from de-

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\(^7\) Agricultural land constitutes nearly 25% of Cambodia's territory, while the forest area is reported to have been reduced to around 49%. About 3% is residential and commercial area, 10% barren land, 9% aquatic ecosystem, and 4% other area (MoWRAM 2014).

\(^8\) The agricultural land refers to the land that households owned or operated, rented in or out, free use of land, etc., to use for vegetable gardening, agricultural or do farming activities such as crop cultivation, livestock raising, fishing and fish breeding, and private forestry. This excludes land under permanent pasture, wood or forest and all other non-agricultural land put under residential use or for other enterprise activities (NIS/CSES 2017).

\(^9\) Countdown to 2015 countries include 75 countries that accounted for more than 95% of maternal, newborn, and child deaths globally in 2005.
layed cognitive development to lower school achievement, lower adult earnings, increased health expenditures, and higher probability of adult non-communicable chronic diseases.

**Figure 5.a: Stunting prevalence by region**

![Stunting prevalence by region](image)

**Figure 5.b: Percentage of non-affordability of the Staple-Adjusted Nutritious diet by region**

![Percentage of non-affordability of the Staple-Adjusted Nutritious diet by region](image)

Children in poor households (located in the rural areas) are overall more vulnerable to under-nutrition than their wealthier peers. Stunting prevalence in the poorest wealth quintile (42%) is more than double that of the richest (18%). However, the relatively high prevalence of child (and maternal) under-nutrition among the richest households is a sign that under-nutrition in Cambodia is not solely a function of poverty, but also a function of socio-cultural factors. The geographical mapping of variations in non-affordability of an appropriately nutritious diet (Figure 5.b) compared with the mapping of stunting (Figure 5.a) confirms that stunting is not limited to provinces with high degree of income poverty. Key barriers are women's lack of time and insufficient knowledge on supplementary feeding (WFP 2017).

With growing migration, health-related vulnerability among left-behind elderly people is more visible. Most adult caretakers of left behind children are grandmothers (77%), with primary or no education, and relying either solely on remittances or farming/casual labour for income (UNICEF 2017). It has been suggested that children of migrant parents who are left behind to live with grandparents might to a larger extent suffer from inadequate diet (e.g. UNICEF 2016). Another study however found that negative impacts of migration might not have been as serious on children as on the grandparents themselves. These elderly people were found to be vulnerable to cultural syndrome of distress, mental health, anxiety, depression and lacking of dietary diversity (IOM et al. 2019).

Adolescent reproductive and sexual health needs are poorly addressed while new health risks have emerged (OECD 2017). One is an observed decrease in youth knowledge on HIV and protection from STDs, especially among migrant workers, including garment workers. Further, high levels of alcohol consumption, drug abuse and road accidents have become noticeable among young people, both in urban and rural areas. Findings among rural out-of-school youth suggest that almost 22% of youth aged 12-18 years consumed alcohol (WV 2019).

**Education capital:** The adult literacy rate in Cambodia is 83%. Phnom Penh has the highest rate (95%) and other rural areas the lowest (79%). Literacy among men is generally higher than among women in all geographic areas, and in ages from 35 and above. The gender gap in literacy rate is particularly marked in the population aged 65 and above (39% for women and 80% for men), whereas there is no substantial gender gap in literacy among the younger population (aged 6 and 34) (CSES 2017).

Mean years of education in the population was 4.8 years in 2017 (Table 1). The younger generations are completing more years of schooling than the older generations (Table 3). In 2016, some 12% in the age group 25-34 had reached the level of higher education (as compared to less than 1% in the age group 55-64), while the share with none or only some education remained 7% (as compared to 23% in the age group 55-64). In both age groups, women are more than twice as likely as men to have none or only some education (CSES 2016; 2017).
The quality of education remains inadequate, as demonstrated by poor learning outcomes with a high proportion of students performing below the baseline in three domains: reading (92%), mathematics (90%), and science (95%). When years of schooling are adjusted for quality of learning, the learning gap is 2.7 years (WB 2019b).

### Table 3: Education level of population aged 15-64 by age group in 2016

<table>
<thead>
<tr>
<th>Age Group</th>
<th>None or only some education</th>
<th>Primary school not completed</th>
<th>Primary school completed</th>
<th>Lower secondary completed</th>
<th>Upper secondary completed</th>
<th>Higher education</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>2.8</td>
<td>18.1</td>
<td>38.3</td>
<td>24.9</td>
<td>8.5</td>
<td>7.4</td>
<td>100.0</td>
</tr>
<tr>
<td>25-34</td>
<td>7.0</td>
<td>27.5</td>
<td>28.1</td>
<td>16.6</td>
<td>9.1</td>
<td>11.7</td>
<td>100.0</td>
</tr>
<tr>
<td>35-44</td>
<td>13.3</td>
<td>39.1</td>
<td>24.4</td>
<td>11.1</td>
<td>6.5</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>45-54</td>
<td>18.9</td>
<td>43.2</td>
<td>19.6</td>
<td>10.6</td>
<td>4.8</td>
<td>2.9</td>
<td>100.0</td>
</tr>
<tr>
<td>55-64</td>
<td>22.5</td>
<td>51.2</td>
<td>15.9</td>
<td>7.4</td>
<td>2.2</td>
<td>0.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>9.9</td>
<td>30.8</td>
<td>28.4</td>
<td>16.7</td>
<td>7.2</td>
<td>7.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: NEA 2018 (based on calculations from CSES 2016).

The data in Table 3 suggests that Cambodia’s labour force is still characterised by low-education and low-skills. 40.7% of the population aged 15-64 have no schooling or have not completed primary education, while only 14.2% have an upper secondary diploma or more. Given the high employment to population ratio (83.9% in 2016), the educational attainment of the employed does not notably differ from that of the corresponding population. From the employers’ perspective, young people are found to rank low in terms of their interpersonal skills, personal discipline, and critical thinking (NEA 2018). Two-thirds of secondary and tertiary school aged young people (aged 12-22) were already out of school in 2017. Reasons given include the limited prospects for good jobs after secondary or even tertiary education and the lack of vocational training and second-chance programs.

The potential of vocational skills training and non-formal education is vastly underutilized. Out of the 250,000 post-secondary graduates in 2014, only 3% are from technical and vocational fields such as agriculture, science and engineering. Under-qualification also affects more women than men (with women expected to limit vocational training to fields such as sewing, cooking, hospitality and mechanics). The technical and vocational education and training (TVET) infrastructure is poor, training methods and equipment are outdated, and trainers lack direct industry experience. There is further a lack of value attributed to TVET and negative perceptions caused by low enrolment with young people viewing TVET as a second option, or as education meant for the poor, marginalized groups, or school dropouts (ADB 2018).

#### 3.2. Opportunities and choices

**Employment opportunities:** Cambodia has experienced an extraordinary increase in working age population (aged 15-64), an increase from 4 million in 1980 to about 10.5 million in 2018. In 2017, the labour force participation rate (i.e. the proportion of the working age population that is economically active) was a high 84%. It was higher for men (89%) than for women (80%), and higher in rural areas than in Phnom Penh and other urban areas, whereas the gender differences are highest in other urban areas. The labour force participation rate includes people who are currently employed and people who are unemployed but seeking jobs, with underemployment not captured in the socio-economic surveys (CSES 2017).

With 68% of the population being under the age of 35, the growth in working age population is estimated to continue until 2045. If the labour force participation rate remains around 84%, the growth in working age population puts high pressure on Cambodia to continue to generate additional jobs in order to maintain a high level of employment, a challenge compounded by the overall low level of education in the working age population. The amount of people employed in technicians and associated professional, and professional occupation that would require higher education, together only represent around 4% of total employment. The share of ‘none and only some education’ in employment has dropped continuously from 64% in 2001, to 48% in 2014, and is expected to continue to drop both in terms of relative share and absolute number, thus possibly leading to structural unemployment (NEA 2018).

Over the years 2007-2016, the increase in number of employed people (15-64 years of age) has been 25% (Figure 6). The industry and service sectors have absorbed the increased number of employed people, and have also absorbed workers shifting out of the declining agriculture sector. The increasing and crucial importance of indus-
try and services for employment generation is expected to continue also in the coming years. The presence of technical skills requiring at least compulsory education plays a fundamental role, and remains the main bottleneck, in allowing Cambodia to diversify to high productive employment. Employers are unable to find qualified workers to fill posts (NEA 2018). Cambodia’s employers are affected more by inadequately skilled labour than neighbouring countries (WB 2019b).

An increasing share of youth move out of agriculture and get wage jobs. Youth joblessness and vulnerable employment are however widespread; young people are three times more likely to be unemployed than adults. Skills shortage is the biggest challenge in the labour market. Only 31% of youth have matching qualifications for their occupations, while 23% are overeducated and 46% are undereducated. Under-qualification is most severe in the industry sector. The share of youth in vulnerable employment (unpaid family workers and own account workers) has decreased over the years but remains at a non-negligible 40%. The share of youth aged 15-29 not in employment, education or training (NEET) is relatively low at 6.4%, and they are not looking for a job and not studying, and they are mostly women. Young women are clearly disadvantaged compared to young men in the labour market. Employers tend to hire women on short-term contracts that do not require them to pay maternity benefits (OECD 2017).

Overall, and despite high labour participation rate, women are more likely to be in low-paid and vulnerable employment, and in the informal sector of the economy. Fewer economic opportunities for women make women more vulnerable to trafficking for sexual exploitation, as well as for domestic labour (UNACT 2018).

Migration and employment opportunities: Cambodia has experienced a big and rising wave of migration, both internal and cross-border. A more detailed analysis on the scope and impact of labour migration would require data that is not yet collected. Most migration is informal and thus not systematically recorded and compiled. 10

Recent survey findings suggest that poverty (exacerbated by natural disasters) might have pushed people to out-migrate, but that at least over time, poverty might have become less a factor compared to a combination of key pull and facilitating factors, such as the prospect of higher income generation opportunities, better connectivity, mobility, and youth’s overall aspiration to live a life outside of their villages. Four out of five (79%) migrants are aged between 17 to 35 years old. More than 50% of them are men (WFP 2019b).

About 35% of rural households have at least 1 member migrating during 2010-2016, except for a lower 17% in the Plateau area. Rural-urban migration accounts for 57% of all migration, cross border (mostly Thailand) for 31%, and rural-rural a low 13%. Distance plays a key role in determining the destination of migration. Those from provinces in the Tonle Sap zone tend to migrate more to Thailand, while those in other zones tend to migrate to Phnom Penh and other provincial towns. Long distance to both Phnom Penh and Thailand is suggested as one possible explanation why fewer are migrating from the Plateau area (WFP 2019b).

Regardless of gender, Phnom Penh is the most preferred destination among all migrants for both permanent and long-term migrants, while migration to Thailand has been high not only for long-term but also seasonal and permanent migration. However, the proportion of women migrants going to Phnom Penh is higher than the proportion of men, while the proportion of men going to Thailand is higher than the proportion of women. Men migrants are about five times more likely than women migrants to work as construction workers, while women mi-

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10 Better data about migration trends can be collected in two ways: i) revise the census and existing household surveys (CSIS, Labour Force Survey) to include questions about migrant household members, who typically are absent from the household roster; or ii) use specially dedicated migration surveys (or modules in general-purpose surveys) to gather more detailed information about the dynamics of different forms of migration (WB 2019c).
grants are about four times more likely than men migrants to work as factory workers. Only women are reported to have engaged in domestic work. Other types of work, however, do not display substantial gender differences.

