

**Government-Development Partner Coordination Committee  
GDCC Meeting No. 14**

**Council For Agricultural And Rural Development  
Technical Working Group on Food Security and Nutrition**

**Background Paper  
On  
SOCIAL SAFETY NET IN CAMBODIA  
Tuesday, 28 April 2009**

**Background**

1. The RGC has made a firm commitment to the further development of the social safety net in Cambodia. His Excellency, Mr. Keat Chhon, Deputy Prime Minister, Minister of Economy and Finance and First Vice-Chairman, CDC and Chairman of CDCF stated at the 2<sup>nd</sup> CDCF (December 2008) that “Government and development partners noted that significant progress has been made in reducing overall poverty levels, but at the same time recognized that significant parts of population remain vulnerable to various economic and social shocks pushing them to poverty and denying equal opportunities for participating in the economic growth. These risks have been exacerbated by the recent inflationary pressures and global financial crisis. To ensure the establishment and effective use of a **social safety net system**, which is an important part of a long-term growth strategy, there are a range of actions required at multiple levels: from the central government, at sectoral and sub-national levels. At the Conference on “**2009 Cambodia Outlook: Cambodia and the Global Crisis: Impact, Policy Response and Action**” was organized by a Partnership of CDRI and ANZ Royal Bank in Phnom Penh. In his keynote address, *Samdech Akka Moha Sena Padei Techo HUN SEN*, Prime Minister re-emphasized the initiative of the RGC on this subject and he said: “*The RGC has also focused on further strengthening the **social safety net** for the people. ... Together we develop effective response to the crisis to help protect and support the poor and vulnerable in our communities, particularly those who may be thrown into unemployment by the contraction in export industries such as garment, construction and tourism; migrant workers, who may be returned home from working in neighboring countries in the region.*”

**Challenges**

2. The experience in social safety net is not new to Cambodia, but the term and understanding might be conceptually differed. Cambodia have been implemented many major donors supported projects and programs to reintegrate, to rehabilitate, to improve food security, to response to emergency situation and to improve livelihoods of poor Cambodians, but yet Cambodia do not have an effective and affordable social safety net in place. Institutionally, we have many ministries and institutions are involved in the development and the implementation of some kind of social safety nets programme and projects in the country, from emergency to recovery, rehabilitation and to development. But we are not able to develop yet an integrated system nor a sustainable programme to response to crisis as it occurs. They are fragmented, un-coordinated and unsustainable.

3. In addition to the limited availability of funds, a major constraint for the development of safety net interventions and for rapid assistance response in times of crises is the lack of a Government body with a clear mandate to coordinate safety net interventions across ministries, and to implement cross-sectoral interventions. Safety net interventions are scattered across several ministries. The Ministry of Social Affairs, Veterans and Youth Rehabilitation (MOSAVY), Ministry of Labor and Vocational Training (MOLVT) and the Ministry of Women’s Affairs (MOWA) are all mandated with managing state social services for the wider

population, and helping to protect specific vulnerable groups against risks. In collaboration with the WFP, the Ministry of Rural Development (MRD) and Ministry of Water Resources and Meteorology (MOWRAM) are also implementing a food for work program that distributes 3,500 tons of rice per year to approximately 20,000 households. Yet, no government body has the mandate to coordinate safety net interventions across ministries, as well as to implement cross-sectoral interventions. The lack of a clear designated agency has significantly impeded the development of a comprehensive social protection and safety net strategy and of large scale cross-sectoral interventions.

4. Facing this challenge, the Royal Government of Cambodia agreed that the first step is to undertake a mapping exercise to determine the nature of existing safety net provision and to identify policy, institutional and capacity gaps for developing a more systematic and integrated safety net system. To start this process: responsibility for this mapping and scoping exercise is assigned to the Technical Working Group on Food Security and Nutrition, with the understanding that to succeed both this analysis and subsequent **safety net development** will require the intensive engagement of social sector ministries (for example health and education)”.

5. The starting point for a work program for the TWG-FSN is to assess the overall situation of social protection in the country, which is to prepare the Concept Note. Development partners will support the development of the social safety net strategy by contributing to the draft and providing technical assistance where possible. The RGC, and in collaboration with development partners, specifically through the Interim Working Group on Social Safety Net (IWG-SSN) of the Technical Working Group on Food Security & Nutrition, will lead efforts towards a social safety nets strategy. The World Food Program, co-facilitator of the TWGFSN-SSN and the largest SSN development partner, will facilitate coordination with other development partners. On the RGC side, the Council for Agriculture and Rural Development (CARD) will coordinate among the many government agencies with social policy programs and interest in the issue.

