

Poverty in Cambodia

Emerging results from pre- and during pandemic household surveys and qualitative data

By CDRI and ODI team
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Overall context: Covid-19 impacts

Changing GDP growth rate

7.1% (2019), (-)3.1% (2020), 1.9%(2021)—forecast, and 5.5% (2022)—forecast—ADB 2021

Poverty Line (17.8%)

4.2% in Phnom Penh, & 12.6% in urban areas while 22.8 % rural areas

Most affected sectors

MSMEs (UNDP survey 2020), construction sector, tourism sector, manufacturing sector, garment sector

Donor support

- ADB, UNDP, UNICEF, Oxfam have worked closely with the Government of Cambodia with additional programs “health and social protection program

Government interventions

- Wage subsidy for garment, textile, footwear, and tourism sectors.
- Cash subsidy schemes for the poor and vulnerable households via ID poor
- Suspended the mandatory monthly payments to the National Security Fund (NSSF) for occupational risk and healthcare
- A relief program called the “Post Lockdown Cash Transfer” or “20th February Cash Transfer Program” since June 2021
- COVID-19 vaccination campaign
- Call for loan restructuring

Lockdown and school closure

- Online learning initiative
- Living standards of some families were negatively impacted
- Young children starting to work due to school closes (UNICEF)

Survey data sources

Living Standards Measurement Survey+ 2019/20

- Nationally representative, rural and urban (252 villages and 1,512 households)
- 25% of the enumeration areas of the 2019/20 CSES in 24 provinces/cities
- Household and individual questionnaires
- Periods of data collection: Oct-Dec 2019 and Jan 2020.

High frequency phone surveys

- LSMS and ID Poor
- Socioeconomic impacts
- Nationally representative, rural and urban, and (for IDP) regions
- Round 1: 1684 households, Ma/Jun 2020
- Round 2: 1667 hh, Aug/Sep 20
- Round 3: 1666 hh, Oct/Nov 20
- Round 4: 1687 hh, Dec/Jan 21
- Round 5: 1687 hh, Mar 21

Qualitative data (Rural and urban areas)

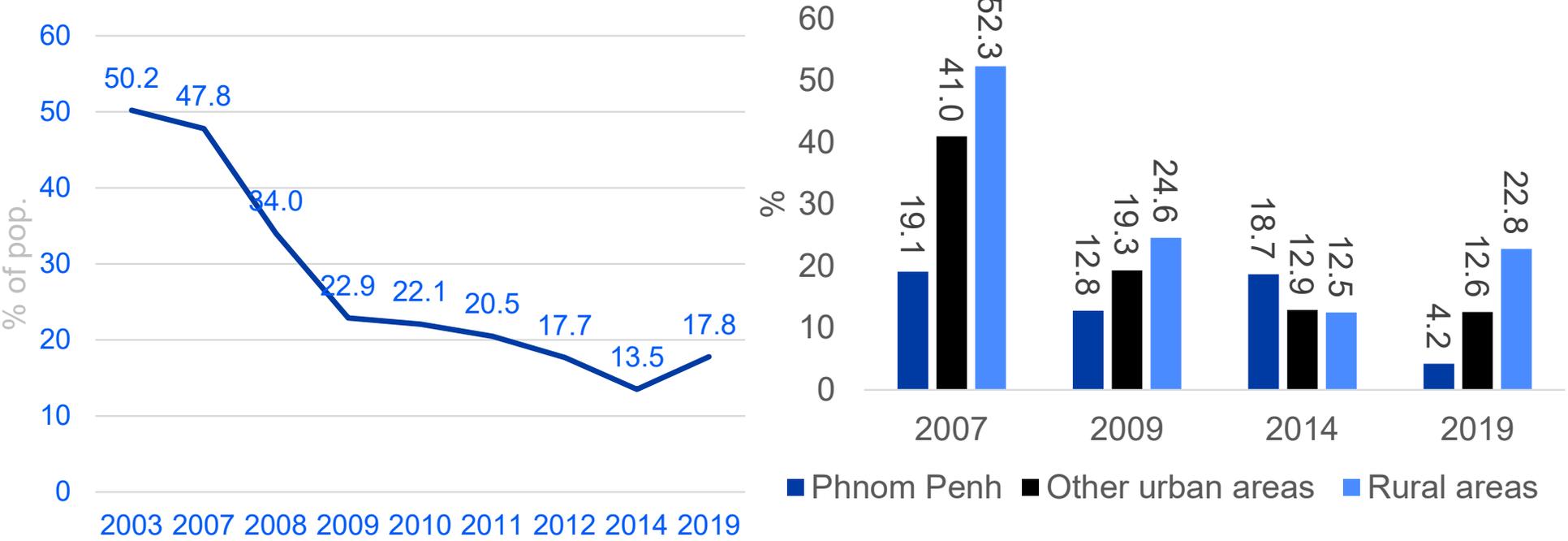
Repeated observation of the same households studied in 2018, plus expansion of urban areas of study in 2022