Access to education: The universal basic education in Cambodia comprises 6 years in primary school followed by 3 years in lower secondary school. Access to primary education (including private schools) has improved with a net enrolment rate of 98% in school year 2017/2018, and a gross completion rate of 80% (MoEYS 2018). However, the quality remains low, inadequate, and unequal, with poor learning outcomes and remote rural areas lagging behind. Cambodia has a very high average pupil-teacher ratio (47:1), and in the poorest areas the average number of students per teacher is close to a hundred, thus more than twice as high as in richer areas (Eng 2015). The number of districts achieving the targeted primary gross completion rate has continuously decreased in recent years (down from 133 districts (out of 197 districts) in the school year 2012/2013 to 89 in the school year 2017/2018. The wide spread below the targeted rate ranges from a primary gross completion rate of less than 50% to close to the targeted rate (i.e. 70–79.9 per cent) (EMIS calculations 2018). In 2015, it was found that 39% of grade 6 pupils had a below basic proficiency rating for reading in Khmer (MoEYS 2015).

Access to secondary school remains a challenge. In school year 2017/2018 gross enrolment for lower secondary was only 56.8% and drop-out rates were still high at 15.4%. The average lower secondary gross completion rate has increased since school year 2015/2016, while at the same time, there is an increase in number of provinces failing to reach the 40% targeted lower secondary gross completion rate. Four of the five provinces with highest levels of poverty are among the failing provinces (with Preah Vihear being the exception and exceeding the target). Besides push factors, pull factors also seem to be at play, as suggested by the fact that two of the provinces with lowest levels of poverty (Sihanoukville and Koh Kong) were also among the provinces failing to achieve the targeted lower secondary gross completion rate of 40%. Education is not perceived to pay off in terms of better employment (see education capital above). Research calculations confirm overall low rates of return to primary and secondary education in Cambodia (WB 2019b).

The net enrolment rate in lower and upper secondary schools is considerably lower among children from poor families, and lower among girls than boys from poor families, and in particular so in the remotest areas with longer distances to cover to reach schools (Eng 2015). The net enrolment rate to lower secondary was 59% of children from the richest families, while only 28% of children from the poorest families. Equally, the net enrolment rate to upper secondary was 43% of children from the richest families, while only 6% of children from the poorest families. Behind these discrepancies are the high private costs of schooling. Estimates shows that Cambodian families in 2011 contributed as much to the basic education budget through informal fees and payments as the Government contributes through formal financing.

There are more school fees and tuition expenses, and thus higher private educational expenses, the higher the level of education. In primary school, which had the highest share of students, the average annual cost was about 513 Thousand Riels, increasing to 959 Thousand Riels in lower secondary, and again to 1,729 Thousand Riels in upper secondary. At undergraduate/graduate level private costs reach 4,616 Thousand Riels. The average household educational expenses vary between the different areas of Cambodia, which can be explained with the fact that the composition of education is very different in different areas. In Phnom Penh the average annual expense was estimated to 1,743 Thousand Riels, in other urban areas it was 1,307 Thousand Riels and for other rural areas it was 833 Thousand Riels (CSES 2017).

Access to health care: Access to good quality health care is far from universal, even though Cambodia has a well-established network of public health systems, including those at the provincial and community levels, as well as those in operational districts. Health expenditures are largely financed through out-of-pocket spending (58%), despite the expansion of the Health Equity Fund and service delivery grant systems (WHO 2017; 2016b). More women than men work as own account workers, and more women than men are thus not entitled to health insurance of any sort, which suggests that women likely bear more out-of-pocket health spending burden than men do (OECD 2017).

The use of private providers is much greater among the wealthy, while the use of informal-sector health providers is greater among the poor. Private practitioners and clinics are particularly frequented for curative care, while health prevention activities (such as immunization and tuberculosis, malaria and HIV/AIDS control) are the do-
main of the public sector. In 2017, among patients seeking treatment for illness, injury or other health problems, only 21% went to a public facility, whereas 75% accessed private health care providers. There were no significant differences between rural and urban areas in public facilities, whereas private health care providers were more common (80%) as the first provider in Phnom Penh and other urban areas (CSES 2017). The share of self-care, traditional healers and others is higher in other rural areas than other areas, but has decreased markedly over the years (down from 13% in 2014 to less than 2% in 2017).

For all geographical domains in Cambodia, the two most common household sources of financing treatment for health care are the household income and household savings. In 2017, about 58% of money spent on health care came from the household income, 38% from savings, and around 1% from borrowing. The use of household income for health care is remarkably higher in Phnom Penh than in other urban and other rural areas. In other rural areas, savings are used to a higher extent (CSES 2017). People get low value for money in both the public and private sectors due to the lack of well-trained, motivated and adequately compensated health workers in the public sector, and due to overall inadequate regulatory and oversight for quality and safety (WHO 2016).

Despite improvements in coverage of essential maternal and child health and nutrition and services, gaps in coverage and significant inequities remain. Only two-thirds (65%) of children receive all basic vaccinations by age 12 months. Over one quarter of children age 12-23 months are not fully vaccinated, and many of these reside in ‘high-risk communities’, remotely-settled urban and rural populations, and children of migrant families. Women are constrained in exercise of reproductive and sexual rights (WB 2019b).

Access to internet and connectivity: The rapid use of new technology especially digital ones, offers unique opportunities especially for young people. Internet subscription rate in the population has increased from 2.2% in 2010 to 71.3% in May 2018 with 8 million subscribers (MoPT 2018). Initially the increase was confined to Phnom Penh, followed by a sharp increase in other provinces since mid-2014. There is however still limited capacity among young people to harness its potential, especially among the less well-off. Anecdotes suggest that a large number of rural youth, migrant youth, and urban poor, while having access to the new digital technology such as internet and social media, still do not have a good understanding on how best to make good use of them. Overall, this suggest more need to promote digital literacy among youth and the general population.

Access to electricity: Most households have access to at least one source of electricity: 71.5% on the grid, and 26.1% off the grid, mostly solar home systems and rechargeable batteries. Only 2.8% of urban households have no access to grid electricity, while 99.7% of households that use a solar device live in rural areas. The main barrier to grid electricity access for urban household is ability to pay for connection fee, while distance from the grid infrastructure is the main barrier for rural households.

Among households in the top spending quintile, 82.7% are connected to the grid, compared with 55.6% of households in the bottom spending quintile. Of grid-connected households, 9.4% cannot afford the electricity tariff. The electricity grid tariff is considerably higher in rural areas than in urban, ranging from 1 200 Riel/kWh (0,30 USD) in Prey Veng down to 610 Riel/kWh (0,15 USD) in Phnom Penh. Urban grid-connected households consume 90 kWh a month more than rural households. Only 45.1% of rural households use appliances such as refrigerators, food processors, and water pumps. Access to energy services is a prerequisite for the achievement of other human rights. For example, around 80% of all foodstuffs are only edible if they have been cooked; storage of essential medicines depends on a reliable electricity supply; lighting in homes makes learning easier and relates to the right to education etc. (OHCHR 2013).

Female-headed households have lower access to electricity for all technologies except for some off-grid solutions. Nearly 13% of female-headed households have less than 4 hours of electricity supply a day, compared with 8% of male-headed households. Affordability compounds the difficulties that female-headed households face, and the gender gap in access to electricity is more prevalent in rural areas. A higher percentage of female-headed households (14.3%) than of male-headed households (9.4%) submitted an application for a connection

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11 See: http://www.camboidiainvestment.gov.kh/why-invest-in-cambodia/investment-environment/cost-of-doing-business/utility-cost.html (accessed September 2019). Although comparatively low in Cambodia, the electricity in Phnom Penh is high as compared to other countries in the region, such as: 0.02 USD/kWh in Myanmar; 0.06 USD/KWh in Malaysia; 0.07 USD/kWh in Vietnam, and 0.2 USD/kWh in Thailand (see: https://www.globalpetrolprices.com/electricity_prices/ (accessed September 2019).
but have not yet been connected, and more female-headed households than male-headed households face administrative obstacles, suggesting that there can be cultural, gender-based, and education barriers to connecting female-headed households to the grid (Dave et al. 2018).

**Access to improved water supply and sanitation** has significantly improved over the last decade, though clear disparities persist alongside a growing need to focus on quality of services. Cambodia achieved 75% access to improved water supply and 49% access to improved sanitation which is not shared in 2015. In urban areas, access rates for improved water supply were 78% for the poorest and 99% for the richest, while figures for improved sanitation were 36% and 100%, respectively. Despite good progress, proportion of people practising open defecation remains the highest in East Asia and Pacific region. Only 24% of the population has access to safely managed water supply in 2015, i.e. a drinking water source which is located on premises, available when needed, and free from fecal and chemical contamination. Overcoming water supply and sanitation challenges could be an important factor contributing to human capital development in the country. Open defecation within a community is associated with harms to the physical and cognitive development of children, also to the children in the community who live in households with own toilets (WB 2019b).

**Access to food security:** Large increases in food availability (e.g national rice self-sufficiency) have been accompanied by only small improvements in food access (namely geographic and economic access to a diverse, nutrient rich diet). Severe food insecurity remains a challenge only in select areas (largely poor and remote). The affordability of nutrient dense foods poses a common challenge. Nearly 80% of the lowest wealth quintile work in agriculture. These households are the most vulnerable to shocks and food insecurity. Most agricultural households can meet their staple food (rice) needs but rely on income and foraging to obtain foods. While geographic access to markets is not a widespread concern, economic access to a nutritious diet varies (Figure 5.b). The national average daily cost of the staple-adjusted nutritious diet in Ratanakiri/Mondulkiri (USD 6.06) is nearly twice as high as the national average (USD 3.62). Thus, an estimated 66% of households in Northeast provinces could not afford a nutritious diet (Figure 5.b) (WFP 2017; WB 2019b).

**Access to financial services:** A recent study (WB 2019) suggests that overall share of indebted households in each quintile has remained comparatively stable over the past decade (Figure 7.a). There has however been a shift from unregulated informal to formal sources of credit, in particular through micro-finance institutions (MFIs). The population in the poorest quintile has since 2009 become as likely as those who are better off to borrow from a formal source of credit, at a lower interest and with longer duration of loans (Figure 7.b). While the share of households that borrow is higher among the bottom two quintiles, the debt-to-consumption ratio is higher in urban areas and among the top three quintiles. The ratio of outstanding debt to consumption (extrapolated over the loan duration) for borrowers in the bottom two quintiles increased from 11% in 2010 to 33% as of 2017, with a more pronounced increase in the ratio among the top three quintiles over the same period (from 9% to 43%).