6. As mandated, CARD convened a first meeting of TWG-FSN on February 10, 2009 with RGC and development partners, and during which the meeting endorsed the following steps and principles:

- Social safety net measures are critical for Cambodia and a more pro-active approach to protect against future shocks is needed;
- SSN needs to be broadly defined;
- Rich Cambodian experience with SSN programs over the past 20 years needs to be synthesized and assessed;
- Positive aspects of SSN need to be made better known and the SSN strategy must be one that does not lead to dependency, but rather stimulates poor people’s initiative to escape poverty;
- CARD is the lead agency for SSN, but the full participation of all relevant RGC agencies is necessary for the SSN strategy;
- An interim working group chaired by CARD will develop a concept note for the SSN strategy; and
- CARD’s role is to coordinate the scoping and mapping exercise and to lead the formulation of a systemic and integrated SSN which can be supported by projects of RGC and development partners.

7. The second meeting was held on 30 March 2009 to review the progress of the working group as well as to comment on the draft Concept Note. This concept note was envisioned to lead to both the mapping/scoping assessment of the SSN in Cambodia and also to a menu of policy options and eventually to support a SSN strategy/policy recommendations and in is intended to respond to the mandate to TWG-FSN to develop a social safety nets strategy for

Cambodia and of the interim working group to develop a concept note for the social safety net strategy. The concept note proposal first:

1. addresses the scoping and mapping exercise for the broad area of social policy and social risk mitigation including an overview of Cambodian social protection programs; second
2. presents a menu of policy options that other countries have adopted to create social safety nets that can reduce the negative impact of crises on the poor and vulnerable and provide a springboard for the poor to escape long-term poverty by existing from safety net program, and third
3. lays out Cambodian specifics, including examining the profile of vulnerable people in Cambodia, the likely impact of the food, fuel, fertilizer, and financial crises on these vulnerable groups, the informal safety net in Cambodia, and fiscal decentralization and local capacity assessment.

### **Poverty and Vulnerability Profile**

8. Fiscal sustainability and equity reasons mean that further social safety net policy options must be targeted to the poor in Cambodia. Annex 1 includes a brief profile of the poor and vulnerable in Cambodia today and the impact of the food, fuel, fertilizer and financial crises on these groups. The poor in Cambodia can be identified by use of the ID Poor mechanism which is presented in Annex 2.

### **Historical Background on Social Protection in Cambodia<sup>1</sup>**

9. Prior to the war in 1970, the Cambodia traditional social safety net existed in form of sharing, mutual assistances and within the pagoda, extended families and neighbour networks through charity and community self-help activities. The monks and the pagoda played an important role in offering meals and temporary shelters to poor and vulnerable people within the community in needed. Through extended families structures in Cambodia, most vulnerable and poorer member of relatives often received in-kind assistances<sup>2</sup>. However, before the war, limited research was done in Cambodia, and very little document (if any, it was destroyed) information about family and community life and the ways in which people traditionally coped in times of difficulties.

10. The dramatic socio-economic and political changes of the past two decades have had significant impact on the social fabric of Cambodia. The structure of Cambodian society has changed and its culture has been dislocated. None are more vulnerable to these upheavals than children and women. Families, which provide the first safety net for the survival, protection and healthy development of children, have been fragmented and weakened by death and separation. Communities or villages, once composed of extended family networks established for generations, have been shattered and reformed by forced population movements, displacement, and repatriation<sup>3</sup>. This tradition is still playing a role as an informal social safety net in the modern history of Cambodia, where wealthy families, high ranking officials, business people and communities extended their own private means to assist and offer help to those who needed the most.

11. The Paris Peace Agreement was signed in 1991, ending three decades of conflict, social dislocation and the destruction of infrastructure and facilities in Cambodia. The first democratic election was organized and a new Royal Government was established in 1993. At that time, Cambodia was moving from a phase of war toward peace, from a culture of continued conflict to a culture of compromise, dialogue and reconciliation. In response to the challenges, the strategy for the National Program for Rehabilitation and Development of Cambodia (NPRDC)

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<sup>1</sup> This section draws heavily from Ngy (2009).

<sup>2</sup> Author personal account, no publication nor research was done on the subject prior to the war in 1970.

<sup>3</sup> UNICEF: Towards a Better Future: An Analysis of the Situation of Children and Women in Cambodia, (1995?)

was developed, adopted and implemented. The broad aims of the RGC were set out in the NPRDC in February 1994, and elaborated in the Implementing-NPRDC in February 1995: "Striving to achieve a Sustainable Growth with Equity and Justice." - (NPRDC: Objective). The document declared a war on poverty, and the development of the rural areas is seen as critical to raising the living standards for the majority (85%) of the Cambodian population. Since 1993, rural development did play, and will continue to play, an important and active role in implementing and achieving the goals and targets set by the RGC's various policy documents such as NPRDC<sup>4</sup>, SEDP<sup>5</sup> I-II, and NPRS<sup>6</sup>. Work in the rural development sector has contributed toward the reduction of poverty in the rural areas through decentralized and participatory approaches to the improvement of rural accessibility and to creating opportunities for rurally based people in their own development. The vision of "*Returning to the Villages*" was and continues to be the theme for rural development activities that seek to alleviate poverty in Cambodia through the implementation of projects and programs that will improve accessibility to socio-economic services in rural areas and will strengthen and empower the local grass-roots organizations at the village level in order to achieve sustainable development and self-reliance.