- **Life History Interviews**
- **Key Informant Interviews**
- **Focus Group Discussions**

Study sites



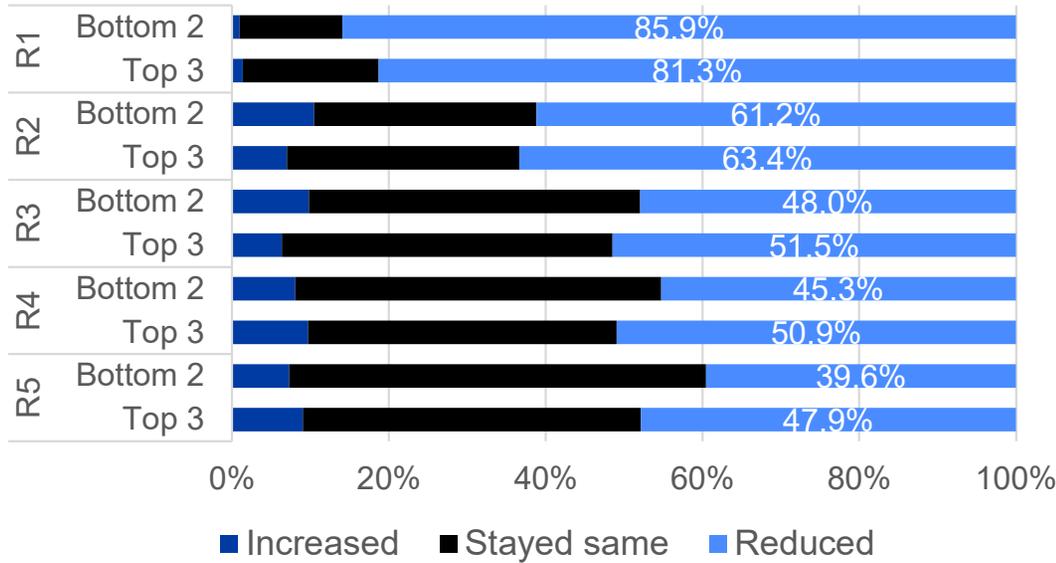
Poverty headcount ratio had declined from 50.2 percent in 2003 to 17.8 percent in 2019. However, poverty remains a rural phenomenon.



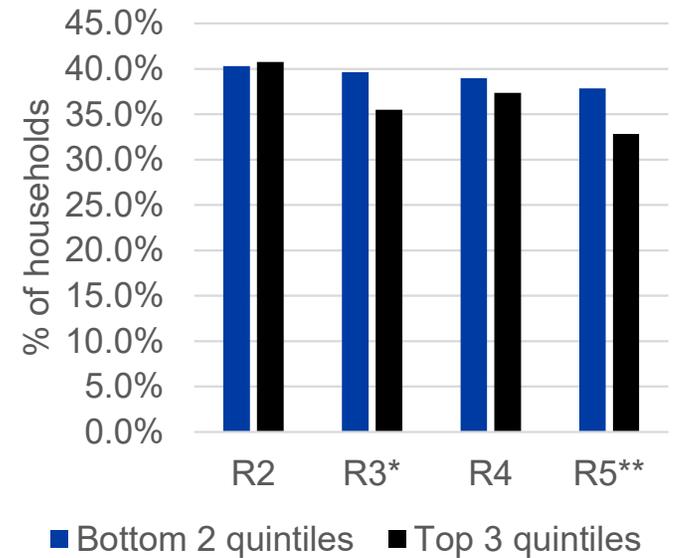
Source: Authors' preparation using WDI data, World Bank (2020) and NIS (2021)