**Figure 7.a: Indebtedness by quintile**

**Figure 7.b: Source of loan by quintile**

The net impact of micro-credit on household welfare has till date been inconclusive. Findings suggest that the microcredit has played an important role in developing entrepreneurial activities, commercializing agriculture, and improving overall living standards of the poor. Risks may however also be increasing as the level of indebtedness is rising quickly, raising concerns about the debt repayment capacity of a significant number of borrowers. Loans used for immediate-term non-income generating activities have increased markedly between 2012 and 2017, with loans for housing improvement and durable goods acquisition reaching more than two-thirds of the total in 2017 (WB 2019).

It is difficult to establish a clear relationship between migration and indebtedness. In one study, findings showed that in terms of indebtedness migrant and non-migrant households were similar on average. Indebtedness was not found to be correlated with certain migration destinations, year and duration of migrating, or types of works at the migration destination either (WFP 2019). Findings in other studies on the other hand showed a strong positive correlation, or even two-way causation, between migration and loans from micro-finance institutions (Bylander 2015). It is suggested (IOM et al. 2019) that 73% of migrant households depend significantly on remittances to pay off their debts, but without establishing whether the debt in itself facilitated the migration in search of better income opportunities, or whether the debt caused the migration as the only way to find the means to repay the debt. Other studies have examined how micro-finance loans have in some cases led to loss of land and/or debt-driven migration leading to severe human exploitation of poor households (see human security section below).

Financial illiteracy among loan takers is one contributing reason for taking on loans of a size beyond the household’s repayment capacity. Recent research findings conclude that ‘... the reckless lending of many MFI credit officers, both by offering loans to clients who clearly could not afford to repay them and in pressuring clients to repay loans through coercive land sales or other unethical measures’ (LICADHO 2019:1). CBO representatives of provincial NGOs suggest that it is hard for CBOs to create saving groups because MFIs now dominate the micro-credit in the community with their higher levels of money offered, without providing sufficient training to understand the ways to save and spend properly. The determining factors of being indebted were death of a family member, natural disasters, low price of agricultural products, building new house, children’s wedding, and buying new assets (CDRI 2017).

3.3. Power and voice

Recent violations of the political voice of a significant share of the electorate: Cambodians have the opportunity to voice their views in multi-party national and commune council elections. Three months after the 2017 commune council elections the government however began reversing the election results through judicial and legislative means (LICADHO 2018), leading up to the arrest of the leader (Kem Sokha) of the opposition Cambodian National Rescue Party (CNRP) on 3rd September 2017, followed by the dissolution of the CNRP by the Supreme Court on 16th November 2017. The CNRP had unexpectedly won close to 44% of the votes (although with a remaining majority of close to 51% of votes for the CPP).

Over 5 000 elected officials from the CNRP at all communal levels were subsequently stripped of their positions, unless they turned themselves to CPP. Following the amended Law on Commune Elections dated 25th October 2017, and the subsequent dissolution of the CNRP, all CNRP seats were redistributed to CPP, and a small number to smaller parties, thereby violating the political voice and will of a significant share of the electorate. The election outcome had implied a decrease in share of commune councils with CPP councillors alone (down from 13% in 2012 to just above 2% in 2017). This election result was now reversed.

The vast majority of CNRP elected councillors refused to turn themselves into CPP councillors and are now closely monitored and prevented from talking to their constituencies. While no rigorous study has as of yet been carried out to learn the views of sub-national level communities and ousted CNRP elected councillors, a recent study in five provinces suggests that continued donor cooperation and support on sub-national governance will not contribute to existing conflicts or create new conflicts. A majority of Cambodian NGOs consider continued donor support as important contributions to democratic maturing and improvement of living situation of the citizens. Strong involvement of CSOs in the organization of citizens’ participation on local administration level is
expected to decrease risks of discrimination of certain groups of citizens critical to the ruling party in service delivery or participation in local planning and decision making (Embassy of Germany and SDC 2018).

**Citizen’s ability to claim and enjoy human rights:** Constitutional amendments have eroded the strong human rights provisions in the 1993 Constitution, and paved the way for the introduction of wide-ranging sanctions punishing the legitimate exercise of fundamental freedoms. The freedom of expression and assembly has been curtailed in various ways since 2016 and throughout 2017 and 2018, including the engagement in discussions on Cambodia’s rapidly deteriorating human rights situation. Trade unions, civil society organizations (CSOs) and media outlets may be fined, closed or prohibited from carrying out activities (HR situational brief 2018).

Voluntary networks gather information about human rights abuses and electoral violations in rural areas and pass it on to human rights and electoral observer NGOs. Such efforts are quite risky, as demonstrated when staff members of the highly regarded Cambodian Human Rights and Development Association (ADHOC) were jailed in 2017 on politically motivated charges. Human rights organisations and other critics of the government have responded by self-censoring to avoid being targeted, and most attempts to organise protests or public gatherings came to a halt (LICADHO 2018; Human Rights Watch 2018).

Press freedom has been severely circumscribed in recent years. Almost all broadcast and print media is now pro-government, and in particular most television stations are owned by family members and businessmen directly linked to the CPP and the Prime Minister. Cambodians place little trust in these, although televisions and radios provide a key source of pro-government information (Eng et al. 2019). The silencing of independent and critical radio broadcasts is therefore a major blow to communities, activists and grassroots groups, who relied on independent radio, and sometimes social media, for reliable news in a media landscape dominated by the ruling CPP.

A Telecoms Law, passed in 2016, further allows government virtually unlimited scope to wire-tap, and prescribed heavy punishment for telecoms use that “infringes national security”. A Cybercrime Law is further in process of being finalized.

Criminal charges have been imposed on labour union leaders and labour right activists, who risk being prosecuted for private conversations that are later publicized without their consent (UNHRC 2018b). In the 2019 annual survey of violations of trade union rights, Cambodia is one of the ten worse countries when it comes to disrespecting workers’ rights (ITUC Global Rights Index 2019; 2018).

**Civil society organisations (CSOs) as a means for channelling voice, influence, and justified claims:** With new repressive laws (see above) the space for civil society has become increasingly restricted. The most prominent restriction on civic space was the approval of the Law on Associations and Non-Governmental Organizations (LANGO) in August 2015. It allows the Ministry of Interior (MoI) discretion to shut down any NGO that conducts activities that endanger the security, stability, and public order, and to act by means of the legally required registration. Under its implementation, some NGOs have been shut down after being charged with alleged violations of the law (Mooney et al. 2018). The LANGO put in place burdensome constraints on the operation and reporting of NGOs. One limiting clause mandates political neutrality, thus underpinning the Law on Election of Members of the National Assembly (LEMNA), which had been passed a couple of months earlier, with provisions that ban CSOs to engage in the electoral process, including pre- and post-election campaigns (CCC 2018). The atmosphere characterised by increased state surveillance and control has been most strongly felt by advocacy NGOs (CDRI 2017).

CSOs in Cambodia depend almost exclusively on international donors for financing, with 85% of CSO funding coming from foreign donors (USAID 2018). The NGO database of the Cambodia Development Council (CDC) shows that close to 90% of donor financing was concentrated on service delivery in 2016, with only some 7% funding CSO work on democracy, human rights and advocacy. Shifts in donor funding levels or priorities thus significantly impact financial viability, and consequently sustainability, and aid-dependent CSOs have become under stress as international donors are shifting away their support from Cambodia as their priorities change. A new trend in funding is also emerging coming from non-traditional donors, particularly China, whose assistance concentrates on infrastructure development, rather than on demand-side issues such as rights and environmental protection (CDRI 2017).
Most CSOs engage in basic social services, while fewer work in areas such as legal consultation, human rights, and advocacy. CSO goods and services are generally provided to beneficiaries without discrimination based on race, gender or ethnicity. However, most CSOs working in service delivery target highly populated areas, providing limited services to people in more remote areas. While CSO services are of decent quality, they could be more diversified, innovative and accessible (USAID 2018).

Research studies have suggested weak internal governance structures of many NGOs, with weak grassroots connection or popular base and predominant upward accountability to donors. It has been suggested that, despite concerted efforts by donors to promote democratic codes, NGO's staff prioritisation remain their own employment and benefits over beneficiaries' benefits (Ou and Kim 2013). CSOs in Cambodia have also not been able to escape similar problems that plague the government, including weak governance, poor financial management, and instances of corruption. The deeply engrained and complex patron relations and networks have allowed some CSOs or individuals to be susceptible to offers of bribes or positions from the government or from government-supported stakeholders, including the private sector (Mooney et al. 2018). The most recent CSO sustainable index report confirms that many CSOs in Cambodia are influenced more by their funder's agendas than the priorities of their local constituents, while at the same time CSOs receiving foreign funding demonstrate greater transparency and accountability due to donors' monitoring and reporting requirements (USAID 2018).

During the past decade, national and international NGOs have shifted focus towards increased grassroots mobilisation and advocacy (Nilsson et al. 2018). Communities have increasingly formed small-scale member-based community-based organisations (CBOs) to organise themselves in response to immediate threats to community property and livelihoods, frequently relating to issues concerning land and other natural resources (Oxfam 2015). These CBOs are however not always successful in standing up to more powerful economic and/or political interests, in particular so since the judiciary does not function independently in Cambodia (see below).

At the sub-national level, CSOs interact in dialogue and information exchange with local government, and thus support communities in voicing needs and claims. Elite capture of CBOs has however been reported, with local authorities including village chiefs and commune councillors serving as committee members or chiefs of CBOs; in some CBOs this is found to be helpful in accessing local government whereas in others it is perceived as limiting the opportunities to function independently (Ou 2013). GONGOs (or “uncivil” society organisations) that work under tight control and clear directives from the government have already started to demand membership and loyalty from provincial and community level groups and organisations, undermining the human rights and democracy movement from below (Nilsson et al. 2018).

At national level there is no mutually accepted forum for general interaction between the CSOs and government to exchange views and to critically discuss human rights. Initiatives taken by the Ministry of Interior (MoI) to establish such a forum have been appreciated, while the level of mistrust between the CSOs and the government nevertheless remains high. Interaction between CSOs and government only exists within service delivery sectors, such as within health and education, sectors within which government welcome support from CSOs. Initiatives by the Ministry of Foreign Affairs and International Relations (MFAIC) for international NGOs have been equally appreciated, but with a remaining high level of mistrust.

With no formal institutional mechanism for ensuring public dialogue on policies and dialogue, CSOs have overall limited influence on public policies. The government's policies and strategies rarely acknowledge the broader role of CSOs to lobby for transparency and accountability in public policy and service delivery, to monitor the implementation of policies and to raise legal awareness. Many Cambodian CSOs also lack experience with fostering social accountability and public participation in development (EU 2015).

**Trade unions as a means for channelling workers’ voices and claims**: The curtailed freedom of expression and assembly also negatively affect trade unions. The trade unions face issues similar to CSOs in terms of shrinking space to defend workers' right and to voice workers' claims.

The new Law on Trade Unions (adopted in 2016) is seen by many trade union leaders as a legal instrument to limit freedom of association and negatively affecting workers' rights to collective bargaining. The Trade Union
Law together with the Ministerial Directive/Prakas 249 (2016) on Registration of Trade Union and Employer Association grant the Ministry of Labor and Vocational Training (MoLVT) excessive discretionary control over trade unions' registration, and creates an environment that is unfavourable to trade union registration. The trade union legislation requires that only unions with "the most representative status or 30% of union members' support" can represent their members and bring cases to the MoLVT for conciliation, and to the Arbitration Council (AC) for resolution. Smaller unions can thus no longer represent their members in collective bargaining or in bringing dispute cases to the competent authorities. Workers are often spread out over many buildings and sections which makes voting procedures to obtain support for unions to conduct collective bargaining difficult, if not impossible (UPR 2018b:fact-sheet 7).