12. In response to the needs in rural areas, external assistance was provided through loans and grants to rural development projects and programs. ADB, World Bank, KfW, GTZ, JICA, EU, DFID, SIDA, UN agencies (i.e. UNHCR, UNDP, WFP, UNICEF, WHO, ILO) and other development partners have provided financial and technical assistance to improve rural accessibility and increase opportunities for rural people. Rural development activities included, but were not limited to, rehabilitation of the rural infrastructure such as roads, market, water supply and sanitation, expanding rural credit services and income generating activities, and strengthening of the institutional and human resources capacity at the national, provincial and local levels.

### **Legal Framework of Social Protection in Cambodia**

13. The fundamentals of social protection for Cambodians enshrine in the Constitution, which contains articles on the rights of citizens and responsibilities of Government related to social protection. Several organic laws have been passed to codify some of the social protection related tenets of the Constitution. The most relevant laws which have been adopted or are currently under consideration include:

a. The ***Labor Law*** passed in October 1998. This law provides for a standard legal workweek of 48 hours, not to exceed eight hours per day. It also stipulates time-and-a-half for overtime, and double time if overtime occurs at night, on Sunday, or on a holiday. The minimum allowable age for a salaried position is set at 15 years or at 18 years for anyone engaged in work which may be hazardous, unhealthy, or unsafe. The Labor Law embodies most of the ILO conventions on core labor standards, all of which Cambodia has ratified. The application and enforcement of labor standards in Cambodia is discussed in greater detail below.

b. The ***Insurance Law*** passed in June 2000. The insurance law provides a legal framework for better regulation of insurance market activities. To help develop the insurance sector, the RGC envisages an expansion of the activities of the state-owned Cambodian National Insurance Company (CAMINCO) to include life insurance, pensions, credit, and natural disaster insurance. However, these insurance schemes will benefit only a small proportion of the population in the initial stages and most likely

<sup>4</sup> NPRDC – National Programme on Rehabilitation and Development of Cambodia, February 1994.

<sup>5</sup> SEDP – Socio-Economic Development Plan or 5-Years Plan (SEDP-I: 1996-2000 and SEDP-II: 2001-2005).

<sup>6</sup> NPRS – National Poverty Reduction Strategy – 2003-2005.

will not be accessible to the poor, who lack the surplus funds necessary to insure their risks.

c. The *Law on Social Security Schemes* for Persons Defined by the Provisions of the Labor Law passed in September 2002. This law entitles workers and employees in the private sector to old age, invalid, and survivors' benefits as well as workmen's compensation. The law has been promulgated but not implemented since it requires a sub-decree on the National Social Security Fund (NSSF), which will cover employment injury insurance (EII), the pension scheme, and a short-term benefit system. Notably, the EII would cover the formal sector as well as the self-employed based on voluntary participation. However, as in the case of the Insurance Law, only a very small segment of the population is expected to benefit from the Law on Social Security Schemes given the small size of Cambodia's formal sector.

d. A National Action Plan to Combat Violence Against Women has been developed, and is being implemented in accordance with the Law on the Prevention of Domestic Violence and Protection of Victims adopted in 2005. However, violence against women remains high in Cambodian society. .

e. The Law on Suppression of Trafficking in Humans and Sexual Exploitation, adopted in late 2007, consistent with the UN Palermo Protocol. The draft law provides for heavier punishment if victims are below 15 years of age and gives police more power to investigate and arrest suspected traffickers

## **Review of Interventions on Social Sectors**

14. Risks may include natural disasters, economic downturns or idiosyncratic household reversals, such as crop failures, unemployment, illness, accident, disability, old age and death, threatening the future of the household and its members (*ADB Social Protection Strategy, December 2001*). Development of social protection interventions may themselves create new vulnerability and risks through involuntarily effects such as less affordable goods and services, temporary job loss, loss of common support networks and social capital. Generally, there are four main types of risk to the poor can be identified: (i) those related to the individual lifecycle, (ii) economic, (iii) environmental, and (iv) social/governance related. Some risks affect all population equally; others have more intense impacts on the poor. There are many risks reduction mechanisms required to response to types of risk to the poor including formal and informal, public and private sector. This mapping and scoping exercises require that we, both TWG-FSN, IWG and DPs, receive appropriate assessment of both the formal and informal measures and response to social protection in Cambodia.