Breadth vs depth of income loss over time varies by quintile

Changes in household income by quintile, LSMS



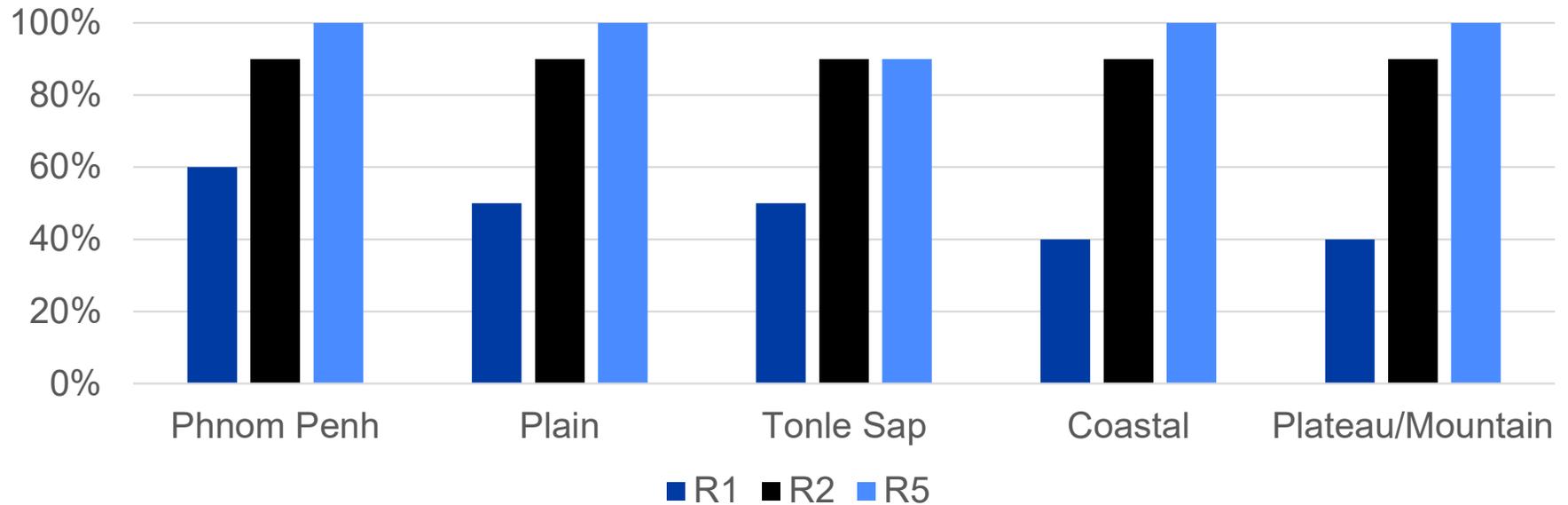
% change in income, LSMS



- Though top 3 quintiles more likely to experience income loss by latest wave, severity of the loss remains higher amongst bottom 2 quintiles

Source: Authors' preparation using WDI data, World Bank (2020) and NIS (2021)