There has been a remarkable change in the trend of collective labour dispute cases registered at the AC for the period of 2016 to 2018. During the first eight months of 2016, there was an average of almost 27 cases per month, but the number plummeted sharply to about 5 cases per month after the Trade Union Law became fully effective in September 2016. This decrease continued until the end of 2018 when there was a jump to 13 cases in December (AC 2019).

**Social media and youth as a key group and potential change agent:** The younger generations were born after the Khmer Rouge years, and have lived through times of impressive economic growth and rapid structural change, in contrast to the formative experiences of the 'elder'/adult' generation (Eng et al. 2019). These increasingly educated middle-class young generations, equipped with tools for critical analysis and non-violent communication, connected through social media and with access to a broader range of information sources, have strengthened ability to identify and pursue a future they desire for their country. They hold the ability to claim their rights and file complaints on corruption and nepotism, major barriers for young people's social mobility (Cambodia Conflict Assessment 2018).

**Women's voice and influence:** The view of women as "the guardians of Cambodian cultural identity" imposes a socio-cultural burden upon women, limiting their opportunities to contribute on equal terms to national socio-economic development (Sen 2017). The family's economic status pressures women to engage in income-generating activities, while social norms continue to confine women alone as responsible for household chores and childcare duties (MoWA 2014). Women are employed outside the home at almost the same rate as men, but - although improving - gender discrepancies in economic opportunities remain considerable (WEF 2018). Relatively few women are employed at senior or managerial levels in the private sector (ILO 2018b). Women are more likely to be in the informal economy, notably as unpaid family workers, or in lower-paid positions.

By tradition, women 'control' the household economy, implying that the women hold daily responsibility for making ends meet. Women do however not fully control households incomes, as the men (husbands) decide how much of their income to put at the disposal of the wives (women) for them to control. For women's own income, however, only 2% report that their husband mainly controls their cash earnings. Young women and women with no education are less likely than other women to control their cash earnings. Women also report that they usually take decisions about their own health care, and are involved in decisions about major household purchases and visits to their family or relatives (NIS 2015; WB 2012).

**Figure 8: Women in leadership and public decision-making** Women have over the years remained severely under-represented in accessing political power and in public decision-making (Figure 4). There seems to be an overall 20% glass-ceiling for women (Figure 8). The share of share of elected female commune councillors decreased in the 2017 sub-national elections, with women holding a low 8% of commune chief positions. In the 2018 Commune Council elections, the share of female elected members of parliament slightly decreased to 20%. In the indirectly elected Senate the share of women however slightly increased to 19% in 2017. There are 26 male and 3 female ministers, while
there is zero women among the 17 appointed senior ministers. The first ever female provincial governor since 1993 was been appointed in 2017 (out of 25 provincial/capital governors). At district/municipal/khan (DMK) governor level, 7 out of 197 positions are held by women (MoWA 2018).

Negative gender stereotypes and norms have contributed to the creation of discriminatory selection criteria by political party leaders of all major parties. Male-dominated power structures within the political parties make it difficult for a woman candidate to be certain of her nomination on the top of the list. Women are expected to adhere to social norms which generally ‘gender privilege’ men while under-valuing the capacity and potential of women. The criteria used by political parties and government officials empowered to make appointments have the practical effect of excluding most women (NGO-CEDAW 2018).

Corrupt judiciary: Cambodia's politically controlled courts play a central role in intimidating and silencing critical voices and previously active communities with a track record of protesting against corruption, land grabbing and human rights violations (LICADHO 2018). A number of land conflicts have been solved in favour of the powerful loyal to the CPP and the rich, and abuse cases are frequently solved based on corruption. Corruption in the judiciary and law enforcement agencies makes it even more difficult for the poor and the powerless to access to justice.

The politically controlled and corrupt legal system inhibits equal and fair access to justice, with impunity for the powerful. In a 2017 report gross inadequacies were revealed at every stage of the legal system in Cambodia. From the lack of legal aid, including bribery, police taking a share of money settlements, and biased judges and prosecutors, to a lack of meaningful remedies in the court system, Cambodia continues to lack actual rule of law (ICJ 2017). There are few legal mechanisms available to women facing violence. The court system is often inaccessible, in particular to rural women, and is moreover distrusted by many people. There are only 1 733 lawyers in the nation (out of which 378 are women) and very little legal aid is currently available (provided by the State, the Bar Association and by a few legal aid NGOs). Moreover, most lawyers are in urban areas, while most poor Cambodian women (and men) live in rural areas, which make poor people's access to legal representation extremely difficult.

Discrimination and harassment, formal and informal: Vietnamese communities are discriminated, facing difficulties in civil registration and consequently in accessing public services and other benefits. Ethnic Vietnamese constitute a large proportion of villagers being re-located from floating villages onto permanent land sites without identification documents that grant them appropriate basic rights and services. Some of the affected people are amongst the poorest in the region (UN SR on the situation of human rights in Cambodia 2018; 2019). Approximately 10% of the population suffers from at least one form of disability, and the proportion are higher in rural areas than in urban areas (NIS 2014). People with disabilities are facing stigma, discrimination and/or violence in their communities, and in particular so children and women with disabilities. Children with disabilities also fact exclusion from school, thus rendering them fewer future economic opportunities.

Lesbian, gay, bisexual, transgender, and/or intersex (LGBTI) continue to fact stigmatization by their families, communities, and the media, along with discrimination in workplace and schools. Dropout rates among LGBTI youth are higher than the overall school-going population, due to bullying by peers and economic hardship from family rejection. LGBTI Cambodians do not feel comfortable being open about their sexual orientation, gender identity and expression in the workplace (UN 2018; Mauney et al. 2018).

Women suspected of engaging in not only sex work, but any part of the entertainment industry could be prosecuted or harassed by authorities, and are often denied basic services from local authorities, treated as criminals even if they are not violating any specific laws. Sexual harassment (including comments and other behaviour intended to insult or embarrass women) is common in the workplace, and Cambodia has no clear legislation with a comprehensive definition and penalties for all such harassment (NGO-CEDAW 2018).

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12 The Bar Association of the Kingdom of Cambodia website (https://www.bakc.org.kh/)
3.4. Human Security

**Political and social tension:** The repressive laws that have been passed and/or are being proposed seek to provide the ground for the punishment of those who attempt to exercise their fundamental rights to for instance criticize or demand accountability from government.

Journalists, as well as ordinary Cambodian citizens, who express legitimate critical views, who demand legitimate rights, or who speak out against public policies are regularly targeted, surveilled, harassed, and charged with criminal offences and imprisonment. Expressing views, demands, etc on-line via e.g. facebook leads to similar consequences on charge of 'incitement'. Among the most severe and troubling attacks on activists and organizational leaders have been the government's efforts to arbitrarily detain activists, and to violently react to civic actions. A few targeted killings of high profile activists have also been executed. Although not widespread, they serve as careful, calculated attempts to ensure the persistence of a culture of fear in society (Mooney et al. 2018).

Labour union leaders face threats and harassment when striving to achieve labour conditions and standards that correspond to those legally prescribed. Human rights defenders have throughout 2016-2017 been singled out and persecuted through threats, judicial harassment and physical violence creating a trend of human rights defenders fleeing Cambodia out of fear of retribution by the authorities (HR situational brief 2018; EU 2015).

**Land grabbing, environmental issues, and human (in)security:** The land rights of poor citizens, and in particular of indigenous groups, are violated through land grabbing by richer and more powerful, facilitated by the weak and politically controlled and corrupt justice system. The Land Law offers protection to indigenous communities, limited implementation and enforcement is nevertheless reported to have left indigenous peoples vulnerable, when economic land and mining concessions are handed out by national or local authorities, or when the authorities restrain from interfering with illegal logging leading to deforestation. Land is also seized for possibly well-deserved infrastructure projects, but without fulfilling obligations to those inflicted upon.

Members of grassroots groups defending land rights and the environment were among activists who were particularly targeted in the 2017 post-election crackdown (LICADHO 2018). One explicit example relate to the massive expansion of the sugar industry that has led to loss of land, homes and livelihoods for thousands of families across four Cambodian provinces. Community representatives advocating for adequate redress and effective remedies for their communities have faced intimidation, imprisonment, and violence, and have been coerced into accepting inadequate compensation for their losses (UNHRC 2018b).

In urban areas, land conflicts often result from large real estate investments. Poor urban dwellers who have lived for decades in attractive areas without land tenure security and/or in houses without formal renting contracts or occupancy permits, are evicted to the outskirts of cities, often without access to water, sanitation and social services. Demonstrations for rights to remain are met with tough police forces involving violence.

**Loan-driven human exploitation:** Micro-finance-induced over-indebtedness leading to loss of collateral, often being the borrower’s land possession certificate, implies increased insecurity through loss of livelihood. Research findings (LICADHO 2019) suggest that the MFI sector’s low non-performing loan ratio is only made possible through coerced land sales, child labour, debt-driven migration, food insecurity and other human rights abuses, in turn made possible through relying on inadequate government regulation and the widespread complicity of local authorities to facilitate and pressure coerced land sales. There is further evidence (Brickel et al. 2018) of poor rural households being pushed into severe exploitation through debt bondage within e.g. the domestic brick industry, driven by the construction boom. Brick kiln owners repay farmers' debts and offer a consolidated loan. In return, farmers and their families are compelled to enter into debt bondage with the kiln owner until the loan is repaid. Albeit being in violation of national laws and international human rights treaties of which Cambodia is a signatory, these practices continue, facilitated by corruption and weak rule of law. In a recent study it was evidenced that villagers with connection to the brick kilns were overall worse off than fellow villagers who had no such connection.

Leaving to work abroad in the informal sector was in some cases perceived as the only feasible option to escape debts (UNODC 2017). The microloan would then be expected to be guaranteed by children and other family
members in the borrower’s household, through signature or thumb-print. Forced migration, including of many children, to work in many of the worst forms of informal sector labour in Thailand was all too often seen as the only solution to such a dilemma of generations of a family being indebted to micro-finance lender.

Trafficking of women and girls occur for labour exploitation, for sexual exploitation and for begging. New risk groups are emerging, including women that are trafficked for marriage or organs, and trafficking for surrogacy (NCCT 2016). The fewer economic opportunities for women makes reintegration of trafficked persons more difficult; discrimination and stigma against those who are trafficked for sexual exploitation is also a barrier to reintegration; and in cases of forced marriage, sometimes returnees are forced to leave their children behind in the destination country causing significant psychological and emotional harm (UNACT 2018).

Rights violations in employment persist due to gaps in the Labour Law leaving workers vulnerable to forced overtime and other exploitative working conditions. Cambodian migrant workers sent abroad are poorly protected and face challenges including physical and mental abuse, exploitation, human trafficking and enslavement. A recent study released by the ILO indicated that out of four researched Southeast Asian countries, migrant workers from Cambodia have the worst experiences (Sida 2019b).