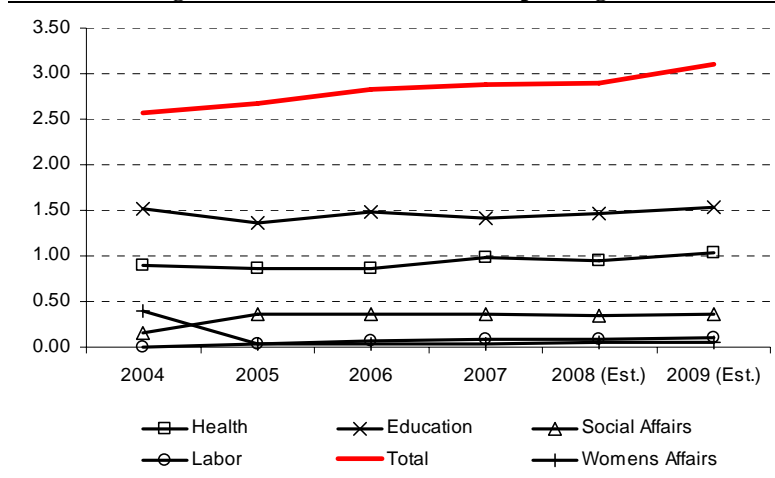
15. The Government's budget allocation for social sector interventions has increased in recent years: overall government budget for social ministries<sup>7</sup> (Education, Health, Social Affairs and Veterans, Labor and Vocational Training and Women Affairs) increased by half a percentage point between 2004 and 2009, to 3.1% of GDP. This is equals to 1,235,000 Million Khmer Riels (US\$300 million). However, this proportion remains lower than the regional average: This is less than average public spending in education alone in most EAP countries (average EAP public spending in education was 4.3 percent in 2004<sup>8</sup>).

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<sup>7</sup> The RGC also classifies as social Ministries: Information, Culture and Fine Arts, Environment, Public Worship and Religion. However, for the purpose of this review, a more conventional definition of social sectors is adopted.

<sup>8</sup> Source:

**Figure 1: Trends in overall social spending**



Source: Ministry of Finance.

**16.** Ministries and Government Agencies other than the social ministries spend on social protection related issues: each government agency, with the exception of the National Electoral Committee has some expenditure on social protection related issues. In the new budget structure, implemented since 2007, the RGC's budget line for social interventions is split across sections of two Chapters: 64 and 65. Chapter 64 is called "Personnel"; within this, like 64.5 is called "Allowances and Social Transfers", and includes: .1 Family 2. Health and birth giving 3. Death 4. Retirement 5. Demission 6. Work accidents and Invalidity 7. Orphans of personnel 8. Other 9. Return Attenuation. Chapter 65 refers to "Subsidies and social aids". Its lines of particular interest to social protection are: 65.7 "Social Assistance", which includes 1. Assistance for hospitalization 2. Medicaments 3. Food and supplies 4. Natural Disaster 5. Research Stipends 6. Local scholarships and research 7. Scholarships and research for abroad 8. Others, and 65.8 "Subsidies to cultural and social entities", include subsidies to 1. Communities 2. To orphan centers 3. For travel scholarships 4. For the Red Cross 5. for sport and culture community 6. To rehabilitation centers 7. King affairs (King's charity programs). Total spending on social protection activities in 2008 (up to November) equaled 488,049.79 million Khmer Riels, approximately US\$120 million.

### Formal Sector Social Protection Mechanisms

**17.** The Ministry of Social Affairs, Veterans, and Youth Rehabilitation (MOSAVY) and the Ministry of Labour and Vocational Training (MOLVT) are the two main government providers of social protection schemes. The MOSAVY provides assistance to retired civil servants, veterans and their dependents, while the MOLVT oversees social protection schemes for private sector workers. These Ministries were created in 2004 from the previous Ministry of Labor, Vocational Training and Youth (MOSALVY) and the Ministry of Women's and Veterans' Affairs (MOWVA).

**18.** The bulk of the Government's social protection-related expenditures is administered by the MOSAVY and goes towards civil service pensions and veterans benefits. All retired and disabled civil servants and veterans, as well as their widows and orphans are entitled to benefits in the form of pension and compensation. Support for civil service pensions and veterans benefits receive the largest allocations of this budget. Beyond these priority areas, budget constraints have made it difficult for the Government to support even minimal direct interventions for the poor and vulnerable, and the Government relies on development partners and NGOs to fill the gaps in reaching these groups. Despite the relatively large allocations for civil service pensions out of the total social protection budget, the payments are insufficient to meet the basic livelihood needs of beneficiaries. Most of the MOSAVY's 2003 expenditures went toward pensions for over 22,000 retired civil servants. While the total amount of funding

for pensions may seem substantial relative to the RGC's overall expenditures, the actual amount received by beneficiaries in per capita terms as of 2003 was negligible. Retired civil servants received an average of 70,000 riels (US\$17.50) per person per month in pensions, although some received as little as 27,000 riels (US\$7).