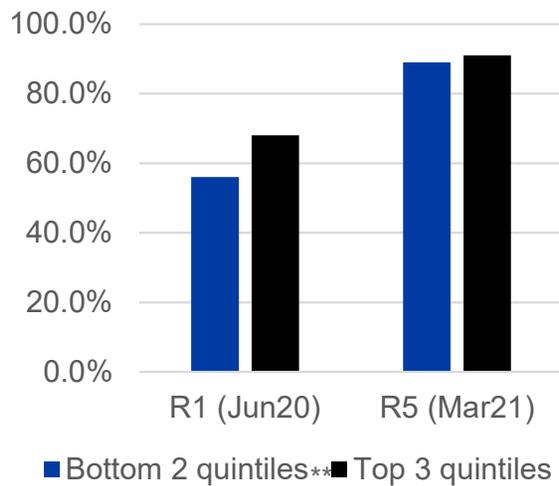
Cash transfer via ID Poor households



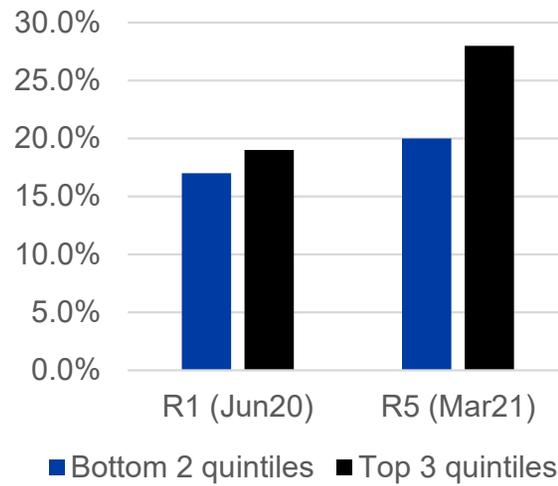
- 50% of ID Poor hh received assistance in June 2020, with variations by zone
- Almost full coverage by latest wave (March 21), though Tonle Sap lags behind

Education activities have resumed, the intensity of engagement amongst poorer households remains low

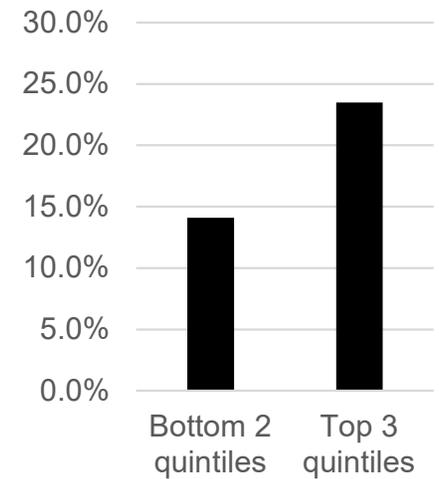
Education activities, LSMS



Teacher communication, LSMS



Activities >24hrs/wk, LSMS



- Bottom quintiles catching up on education activities, but possibly with less teacher interaction and with less time spent on activities

Source: authors' analysis of HFPS-LSMS dataset

Qualitative interviews

Coping Strategies	Key conclusions
<p>Food-based coping strategies</p> <ul style="list-style-type: none"> • Reducing food expense (less meat/fish with more vegetables and, from two or more dishes to one dish among meals) • Buying food on credit/ borrowing food from small shops • Food aids and cash transfer (ID poor) • Collect more non-timber forest products and fish from the lake <p>Financial stress-based coping strategies</p> <ul style="list-style-type: none"> • Worked harder and longer hours to remain the same income • Credit rotation from kin circles (no interests) informal/formal lenders – incurs interest • Reduction to participating in social and community events such as wedding • Sold assets (jewelry—market demand) • Sold land <p>Agriculture-based coping strategies during the Covid-related market stagnation</p> <ul style="list-style-type: none"> • Sowed less with seasonal adaptation (reduced amount of agricultural inputs) • Rotating farming cultivation to minimize risks • Borrowed agriculture inputs such as fertilizers • Sold productive assets (cows and farming land) • Younger children engaging in income-earning as school closure 	<p>-Food reduction is not only quality and quantity amount of food but relied on food credit from money lenders with higher interest rates.</p> <p>-Borrowing money with no interest rate/ without fixed duration period</p> <p>- Credit rotation is very common. However, borrowing from relatives/ neighbors is not the case for the household interviews.</p> <p>-Selling land is the last resort.</p>

Household characteristics

Non-poor

- Having a large size of farmland is the main source of income generation which has enabled farm households to cope with shocks including the decline in crop prices related to the Covid-19 pandemic
- Women viewed key drivers of poverty as being lazy, not working hard, and alcoholism, rather than landlessness, health shock (ill members), and lack of family labor force.

The poorest/ poor groups

- The poorest/ landless group who relies on casual labor/ illegal loggers to make ends meet.
- Productive assets (hand tractors) relies on borrowing money; so the loss of assets forced them to get worse and have to borrow more money.
- Cash support from the ID poor scheme helped food consumption and allocated some for grocery shops but the program is limited coverage. They viewed moving out of poverty depending on their grown-up children's labor force with good education and have better ideas for jobs.
- Others thought as long as young people remain owning land as a mean of living in the rural areas, they could have better improvements in well-being, plus having more knowledge/skills of farming than old generations.

Policy response and implications

- Climate smart agriculture and effective natural resource management need, while agriculture practices are costly with low returns
- Debt policy needs to rethink as the poor faced with risks of taking multiple loans
- Social protection responses need to expand for the poor for the future
- Stronger education response and support for the poor

**Thank you for your
attention!!!**