Violence against children: Children are exposed to violence and abuse in schools and at home. A survey found that 4% of females and 5% of males aged 18-24 reported at least one experience of sexual abuse before age 18, with neighbours, friends, boyfriends and family members as common perpetrators. More than half of all children experienced some form of physical violence prior to the age of 18 by an intimate partner, parent, relative, or community member (MoWA 2014b).

Gender and sexually based violence and harassment: Cambodia women experience high prevalence of interpersonal violence, and are exposed to negative stereotyping in society. Gender-based violence negatively impacts on women's general well-being, and on their children's and families’ well-being. It prevents women from participating and accessing opportunities, with losses in wages and missed education, increased costs to health care as a result of injuries and risky behaviour by victims later in life (MoWA 2014). Some women have increased risk for violence or have challenges accessing services because of their work, age, economic status, health, gender identity, sexual orientation, ethnicity, disability, or other factors. Social services and legal support to survivors of violence against women and girls are not available and accessible for all women and girls.

All forms of gender-based violence (GBV) remain common. Violence against women is by many treated as a family problem to be resolved informally or condoned, rather than as a crime (NGO-CEDAW 2018). GBV includes physical, sexual, psychological, emotional and economic violence and occurs in the home, in the community and in the workplace. Women in Cambodia most commonly experience violence from intimate partners, causing immediate and long-term physical, sexual and mental consequences, including death. Women in rural areas have increased risk for physical violence, and experience higher rates of physical intimate partner violence than their counterparts in urban women. In 2015, 21% of women in Cambodia reported experience of physical or sexual violence or both by an intimate part in their lifetime (MoWA 2015). Cambodia thereby ranks in the middle of ASEAN countries in prevalence of intimate partner violence (with the highest prevalence (55%) in Thailand, and the lowest prevalence (14%) in Lao PDR) (Jansen 2017). Violence against women by a non-partner is also a significant problem. Sexual harassment in workplaces and in the community is alarmingly high.

Stigma, harassment and discrimination is experienced more severely depending on sexual orientation, line of employment, migration, and disability (MoWA 2014). Violence against women and girls is perpetuated by traditional gender norms, and a variety of factors on the personal level, such as lower education and childhood experience of violence. It is exacerbated by internal as well as overseas migration, including signs of human trafficking (UPR Cambodia 2018/CCHR et al.).

Reports of sexual violence are high (4% of women aged 15-64 reported having experienced sexual violence by a non-partner after the age of 15 - MoWA 2015). Gang rape, often of sex workers, is widely recognized as a recreational sex activity among youth, particularly in urban areas. Out 8.3% of men who had raped a non-partner, 5.2% were multiple perpetrators or of gang rape (Fulu et al. 2013). The report states this statistic is alarmingly high compared to other countries in the region.
While rape is widely understood to be criminal, women and girls themselves are still blamed and suffer significant social stigma. Rapists often go unpunished; the lack of legal penalties or social sanctions for men who rape perpetuates these crimes, in particular together with the attitude that some women are ‘bad’ and deserves such treatment (Fulu et al. 2013). Media reporting is blunt, lacking sensitivity toward gender based violence and sexual abuse. It is yet to be proven whether the new code of conduct urging media to avoid blaming the victim (signed between ministries of information and women’s affairs in 2017), will have effect.

**Prisoners:** There is continued prisoner abuse in government facilities (US Department of State 2017). The share of unsentenced detainees is increasing (up from 34% in 2005 to 58% in 2016) (ADB 2017). The overall population detained in prison and drug dependence centers has increased significantly since the implementation of the drug campaign in 2017. This has particularly affected women. Anecdotal evidence is that women are in prison for minor crimes or even crimes they committed on behalf of their male partners. While the law states that children under three can stay with their mother in prison, the reality there is not a clear policy and the conditions for children and mothers are difficult. Recently the government has released some women and children, but the policy is still not consistent (LICADHO 2015).
4. Institutional, structural and development context

4.1. Political and institutional context

Recent political changes: The political dominance that CPP had enjoyed since embarking on the democratisation process in 1993 was seriously challenged in the 2013 national election, and again in the 2017 sub-national election. This created mounting tensions leading to the 2018 national election, and as 2018 election approached, the CPP took a bold step to dissolve the only credible opposition party, the CNRP, and to arrest its President. An additional 118 CNRP leaders were banned from political activities, and the 5,007 elected CNRP commune councillors were coerced to defect to CPP and/or be replaced by CPP councillors, amidst shock from the powerless CNRP supporters in the communities. The legitimacy of the July 2018 national election – where CPP won all the 125 seats at the national assembly – has become seriously questioned.

The democratisation process in Cambodia has come to a halt at present, but notwithstanding with remaining prospects of being resumed in the future (Andersen et al. 2019). For the time being, the government has clarified its intentions to focus on peace, stability, growth and prosperity, and attend to human rights ‘the Cambodian way’ (MoFAIC 2018). Till date, this has implied a continuous decline in political and civic space, including the closure and suspension of human rights and environmental non-governmental and media organizations (OHCHR 2018). There is however no research on what Cambodian citizens think of these political events, except that most of them have self-censored (including on Facebook), and yet have become much more aware about their political rights – thanks partly to years of awareness raising on human rights and the high penetration of internet and Facebook where many of Cambodians get their news from (Andersen et al. 2019). In this development, China has also played increasingly important role in Cambodian politics. Through its large foreign investment and aid packages to Cambodia, China has shown its public stance to support the CPP (VOA Cambodia 2018).

Consolidation efforts among the elite, especially around the Prime Minister’s (PMs) family circles, have further intensified since the 2018 national election. These moves are also crucial for power succession to the next generation. One political analyst observes that the CPP elite and the PM is trying to consolidate their power in four strategic areas, namely: the armed forces (military, police and gendarmerie), control over youth (through the UYFC - Union Youth Federation of Cambodia), positions within the party high structure, and controlling of high finances and business sector. It is said that Chinese investors have established good connection with these party-based networks.

While its electoral legitimacy got challenged, the CPP and the PM saw increasing need to connect better with the voters. One example is the attempt by the ruling party to use Facebook to reach out and get feedback from the public not only on political but other public issues, especially public services. Focus however seems limited to increasingly mention urban issues (e.g. electricity, water, garbage collection, swine fever outbreak, etc.) on Facebook. Another example is the PM’s regular meetings (planned for twice a week) with garment workers (mostly in Phnom Penh), suggesting that the PM attaches not only economic and social, but also political significance to the garment industry and its workers.

Public sector reforms and governance: To compensate for its recent electoral legitimacy deficit, the CPP has put more focus on improving state capacity to respond to people’s needs. To move beyond the nice policy and reform documents which prioritise the importance of public service delivery and assistance to vulnerable groups, the government has taken more serious steps in a few key reform areas, such as in the Public Financial Management Reform Program (PFMRP), especially in revenue mobilisation, introduction of social protection policy and schemes, innovation in public service delivery, and the decentralisation reform. Sustained progress in implementing the holistic reform agenda has, however, been inhibited by weak coordination overall (WB 2018b). Implementation continues to face considerable challenges, with limited agency-collaboration, vested interest, weak monitoring and evaluation (M&E) capacity, and the too close interlinkage between state and the parallel structure of the Party Working Group (PWG).

Within the PFMRP, progress has been made in tax and custom revenue collection between 2013 and 2017, and budget allocations to social sectors have increased somewhat. Less reform progress has however been made
where there are strong vested interests (such as public procurement) and where cross-ministerial collaboration is required (e.g. non-tax revenue collection).

Weak M&E is a long-standing weakness to be addressed in order to ensure a more efficient state functioning. A reliable M&E that better connects resources to policy-outcomes is a necessary, although not sufficient, prerequisite for establishing more result-based accountability in the public sector. Efforts to reform the public administration (PA) have been on-going since long without significant progress. The public sector wage bill is estimated to have increased to 8.6% of GDP in 2018. This represents a tripling of civil servants’ minimum wage as compared to the level in 2013, while there is little evidence of improvements in critical tasks on public administration reforms to enhance public sector productivity and more efficient public service delivery (WB 2019b). The public accountant under the public finance system law (Organic Budget Law), and continues to be held responsible for the management of public finances, regardless of the on-going delegation of authority (WB 2018b). The ministry is now taking initiatives to set up an M&E unit inside the MEF in order to evaluate the impact of public spending in key social sectors such as education and health. It however remains to be seen whether this will be translated into action.

The widespread use of the PWG and other forms of party/patronage-based parallel structures have both positive and negative impacts on public sector reform. The PWG has long been used as a channel to address people’s needs at local level, such as small-scale infrastructure, ad-hoc cash transfer, etc. (Pak 2011). More recently, similar mass patronage mechanisms such as the Union Youth Federation of Cambodia (UYFC), CPP volunteering doctors, and (even) the Cambodian Red Cross have been created and/or expanded. Despite the absence of research on their impacts, it is reasonable to argue that these parallel structures must have provided assistance to the people through their various social and economic projects. Yet, the long-term negative impact is that they have continued to systematically undermine the formal state apparatus and give excuses to civil servants at all levels to not perform, and even abuse, their formal government roles.

The decentralisation reform, politically, experienced a major setup when the CPP took over the more than 5,000 commune councillor seats from the CNRP in the time leading up to the 2018 election. The reform has however also been challenging in administrative and fiscal terms: since 2008 when the Organic Law was adopted, the progress on functional and fiscal transfer has been slow, despite much technical and financial support from development partners (Sida 2018). Since the withdrawal of financial support from Sida and other donor agencies, there are early signs of commitment from the Government to strengthen administrative capacity of local government in service delivery. All line district offices have been integrated into one under the district administration. The allocated budget for the sub-national administration is increased by 30% in the 2019 budget (up from a mere 5% increase in the 2018 budget). The provincial administration budget experiences the largest increase (39.2%), while the city and district administration budget increases by 24%, and the Commune/Sangkat budget by 20% (WB 2019b:21).

At the strategic level, gender (or social equity and inclusiveness) needs to be more fully integrated into the all three cross-cutting reforms (PA, PFM, and decentralisation). An essential element of good governance is understanding how women, and disadvantaged groups more generally, are affected by budgeting and PA decisions and taking steps to create more inclusive systems to empower these groups (WB 2018b).


Progress has been made in public awareness about corruption and in reduction of petty corruption that immediately negatively affects poor people’s access to public services (TI Cambodia 2017). This progress has been made possible partly because of electronically made payments through bank accounts, Facebook and other mobile apps as a way to connect, sharing and receiving feedback and complaints from service users.
For grand corruption, however, the situation might be less optimistic, although there is no concrete evidence to support this claim. The already widespread patronage networks, consolidated around the CPP, have further expanded with the increased amounts of money flowing from China.

**Human rights, civil space and justice sector:** Human rights situation in Cambodia has experienced serious setbacks over the last two years (Regeringskansliet 2019). Key issues include: adoption of repressive legislation (controversial amendments to the Penal Code, draft minimum wage law, the draft cybercrime law), harassment of opposition parties and activists, stepping up repression of freedom of expression, increasing pressure on civil society organisations, restricted press freedom and continued harassment of human rights defenders (HR situation brief 2018). The actual space for citizens to demand accountability from their government in its service provision has thereby been further circumscribed, and even risky, in particular following the 2017 commune council elections.