**19.** The MOLVT runs two main social protection schemes in Cambodia: the National Social Safety Fund (NSSF), and the National Vocational Training Program (NVT). The NSSF, established in 2008, aims at providing employees with: i) employment injury coverage (workmen's compensation), ii) health insurance, and iii) pension coverage. The MOLVT plans to phase out the implementation of these three components; the employment injury scheme already started in December 2008, while the health insurance and pension scheme are scheduled to start in 2010 and 2012, respectively. All firms having more than eight employees will be required to enroll in these schemes at the due time of the implementation phase. As of February 2009, the NSSF had enrolled roughly 400 firms in the employment injury scheme, about 250 of which are garment factories, covering a total of roughly 300,000 workers<sup>9</sup>. The employer has to make a monthly contribution equals to 0.8% of the employee's salary. The benefit is part in kind part cash: the employee receives full medical assistance, plus receives 70% of the salary in order to compensate the forgone income during treatment.

**20.** As reflected in the National Policy on Vocational Training for poverty alleviation, the RGC's objectives in supporting vocational training are to help minimize unemployment and to develop new skills in the population that will meet production process needs in new areas. Toward this end, the MOLVT is mandated with strengthening existing vocational training centers, establishing five regional vocational centers, and implementing training programs in remote communities. Currently, vocational training appears to be concentrated in the industrial and tourism sectors. Notably, the Department of Vocational Training is drafting National Competency Standards aimed at improving vocational training quality, which will apply to government-run centers as well as NGO-run centers registered with the government.

**21.** However, accessibility of vocational training is expected to become more limited for the poor and vulnerable. As noted, training resources heavily favor Phnom Penh, and provincial centers have very low physical and human resource capacity which limits their impact in terms of number of beneficiaries and quality of training. Furthermore, the adoption of fees for vocational training will preclude the poor and vulnerable from benefiting from such programs. Although RGC budget for vocational training centers is insufficient, the department of vocational training notes that the issue of funding does not seem to pose a problem for staff at training centers as individuals are desperate for vocational skills and therefore willing to pay for training. Training center managers have been encouraged to transform the centers to become "public institutions" that can officially charge fees from trainees.<sup>10</sup> A number of state-owned tertiary training institutions have gone through this process and are now generating significant income.<sup>11</sup> While the introduction of fees will help resolve the resource problems faced by vocational training centers, the poor and vulnerable will be crowded out by those who can pay unless centers cross-subsidize their tuition from students who can afford to pay.

## Education

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<sup>9</sup> All data and the description of the NSSF coverage and workings were collected through personal interviews with NSSF representatives.

<sup>10</sup> The term "public institutions" is a misnomer which is meant to convey the quasi-private nature of the institution, versus the Centers' current status which is akin to State-Owned Enterprises (SOEs). SOEs cannot "officially" charge fees.

<sup>11</sup> For example, the National Institute of Management has expanded greatly since becoming quasi-private a few years ago, as have the Faculty of Law and Economics and the Royal Agricultural University.

**22.** There have been significant improvements in the past five years in the education sector in Cambodia, particularly in terms of primary net enrollment gains, the introduction of program based-budgeting and the development of a sound pro-poor policy framework. The total budget provided by development partners to education in Cambodia during the school year 2006 2007 was in excess of \$56m. Over the last decade, the Royal Government of Cambodia (RGC) has steadily pursued its policy of reallocating public finances away from defense and security in favor of priority sectors. Significant progress has been made in securing increasing and predictable resource for education. The education share is in accordance with the targets agreed between MOEYS, MEF and development partner partners. As a result of education financing higher priority in government budget, RGC plans to increase the education budget from 1.60% to 2.09% of GDP. The share ascribed to education in the recurrent budget in 2007 was 14.8% and will be maintained at the 18–21 percent level through 2011 as compared to allocated funds in 2007. The Education Sector Working Group (ESWG) conducted a joint technical appraisal of Cambodia's ESSP 2006-2010 that won its endorsement for grant funding by the Education For All (EFA) Fast Track Initiative (FTI). An FTI Catalytic Fund (CF) grant totaling US\$57.4 million was approved in May 2007 by the FTI Strategy Committee. This grant will support a scale up program of the existing ESSP.

**23.** Since 2006 the Ministry of Education has implemented a *Scholarship for the poor program*. As of October 2008, the program covered 54,983 children across all provinces with the exception of Phnom Penh. Eligible children are selected through an ad hoc mechanism: local management committees pass a form for students to fill in, collecting information on their living standards. The school collects all forms and compiles a database, which is sent to the MoEYS. The latter contracts a private firm to calculate an index based on the collected information. On the basis of that index, the MoEYS awards scholarships to the 50% of all students with the highest poverty index. The poorest half of that 50% is labeled 'very poor' and the other half 'medium poor'. The level of scholarship varies depending on i) the level of poverty (medium or very) and ii) school level. Very poor children in lower secondary receive US\$60 per year, while medium poor ones get US\$45. All children in primary school (very and medium poor in Ratanakiri, Mondulakiri and Preah Vihear provinces only) receive US\$20 per year. Payments are made in two installments throughout the year.

## **Health**

**24.** In the health sector, the most notable effort to increase coverage of the poor and provide a form of insurance against health risks is that of Health Equity Funds. These are used to *lower financial barriers to health care*, as they were introduced to reimburse health providers for services to patients who are below the poverty line, thereby protecting poor patients against out-of-pocket payments while still allowing facilities to receive income. Equity funds serve as an important complement to existing supply-side subsidies, which are aimed at lowering the cost of health care but generally do not reach the poor because of barriers to access such as unofficial demands for payment. As of September 2008, there were 45 HEF in place in Cambodia. The Funds are managed in cooperation by government, development partners and local NGOs. The HEFs are financed by a regular government budget of US\$6 million, and receive an additional development partner support of US\$7 million. Coverage of HEFs and identification of poor for HEFs and scholarships are presented in Annex 3.

**25.** HEF work closely with the Identification of the Poor project (ID Poor; see Annex 2), as poor individuals, whether identified through the ID poor process or through an in situ assessment by medical staff, are covered for all costs of hospitalization and other medical services, as well as expenses for transportation and food during their stay in the medical structure. One drawback of Health Equity Funds is that do not protect people who are above the poverty line and at risk of falling into poverty due to health care costs. Equity fund pilots in other countries address this issue by covering health care costs above an annual or episode



maximum for the non-poor, an option which could be explored for Cambodia to increase the risk reduction impact of equity funds.

### **Informal Social Safety Net Mechanism**

**26.** Cambodia, as is the case with many countries with a traditional religious orientation, has informal social safety net and solidarity mechanisms. “Traditional or informal social safety net had played an important role to Cambodian societies, where pagoda, monks, families helped each other in community.” (Chanphal 2009). “The dramatic socio-economic and political changes of the past two decades have had significant impact on the social fabric of Cambodia. The structure of Cambodian society has changed and its culture has been dislocated. None are more vulnerable to these upheavals than children and women. Families, which provide the first safety net for the survival, protection and healthy development of children, have been fragmented and weakened by death and separation. Communities or villages, once composed of extended family networks established for generations, have been shattered and reformed by forced population movements, displacement, and repatriation.” (Chanphal 2009).

**27.** The informal safety net became strained to the breaking under the Khmer Rouge regime. “Over two decades of war and conflict have left Cambodia as one of the world’s poorest countries. A full-blown civil war began in 1970 and ended with a victory by the Khmer Rouge, who killed approximately two million Cambodians between 1975 and 1979. The country continued to experience civil conflict throughout the 1980s, leaving Cambodia impoverished with severe damage to its physical infrastructure, human and social capital, and institutions.” (World Bank 2006). However, informal safety net mechanisms did not entirely disappear and even revived with the resumption of the monarchy and democracy.

**28.** This tradition is still playing a role as an informal social safety net in the modern history of Cambodia, where wealthy families, high ranking officials, business people and communities extended their own private means to assist and offer help to those who needed the most. However, the informal safety net in Cambodia is again facing stress in terms of the impact of the food, fuel, and fertilizer price shocks and the global financial crisis. It is quite likely that the informal safety net is eroding under increased stress and pressures from urbanization, cultural change, and the impact of the food, fuel, and fertilizer and financial crises and therefore a qualitative research on informal social safety in Cambodia is required.

**29.** The adoption of the Law on Administrative Management of the Capital, Province, Municipality, District and Khan (Sub-National Level), the Royal Government of Cambodia has strongly committed and had embarked upon a major reform agenda, focusing specifically on democratic development at the sub-national level. On May 17, 2009 elections will be organized across the country to elect some 225 new governing and functioning councils at various administrative levels which over time, they will gradually transform the way in which governance and development is planned, managed and accounted for at the sub-national level. In this context, an assessment of the ability of Sangkat/commune and district levels to undertake and implement social safety net programs is important.

**30.** With generous financing from the DfID poverty trust fund, researches will be conducted on the informal safety net in Cambodia and the assessment of the ability of local and district levels to formulate the budget, execute the budget, and to account for budget execution, and whether local and district levels could formulate, execute and account for safety net programs. This is an empirical question which is proposed to be studied using qualitative methodology. The purpose is to lay out a plan of qualitative research to address the following questions:

- What is the informal safety net in Cambodia of 2009?
- How has it changed in the past 18 months?