In this context, the government’s recent efforts through Deputy PM Sar Kheng to reassure that the NGOs remain key partners of the government, and that the government will work to promote such cooperation including at the local level, may be a positive gesture, while it remains unclear whether this reassurance is limited to NGOs working to bridge government gaps in service delivery. As for NGOs working on accountability and human rights, it is highly unclear how much trust the Government has regained, after the severe repression and tension in 2017 and 2018 and, in particular, given the endorsement of new repressive laws which have been, and may easily again be, put into practice based on allegations from government agencies.

The justice sector remains the most serious challenge in Cambodia, filled with individuals who are regarded as part of the state and therefore likely to be loyal to the government, rather than to impartial rule of law. Though many policies, plans and strategies are in place, implementation and enforcement of regulations is limited. Impunity for the powerful and politically well-connected remains widespread. The World Justice Projects’ Rule of Law Index 2017-2018, which measures rule of law adherence,\(^\text{13}\) ranks Cambodia as second worse (out of 113 in 2017-2018 and out of 126 in 2019). A recent report of the International Commission of Jurists confirmed that, in spite of de jure guarantees of independence and impartiality of the judiciary in the Cambodian Constitution and laws, ‘the country’s judicial officials have always been deeply beholden to their political masters’ (ICJ 2017). In addition, there is no independent national human rights institution and the National Preventive Mechanism, established under the Optional Protocol to the Convention Against Torture with a mandate to prevent torture at the national level, does not meet the requirements of functional independence as well as independence of personnel as required under the Optional Protocol.

When it comes to creating institutional frameworks for managing the **increasingly visible climate change and environmental challenges**, the government has an ambitious record and has developed strategic plans in a number of fields. The government is also active in a number of international bodies such as the United Nations Framework Convention on Climate Change (UNFCCC) and Convention of Biological Diversity (CBD). A number of strategic policies and action plans have been developed, including the Cambodia Climate Change Strategic Plan (CCCSP), Cambodia’s Nationally Determined Contributions (NDCs), the National Policy on Green Growth (NPGG), and the National Biodiversity Strategy and Action Plan (NBSAP). The weakness is, as in other areas, implementation and enforcement.

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\(^{13}\) Providing scores and rankings based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice. It relies principally on primary data, measuring countries’ adherence to the rule of law from the perspective of ordinary people and their experiences
4.2. Economic and social context

Overall economic performance and structure: Preliminary estimates show growth achieved a 4-year high 7.5% in 2018, driven by both exports and robust domestic demand (Figure 9). Growth is expected to remain around 7% in the short and medium terms (MEF 2018), but may moderate further as the real-estate and credit cycles mature (IMF 2019). Volume of trade has continued to expand. Annual inflation has been kept around 3%, and exchange rate at Riel 4,050 per USD. The national debt is kept at USD1,400 million in 2019, about 49% of which is to China (RGC 2019).

Exports are increasingly diversified, although the reliance on growing garment and footwear exports remains high (growing at 17.7% in 2018, up from 8.4% in 2017), to a large extent destined for the EU and the US markets. A rapid growth of investments in production of travel goods also helped boost exports. The construction boom has concentrated in the capital city of Phnom Penh, and more recently in the seaside town of Sihanoukville, which has newly become an emerging high-rise construction hotspot, largely financed by Chinese investors. Growth of international tourist arrivals was sustained at 10.7% year-on-year in 2018 (slightly lower than 11.8% in 2017), thanks mainly to the rising number of Chinese visitors. Reflecting increased Chinese investors in Cambodia, a large proportion of Chinese visitors reportedly visited the country for business purposes. Agricultural production was affected by mid-season drought and floods in some parts of the country in 2018. Nevertheless, rice production, which accounts for about half of agricultural GDP, grew by 3.5% (lower than the 5.7% in 2017). While the EU re-introduced import duties on rice from Cambodia, the decline of rice exports to the EU was more than offset by the increase in Cambodia’s rice exports to the Chinese market (WB 2019b).

Despite the good economic performance, challenges are recognised. Domestically, they include: (i) elevated financial sector vulnerabilities stemming from strong credit growth with its concentration in the real estate sector and concerns about credit quality, external funding, and growing systemic importance of less operationally efficient micro-finance institutions, and (ii) large minimum wage increases could further erode Cambodia’s competitiveness while other production costs such as logistic costs remain relatively high. External factors include: (i) the concern on the withdrawal of Cambodia’s EBA (‘Everything but Arms’) status or loss of preferential access to key export markets in the EU in the medium term, (ii) an escalation of US-China trade war as well as global rise in protectionism or trade sanctions could hamper exports and FDI, (iii) weaker-than-expected growth in China would have significant negative spill-overs through FDI, banking, and tourism channels, and (iv) money laundering concerns associated partly with informal capital flows from China (IMF 2019; MEF 2018).

Concerns are increasingly raised about the (un-)sustainability of the natural resource-based growth model. In pursuit of growth, Cambodia’s ecosystems and natural capital have been degraded significantly due to poor practices, uninformed decision-making, and limited investments in the sustainable management of these productive assets. In pursuit of agricultural growth, cultivated land for crops has been expanded (increasing by 50% between 2002 and 2012), which has partly come at the expense of forests and wetlands (WB 2015). Deforestation and agricultural expansion, has led to increasing land degradation and erosion, and in turn to lower agricultural and fisheries productivity, as well as reduced resilience to floods. In recent years, the human-induced natural resource degradation and poorly planned development in low-lying areas has occurred in concert with increased incidence and intensity of natural disasters and a changing climate, contributing to further degradation. As a result, Cambodia has witnessed significant deterioration of livelihoods and destruction of infrastructure (WB 2017b; Germanwatch 2017).

Private sector and foreign direct investments (FDI): Industrial expansion has been characterized by a large informal sector, mainly women-led, and a missing small and medium enterprise (SME) sector, as well as low levels
of technology. Entrepreneurship remains weak and urban-centered and over 42% of enterprises are less than ten years old. More than two-thirds (68%) of large foreign-owned and export-oriented manufacturing enterprises are located in Phnom Penh and 13% in Kandal province. Industrial growth has so far been driven by cheap labour and an abundance of natural resources, but has not created sufficient decent jobs. The movement through the value chain is slow and the diversification of the industrial base is limited. The country’s exports remain concentrated in low sophisticated sectors, with weak links between the FDI sector and the rest of the economy. Unlike other countries in the region, Cambodia has not been able to diversity outside of or upgrade within garments and footwear (WB 2019d).

Large enterprises make up only 0.6% of the sector but create some 63% of jobs and generate 76% of total turnover (RGC 2015). The export-oriented strategy attracting FDI has created more, better, and more inclusive jobs in Cambodia than existed at the beginning of the reform period, and these jobs have underpinned Cambodia’s rapid poverty reduction. Nevertheless, the majority of jobs are still in traditional sectors. Household enterprises are an important source of jobs creation, and their share in total jobs is projected to grow as a result of rapid urbanisation, but their workers are more likely to earn below the minimum wage paid in the garment and footwear sector. Two in three jobs are excluded from the modern economy. The modern and traditional sectors are weakly integrated, with the 60% of workers in family farming and household enterprises primarily trading among themselves (WB 2019c).

Cambodia’s industrial expansion remains constrained by weaknesses in its infrastructure (for example, a single deep-sea port (Sihanoukville) and inadequate road-and-rail connectivity) as well as the lack of skilled workforce. Another area of challenge is ease of doing business. Cambodia ranks 135th out of 190 countries on the World Bank’s ease of Doing Business Index and currently ranks lowest in the region in terms of the ease of starting a business, dealing with construction permits, and registering property (WB 2017). The Government has recently eased certain regulatory requirements and introduced tax incentives to promote SMEs (RGC 2018). However, the effectiveness of the implementation remains to be seen.

China is Cambodia’s number one investment partner, with total investment amounting to USD7.4 billion by the end of 2017. In December 2018, Chinese firms pledged to invest an additional $7 billion in Cambodia, including in a highway that will connect Phnom Penh with Sihanoukville, and investments in Cambodia’s main port (Sihanoukville). However, the huge influx of rapid money from China has come with both applause and concern since Chinese investment has mostly concentrated in real estate sector, which is prone to money laundering amidst the fact that China has introduced serious measures in curbing money laundering and put stringent restriction on capital flow out of China.

**ODA:** Levels of FDI surpassed levels of Official Development Assistance (ODA) in 2010. By 2016, FDI levels were almost twice the levels ODA, which by then accounted for less than 40% of external funding that came into Cambodia. In 2016, China was the single largest provider of ODA (close to 26.5% of total ODA inflow) (RGC 2016).

**State Revenue:** Benefiting from the stable economic growth, and guided by the Revenue Mobilization Strategy (RMS) 2014-2018, the Government has managed to increase its revenue annually by 1.3% of GDP. This has increased recurrent revenue from 15% of GDP in 2013 to 21.4% in 2018. Implementation of the RMS Phase II (2019-2023) is expected to sustain revenue growth through tax policy and revenue administration reforms (MEF 2018b). The state revenue base is limited to three main sources: (i) tax revenues, (ii) revenues from customs and excise, and (iii) non-tax revenues. Taxes on goods and services (indirect taxes) continued to be the main source of domestic revenue (contributing about half of the total collection in 2018). The VAT and excise taxes (on imports) in turn account for 70% of the indirect taxes. Meanwhile, direct taxes improved significantly during the past several years (reaching 4.3% of GDP in 2018), partly thanks to better revenue administration. In particular, among other measures, e-tax services covering tax returns, tax registrations and e-VAT, as well as the use of the banking system for tax payments have been introduced. In addition, driven by rising imports, and despite the commitment under the ASEAN Free Trade Agreement (AFTA), trade tax collection is estimated to have accelerated last year, with a 20% year-on-year increase, contributing 2.4% of GDP (up from 2.2% in 2017). The introduction of a non-tax revenue management information system (NRMIS), together with inter-ministerial Prakases (agreements) and a standardised receipting system, have helped improve non-tax revenue administration. Non-tax (and others) revenue are estimated to contribute 3.7% of GDP in 2018 (slightly up from 3.5% in 2017) (WB 2019b). A
recent assessment by the IMF however points to organisational as well as human resource deficiencies inhibiting continued sustainable efforts to modernise the tax administration (IMF 2018). The collection of tax revenue is biased towards non-progressive sources, whereas progressive taxes would allow more inclusive growth. It is suggested that using property taxes would deliver the largest increase in GDP and reduction in inequality. To reap the benefits from property taxation will however require additional investments in tax administration (IMF 2019b).

**Social protection and government budget allocation priorities:** The government’s Social Protection Policy Framework (SPPF) 2018-2025 adopted in 2017 is one of Cambodia’s first attempts to provide comprehensive support in responding to the needs of vulnerable people via the existing political settlement. It incorporates two pillars designed to serve two distinct groups: a social insurance pillar for workers regulated by the labour law and a social assistance pillar for pensioners, veterans and poor vulnerable groups (RGC 2017). There is however a long way to go before Cambodia will have good social protection, comparable to neighbouring countries such as Thailand (MEF 2018b).

The National Social Security Fund (NSSF), a public autonomous agency, manages social insurance for workers employed by private companies registered with the government. Social benefits provided under the NSSF program have been expanded to include three schemes: employment injury insurance and social health insurance to be fully paid for by the employers, and maternity benefits paid for by the national budget. The NSSF now has branch offices in all provincial towns, in addition to its head quarter in Phnom Penh. The scheme’s coverage has increased gradually, but currently only reaches roughly 1.4 million workers, and most of these are garment workers and civil servants working in urban areas. Over seven million Cambodian workers thus remain without access to contributory social protection (ILO 2018). This group includes those working in the informal sector or in SMEs, many of them are migrants, and the majority are women. The government has paid more attention to the social insurance scheme for workers since 2017, but faces three key challenges in its attempt to expand both coverage and level of benefits provided. First is the difficulty in reaching out to workers and employers beyond formal enterprises. The second challenge is employers’ resistance to comply with their legal obligations and contribute to the social protection system. Finally, NSSF suffers from the many institutional problems faced by Cambodia public agencies as it aims to serve larger and more diverse set of members: inadequate staff, weak inter-ministerial collaboration and a high level of political interference (Eng 2019).

The pension for civil servants and veterans is the largest social assistance program currently financed by public budget and implemented by Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSAVY). Other envisioned assistance, such as universal assistance to elderly people which was promised by the government since 2013 election campaign, has not yet materialized. Expansion of social assistance targeting specifically poor households and those in rural areas would require reallocation of significant public revenues for implementing envisioned direct transfers to poor households and improvement of public social services across the board (Eng 2019). Cambodia’s spending on social assistance is only 0.3 percent of GDP. This is well below both the average for ASEAN and Low-Income Developing Countries (LIDCs) (IMF 2019b).

There is further not yet any signs of a strategy or action plan to address vulnerability and impacts on the poor from the recurrent natural disasters. Cambodia is one of the countries most at risk to the impacts of climate change and extreme weather events. A considerable share of the Cambodian poorest population relies on natural resources for their survival. The absence of state support for agriculture and rural development, exacerbated by negative impacts of climate change, and lack of social protection to help households manage shocks, or affordable and accessible health services, are underlying structural causes driving near-poor farmers back into poverty, and in worse case scenarios, into abusive bonded labour or labour trafficking. Social security for vulnerable people in the informal sector, a majority of whom are women, also deserves more attention.

**Health services** have become more pro-poor through the Health Equity Fund, which pays for health related costs when citizens use public health facilities, and now covers more than 3 million people. The risk of poor households being unable to pay for their medical expenses has declined from 8.8% in 2009 to 3.7% in 2016, and the risk of households falling into poverty due to medical expenses has declined from 5.7% to 1.6% during the same period (RGC 2018b). Nevertheless, out-of-pocket spending (58%) remains the main source for financing health services. The health sector is further the sector with the largest share financed from ODA (19%). Public expendi-
Despite a real term near doubling over the last 5 years, it does not p

ter to third, the quality of teacher training institutes (WB 2019c). T

es-

and remote areas has been challenging, with schools encountering difficulties attracting and retaining motivated and qualified teachers. Schools in better off areas tend to be overstaffed and schools in rural and poor areas tend to be understaffed as teachers resist relocations to rural and poor schools. Third, the quality of teacher training and ongoing capacity development of teaching staff for the sector remains weak. Currently, the ministry struggles to attract the best and brightest to enrol in the teacher training programmes, and there are limited professional development opportunities for incumbent and incoming teachers.

Learning outcomes are low at all levels, dropout rates are high at the secondary schools, and school governance remains inadequate (RGC 2018b). Three key challenges are pointed out in relation to the state of education sector reform (WB 2015; CDRI 2015). First, teacher pay has been a major problem for wider efforts at education sector reform, since the extraordinarily low wages received by teachers caused entrenched problems of corruption, absenteeism and poor performance within the ministry. This also means that teachers either do not turn up to work, instead pursuing alternative employment outside the civil service, or turn up but jostle for money-making opportunities within their schools. While teacher salaries have increased since 2013, the quality outcomes are far from given. There is little incentive for teachers to invest in training and to upgrade their skills, as long as second jobs and private tutoring are more lucrative. Second, the deployment of teachers from urban areas to rural and remote areas has been challenging, with schools encountering difficulties attracting and retaining motivated and qualified teachers. Schools in better off areas tend to be overstaffed and schools in rural and poor areas tend to be understaffed as teachers resist relocations to rural and poor schools. Third, the quality of teacher training and ongoing capacity development of teaching staff for the sector remains weak. Currently, the ministry struggles to attract the best and brightest to enrol in the teacher training programmes, and there are limited professional development opportunities for incumbent and incoming teachers.

Gender inequality also remains a challenge within the education sector workforce, with few women at management level. Among teachers, women’s representation decreases the higher the level of education: women represent 96% of early childhood education/pre-school teachers, 55% of primary teachers, 45% and 31% of teachers at lower and upper secondary levels respectively, and a low 18% of higher education faculty teachers (MoEYS 2018).

As for much needed vocational training to overcome skills deficits and to upgrade today’s workers, it does not respond to the market demand, and the private sector involvement remains limited. Only 22% of registered Cambodian employers offered formal training courses, compared to an average of 57% in the East Asia region as a whole. Reform efforts have focused on setting standards rather than developing feedback mechanisms from the employers or creating results-based incentives for training institutes (WB 2019c). The extensive challenges include insufficient technical training at both intermediate and advanced levels; limited capacity improvement for productivity enhancement; skills, curriculum, professionalism and quality (RGC 2018b). The implementation of the National Policy Framework on Education, Technical and Vocational Training 2017-2025, together with the establishing of the National Fund for Skills Development, combined with closer and more effective engagement the private sector, are expected to improve the quality of vocational training.

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4.3. Environmental context

Cambodia faces a multitude of environmental challenges. Cambodia’s successful growth has till date to a large extent been based on its natural resources (WB 2017b). Consequently, key environmental problems include deforestation, loss of biodiversity and ecosystems, land degradation, natural hazards and disasters, such as floods and droughts, and water pollution. Among the most serious challenges are the combined effects of climate change and the construction of large dams on the Mekong and its tributaries, in Cambodia as well as in neighbouring countries. This will alter the flow regimes of the river and make them more unpredictable, with serious impacts on agriculture and fisheries, the two cornerstones of Cambodia’s food security and livelihood opportunities (an estimated 60% of the country’s protein intake comes from fish).

Degradation of natural resources and biodiversity: Cambodia being a country where approximately 80 % of the population rely on natural resources for their livelihoods15 imply that degradation of natural resources and biodiversity is an urgent threat to the population’s well-being and prosperity. Specific drivers to biodiversity loss include land conversion, due to government-approved economic land concessions, to private companies for rubber plantations, agriculture, mining, large-scale tourism, and other economic activities also contributing to biodiversity losses as well as infrastructure development in natural areas (roads, dams, urbanization) that open up forest lands to further development. An additional, threat is the current growth in illegal wildlife trade.

The Forestry Administration (FA) revealed in 2015 a continuing trend in forest cover loss in the last two decades, particularly primary forest. From 1990 to 2015, total forest area declined by 27% (down from a coverage of 74.7 % to 53.9 %).16 The most severe decline (58%) has been in the primary forest area. The deforestation of 1.2% annually is among the highest in the world and is closely linked to other key environmental problems such as land degradation and land grabbing, extinction of wildlife, soil erosion, reduced water tables and general loss of biodiversity and ecosystem services. Lately the expansion of rubber plantations has put additional pressure on Cambodia’s forests. Rubber companies from Vietnam have received large concessions in Cambodia’s north. The consequences are reduced resilience to disasters and climate change impacts.

Monitoring by the Environmental Investigation Agency (EIA) suggests that all timber trade from Cambodia to Vietnam is illegal. Powerful Cambodian timber barons supply the Vietnamese market through companies which possess various logging permits. However, these permits are used to launder timber illegally felled in the areas surrounding their concessions, including protected areas. The pretence of legality given by these companies does not hold up to scrutiny and they have been the focus of allegations of illegal logging for a number of years. It is further suggested that all trade continues in breach of Cambodian laws (EIA 2018).

Poorly conceived hydropower dams on the Mekong mainstream and its tributaries: The Cambodian government is on the threshold of committing to an extensive hydropower program, mostly with the backing of Chinese financiers and construction companies. The health of Cambodia’s free flowing rivers are in particular vital to the well-being of Cambodia’s poorer rural population. The Mekong and its Cambodian tributaries provide abundant fish supply for local communities and the regular flooding of rice fields and riverside gardens helps to fertilize and irrigate agricultural lands at a very low cost for farmers. Poorly conceived hydropower development could irreparably damage these resources and undermine Cambodia’s sustainable development.

Communities in Cambodia are no strangers to the impacts of hydropower dams. Over the past decade, 55,000 villagers17 once dependent upon the Sesan River in Northeast Cambodia have become impoverished following the construction of the Yali Falls Dam upstream in Vietnam. Despite impacts remaining largely unaddressed, four more major hydropower projects have been built or are under construction on the river in Vietnam, forcing thousands of people downstream to move elsewhere to survive. Another project of particular concern is the proposed Sambor hydropower project, located on the Mekong mainstream in Cambodia Kratie province. If

14 Unless otherwise indicated, this section draws on the 2017 policy brief on climate change and environment in Cambodia, commissioned by Sida to Sida’s Helpdesk on Environment and Climate Change
16 All data in this section is from Open Development Cambodia 2016. Other sources show that the decline is even worse and that the forest cover is now less than 50%.
proved, it would have a massive impact on the Mekong River’s fisheries and those communities dependent upon them for income and subsistence, as well as on endangered species such as the Irrawaddy dolphin.

Coastal areas: Cambodia has its 440 kilometer-long coastline scattered with mangrove forests, coral reefs, seagrass beds and other coastal ecosystems which play a significant role in the nation’s ecosystem productivity and are fundamental to the livelihoods of millions of Cambodians. Not only do they perform an essential role in supplying people with fish, a staple food rich in protein for Cambodians, but are also vital to coastal protection, tourism and biodiversity. Healthy coastal ecosystems further play a significant role in reducing vulnerability to hazards by acting as natural physical buffers, i.e. "natural infrastructure". Major issues include conversion of coastal land for agriculture and aquaculture, over-exploitation of fisheries, sand mining and dredging, destruction and degradation of coastal habitats and urban development.

Land rights and conflicts: Cambodia’s development trends have been underlined by widespread land disputes and violations of land rights. Growing inequality of land access and ineffective land management for sustainable development are core issues.

Principle causes of violations of private property and other human rights abuses have have been issues surrounding economic land concessions (ELCs) and the expansion of agribusiness. Land disputes have been particularly numerous in upland areas, with large share of ethnic minorities, where many resource extraction projects are based and where migrants from other provinces have moved into land used by local indigenous residents. A second major arena for land disputes is in urban areas, especially Phnom Penh and neighbouring provinces, and on both sides of Tonle Sap Lake, with land conflicts frequently ending in evictions.