- How strong is social solidarity now?
- How pervasive are private charitable efforts?
- Have the donor-driven NGO charitable efforts undermined or strengthened the traditional informal safety net?
- What is the interaction between the informal safety net and the sangkat/village?
- What are coping methods that people are using in the face of the 3F & F crises?

## **SAFETY NETS AND PRO-POOR PROGRAMS**

**31. ADB: Emergency Food Assistance Project (EFAP)** - Safety nets programs in Cambodia consist mainly of food distribution and food for work/labor intensive public works type of programs. In October 2008 The Ministry of Economy and Finance implemented and co-financed with US\$5.08 million a US\$40.08 million ADB-financed food emergency operation to mitigate the effects of the increase in food prices on poor households. The emergency package consisted of a US\$17.5 million grant and an additional US\$17.5 million loan at concessional rates from the ADB, as well as the additional US\$5.08 million from the Government of Cambodia, for a total of roughly US\$40 million. Of these, approximately US\$19 million will be allocated to social protection measures, with the remaining amount being allocated to measures aimed at increasing food productivity and government capacity in implementing food security operations. In the first phase, roughly 342,000 beneficiaries in 200 communes received in-kind assistance (35Kg rice ratios) in the eight provinces surrounding the Tonle Sap Lake. The MEF Project Management Unit (PMU) is now considering **food-for-work** assistance to help poor households in food insecure areas coping with the lean season for the next three years.

**32. World Bank: Smallholder Agriculture and Social Protection Support Operation**<sup>12</sup> - A joint World Bank and the Australian Agency for International Development mission visited Cambodia from February 10 to 20, 2009 for preparation of a proposed development policy operation in support of smallholder agriculture and social protection in response to the fuel, food, and financial crises. The objectives of the mission were:

- (i) to review and agreed on proposed prior actions to be carried out prior to negotiations of the proposed operation ,
- (ii) to identify and agree on complementary technical assistance requirements and likely sources of support;
- (iii) to review the draft program document which will be circulated form presentation of the proposed financing to the World Bank Senior Management and Board of Directors.

**33.** The RGC confirmed to the Mission that the impacts of the global financial crisis are being increasingly transmitted to Cambodia through declines in garment orders, tourism arrivals and construction activity with significant consequences for employment – increasing the need to strengthen agricultural performance as a less vulnerable sector and absorber of labor, and to strengthen social safety nets for expected significant rise in unemployment in other sectors. Government is developing and implementing a set of urgent measures that include budget realignment and addressing policy and institutional constraints with a focus on stimulating agriculture, infrastructure and safety nets linked to employment and skills. In order to increase the sustainability of these measures, parallel actions related to improved targeting of social assistance, strengthening of the role of farmer associations and water user groups and improving public expenditure should be advanced in parallel to strengthen the effectiveness and governance of public services in agriculture and social protection. RGC's planned stimulus

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<sup>12</sup> Source: Aide Memoire of World Bank Preparation Mission for Proposed Food Crisis Support Operation in Cambodia, March 18, 2009.  
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addresses constraints to smallholder supply response in several key areas including access to inputs, strengthening community-based farmer associations, increasing rice exports and others.

**34. In agriculture,** the RGC focused the current actions on accelerating access of smallholders to improved production technology – including *improved seed, soil quality and improved water management* – are the most appropriate to allow a rapid supply response which could both assist vulnerable rural households increase their own food production and incomes, as well as increase local, aggregate food availability. RGC passed the Seed Law in April 2008, providing the basic for expanding supply and quality of improved seed. In order to reduce the price of seed and fertilizer, RGC also suspended import duties and VAT on agricultural inputs. In addition, RGC is planning to strengthen price monitoring of imported fertilizer and provide working capital financing to fertilizer and seed companies to expand private sector supply.

**35. In strengthening community-based farmers associations,** the RGC has prioritized legal recognition of farmer associations to facilitate technology transfer and marketing activities for smallholders. RGC has also recognized the need to strengthen the role of farmer water user communities to improve the management and maintenance of its expanding irrigation facilities to ensure that farmers realize the benefits of existing systems. RGC is therefore moving forward with the process of public consultation on its draft Sub-decree on Farmer Water User Communities prior to submission of a final draft to the Council of Ministers, and has doubled its own budget funding of irrigation O&M in 2009.

**36. Increasing Rice Exports:** The limited capacity and technology in the agro-processing sector, in particular rice millers, is recognized as a principle constraint to improving access to credit, inputs and quality enhancement in the agricultural sector and particularly for smallholders who depend on intermediaries for market access. Given the very limited financing from private banks due to a narrow definition of acceptable collateral, RGC has placed a priority on increasing investment in the agro-processing sector through measures to streamline and facilitate new investments, and through direct working capital and investment financing support to the Rice Miller's Association through the Rural Development Bank (RDB). At the same time, RGC and RDB have indicated their interest in using experience from RDB's financing to develop mechanisms which facilitate increased private bank financing in the agro-business sector and particularly rice milling. On strengthening of technology transfer system, the RGC recognizes need to consolidate its experience with research and extension under various donor supported projects into a national system which can be increasingly supported through own budget and programmatic funding from donors.