In the past few years, the RGC has been trying to transform its governance by switching leaders in three ministries (Ministry of Land Management, Urban Planning and Construction; Ministry of Environment; and Ministry of Agriculture, Forestry and Fishery) in order to increase commitment of finding solutions to land conflicts. Despite recent legal and institutional reforms on the management of ELCs and protected areas, land disputes have spread across the country. The ‘win-win’ approach used by the government, which is meant to benefit smallholder farmers, rural communities and private concessionaires, have given little benefit to the vulnerable and oppressed groups, with a strong tendency to favour corporate interests (UPR 2018b: fact-sheet 8).

Climate change and extreme weather events: Cambodia is among the countries most at risk to the impacts of climate change. Cambodia ranks 13th in the Global Climate Risk Index from 1995–2015 and 8th in World Risk Index 2016. In 2014, Cambodia’s economy was ranked as the most vulnerable to the effects of climate change worldwide (Germanwatch 2017; Kreft et al. 2014). The geographical incidence of extreme weather events such as droughts and floods varies. While floods affect lowlands areas, the droughts are widespread. Though there are some actual benefits from the seasonal flooding experienced in the central plains, the frequency of severe floods has increased over the last decade. Storms occur more frequently between August and November, with the highest frequency in October. Risk calculations (MEF/NCSD 2018) show that the impacts of climate change on the Cambodian people and key economic sectors are likely to become increasingly significant. Cambodian agriculture is extremely vulnerable to climate change, and food security is thus threatened. Climate change also negatively affects fisheries, forests and water resource management, all of importance for the livelihood in rural areas, where the majority of Cambodia’s poor people live.

Energy expansion and environment: Energy supply and demand is a moving target and requires careful consideration as how to respond to the rate and location of demand growth in an environmentally sustainable fashion. In areas that remain off-grid, electricity service is unreliable and available for limited periods during the day, with tariffs (around 2-3 times higher than grid tariffs). Development of a national grid will take time in the meantime there remains an importance niche for the development of off-grid decentralised generation. This can be developed using local energy sources such as solar PV, biogas or biomass waste based generation, which can be developed in parallel to the development of the national grid (Sida’s Helpdesk for Environment and Climate Change 2015).

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18 Mangrove for the Future website: https://www.mangrovesforthefuture.org/countries/members/cambodia/
Environmental impact of urbanisation: Cambodia’s mostly unplanned and unregulated process of urbanization has resulted in several major problems: lack of infrastructure and urban services such as sewage and garbage collection; traffic congestion; and increased urban flooding. While urbanization has offered numerous socio-economic benefits to urban dwellers, it has resulted in a growing population of urban poor locked out of the city centres and pushed to sprawling slums and informal squatter settlements on the periphery. The livelihoods of many were seriously compromised in the process.

4.4. Conflict and peaceful context

Cambodia is now more than 20 years on from the formal end of its civil conflict, yet some fragilities persist and are reinforced by deeper social norms, whilst new fragilities emerge as the state becomes dominant, creating new tensions and risks of social conflict. Future election outcomes and support for the ruling CPP, the role of the security forces, corruption, possible economic sanctions, uneven benefits from foreign investments and increasing dependence on China are issues assessed as potential risks (Cambodia Conflict Assessment 2018).

There are no immediate threats to Cambodia from key external actors. Factors that enable the current government’s approach include changing international dynamics, with Cambodia moving away from partnerships with western countries towards closer ties with China. Japan has not taken a stronger public stance against the Cambodian government. The strong principles of non-interference in domestic issues and respect for sovereignty held by the Association of Southeast Asian Nation (ASEAN) Member States, together with the regional priorities on political and economic stability over human rights and democracy, are also factors that enable the current government’s approach (Cambodia Conflict Assessment 2018).

Cambodia’s current political development however has its roots in the post-Khmer Rouge civil war of the 1980s and the state apparatus and military structure built by the CPP at that time. The current CPP leadership at national and local levels has remained remarkably stable from the early 1980s, and is linked by long-standing ties of loyalty, gratitude and personal obligation. These personalised networks of loyalty and clientelism that underpinned the state, the military and the party were used to exclude political opponents from significant opportunities within the new institutions that were set up following the first elections in 1993, and remain in place into the 21st century, visibly at play in ongoing efforts to secure succession of power to Hun Sen’s children.

Security forces are politicized, as are many other senior security personnel in the army, gendarmerie, and police. The state of repression may increase if the CPP feel too pressurised, with a risk of the security forces being activated. The reliance of CPP on security forces was confirmed and highlighted by a significant increase at the 2015 CPP Congress of the number of security force officers and other government officials with security responsibilities in the CPP Central Committee (Human Rights Watch 2018).

CPP has stayed in power since 1998. Although this has included both violence at time, extra-legal measures and human rights violations throughout, CPP has at large gained the popular vote through, on the one hand, cultivating its historical role as the saviour of the nation, guaranteeing peace and stability, and on the other hand, delivering development and economic growth. CPP has continuously gained much support from the older generations who lived through the war because it is the party that ended the conflict and brought peace and stability to Cambodia. CPP is however also questioned by the citizens for shortcomings such as corruption and narrow patrimonialism with high degree of nepotism. For young voters, history is no longer enough to hold their support. Their focus is on jobs and economic opportunities, and they are frustrated with corruption in the government that limits such opportunities.

Continued destruction of biodiversity as the livelihoods basis for many people, severe shortcomings in governance, and - not least - land conflicts with increasingly unequal and unfair access to land could lead to a situation where the existing firm grip on CPP’s political power may be challenged, leading to violent reprisals by the state. The risk was evidenced in 2017 with the forceful dissolution of the CNRP and harassment of its leadership and followers. There have been incidents where state security forces have used gunfire to stop peaceful opposition to land-grabs by powerful government-backed business and security interests, and the well-known environmental activist Chut Wutthy was shot dead after military police and company security guards stopped him from documenting illegal logging activities.
5. **In conclusion: who is poor, in what way, and why**

5.1. **Who is poor and in what way?**

Sida defines a person living in poverty as a person who is resource poor and deprived of at least one of the other three dimensions. The analysis in chapters 2 and 3 points to the following.

*Cross-cutting aspects:*

- There are considerable regional variations in poverty prevalence; with more people living in poverty in rural areas in north-eastern provinces; both in terms of income and multidimensional poverty. For all identified poor groups, they are more often found in these provinces.

- Vulnerable to poverty, i.e. those living just above the poverty line and thus fall outside of poverty targeted assistance programmes, do generally not differ much from those actually living in poverty; it is a mere matter of small differences in levels of income.

- Gender inequalities remain profound; driven by socio-cultural norms and unequal opportunities; with unequal sharing of household work causing time constraints for women as compared to men.

*Those who are resource poor:*

- Population with no income. This includes for instance a large share of disabled people.

- Communities/households who have lost their land and/or access to foraging. This includes households who are evicted from their homes also in urban areas.

- Farming households with small land-holdings, vulnerable to natural and man-made natural resource degradation; exacerbated by absence of social protection.

- Own account workers with small unregistered businesses, vulnerable to negative shocks, and natural resource degradation - more women than men.

- Children who are stunted and mal-nourished, in particular in resource-poor rural households

- Elderly persons, particularly women, left behind as caretakers for children of migrating family members.

*Those who are resource poor and deprived of opportunities and choices:*

There is a particularly strong direct correlation between being resource poor and having limited opportunities and choices, i.e. being deprived of the opportunity to acquire resources.

- Rural households relying heavily on less productive agricultural activities and foraging, and living in areas with limited access to key basic services such as universal health and education, clean drinking water, sanitation, and electricity. More such households are headed by women than by men.

- Rural households exposed to land grabbing, and/or exposed to deforestation preventing them from accessing non-timber products on which they depend for their survival, and thus facing food insecurity.

- Own account workers with small unregistered businesses, and limited access to capital due to lack of collateral and limited level of education/knowledge to upgrade/register their businesses. In particular women of ages above 34 have in general lower levels of formal education.

- Children in poor households who are stunted due to non-affordability of appropriate nutritious food, and who are thus deprived from opportunities through for instance lower school achievement, lower adult earnings, increased health spendings, higher probability of non-communicable diseases.

- Elderly people, mostly women, who are left behind with the burden/responsibility to care for children of migrating parents, and with low level of education, weak health, and limited access to own income-earning. Those classified as just above the poverty line would be excluded from targeted poverty-reducing assistance.
Those who are resource poor and deprived of power and voice:

- People who have been victims of unfair appropriation of their resources and with no access to means to claim their rights or recompensation; for instance loss of land, being evicted from their homes, or unjust treatment the workplace. Both rural and urban households fall within this group, but access to legal aid is considerably less in rural areas.

- People who have few resources and are being discriminated against in the communities and in workplaces, with no access to means or channels to claim their rights. This group includes for instance disabled people, LGBTI persons, poor Vietnamese communities who are prevented from civil registration and thus prevented from accessing basic services.

Those who are resource poor and deprived of human security:

- People whose land rights are violated through land grabbing without lawful protection of their rights. Many indigenous people are found in this group.

- Men and women who loose land rights and become subjected to human exploitation, including labour bondage, forced migration and human trafficking, and without lawful protection of their human rights. This include loan-driven loss of land but also loss of land due to environmental degradation.

- Resource poor women who are subjected to gender and sexually based violence, and left without support in their community, including left without legal support and with nowhere to turn.

- Resource poor local activists who are harassed, threatened, and - in worst case scenario - at risk of being unlawfully killed.

- Children in poor families who are abused and subjected to violence, domestically, in school or in their communities.

5.2. Why are the poor poor - what prevents them from moving out of poverty?

The contextual analysis in chapter 5 provides the basis for identifying why people are poor and what prevents them from moving out of poverty.

Political and institutional context:

- Corruption is the major serious factor preventing poor people from having their rights protected, and getting adequate access to services and resources.

- The politically controlled judiciary system is another major obstacle for poor people to move out of poverty and in some events severe human exploitation.

- Weak enforcement capacity in the public sectors prevents good reform initiatives and policies from being effectively implemented.

Economic and social context:

- The possible withdrawal of Cambodia’s EBA status may halt the growth in the garment and footwear sectors, and thus prevent poor people with low levels of education to find productive jobs with secure incomes. In the worst case scenario, the level of production may even be shrink as compared to today thus causing massive unemployment among current employees.

- The natural resource-based growth model has expanded land for cultivation of crops at the expense of forests and wetlands of utmost importance for poor people’s livelihood. The agricultural expansion has in turn not included extension or other support to small-scale farmers.

- The lack of functioning social protection schemes for the vast majority of Cambodians makes the poor and the near-poor vulnerable to also small shocks.
Environmental context:

- Degradation of natural resources combined with frequent natural and man-made disasters prevent farmers and people otherwise depending on natural resources from improving productivity and thus income.
- Widespread land disputes and violations of land rights in which the poor lose out to the richer and politically well-connected.

Conflict and peaceful context:

- Personalised networks of loyalty and clientelism that underpin the state, the military and the party are used to exclude perceived opponents from opportunities and rights. The security forces are used as a repressive threat, thus preventing initiatives from people outside the networks of loyalty.
ANNEX 1: LIST OF REFERENCES


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