**37. Safety Nets Interventions:** In response to early impact of the high price of food, fuel and fertilizer in late 2008, the RGC through the ADB funded EFAP, expanded safety nets interventions targeted to poor households by: a/ signing a three years agreement with WFP for the provision of 2,000mt per year of rice for, inter alia, school feeding and food –for-work programs; b/ implementing a onetime rice distribution program in 200 communes, c/ subsidizing rice in Phnom Penh and Siemreap through the release of 300mt of subsidized rice, d/ mandating a two years labor intensive public work program in 200 communes. IN order to improve effectiveness and transparency of safety net interventions, the RGC implements effective targeting of safety net interventions by: (i) mandating the adoption of the ID Poor targeting system in appropriate emergency interventions supporting the poor, (ii) mandating the development of the ID Poor targeting system to cover 3,000 additional villages, and (iii) issuing a government order to initiate consultations on a Sub-Decree mandating the use of the ID Poor targeting system for selected government programs. The RGC committed to develop a social protection strategy by December 2009.

**38.** The largest implementer of safety net programs remains the World Food Program (WFP), which in 2008 distributed 28,133 metric tons of rice to 886,929 beneficiaries, for a total

value of US\$23.2million (see Table 1 for details on volume, value and number of beneficiaries of WFP programs in 2008). Through its Food for Work (FFW) program, in 2008 the WFP provided roughly 3,795.23mt of rice to 113,808 vulnerable beneficiaries in identified food insecure communes from the 12 most food insecure provinces, in exchange for work in public infrastructure projects. The WFP also implements a nutritional program, the Mother and Child Health (MCH) program, which distributes monthly food ratios (consisting of rice, vegetable oil, fortified corn soy blend and sugar) to pregnant and lactating mothers, living in poor households in food vulnerable communities. In 2008 the MCH distributed a total of 2,776.82 metric tons of food. The WFP works in partnership with local NGOs, who handle the food distribution, as well as health centers, which provide basic health education during the distribution.

**Table 1: WFP: Food & Beneficiaries 2008**

Activity	No. of Beneficiaries		Food Distribution (mt)								Value (USD)
	Total	Female	Rice	Fish	Veg. Oil	Salt	Bean	CSB	Sugar	Total	
Basic Education											
School Feeding	470,709	25,873	5,861.99	1,002.77	532.24	145.05	1,437.20	-	-	8,979.26	9,900,000
Take-home Rations	114,063	57,033	2,492.50	0.04	167.21	-	344.60	-	-	3,004.35	
Vocation Training	1,099	648	14.60	0.28	1.05	0.29	-	-	-	16.22	
Sub-total	585,871	283,554	8,369.09	1,003.09	700.50	145.34	1,781.80	-	-	11,999.83	
Health & Nutrition											
TB	38,547	19,493	4,135.52	-	102.86	68.79	-	-	-	4,307.17	10,100,000
HIV/AIDS	89,870	46,289	4,971.19	-	166.83	82.56	-	-	-	5,220.58	
MCH	57,306	41,609	1,107.81	-	73.48	-	-	1,428.12	167.41	2,776.82	
Sub-total	185,723	107,391	10,214.52	-	343.17	151.35	-	1,428.12	167.41	12,304.57	
Disaster Risk Reduction											
FFW	113,808	56,903	3,795.23	-	-	-	-	-	-	3,795.23	3,200,000
FFT	1,527	1,104	33.75	-	-	-	-	-	-	33.75	
Sub-total	115,335	58,007	3,828.98	-	-	-	-	-	-	3,828.98	
Grand Total:	886,929	448,952	22,412.59	1,003.09	1,043.68	296.70	1,781.80	1,428.12	167.41	28,133.38	23,200,000

Source: World Food Program

**39.** UNICEF is one of the most active development partners in supporting the RGC in implementing safety net programs: its country program spans across various lines of social protection, ranging across education, child rights and nutrition. Since 2006, UNICEF has invested roughly USD16m per year on social protection intervention, and plans to invest an additional USD13m for 2009 and 2010, respectively. UNICEF strategy is to provide support to the RGC, by providing funds and helping in the implementation of its agenda. UNICEF focuses its attention to six priority provinces: Kampong Speu, Prey Veng, Svay Rieng, Kampong Thom, Stung Treng and Otdar Meanchey.

**Table 2: UNICEF Budget on Social Protection 2006-2010 (Thousands of USD)**

	2006	2007	2008	2009	2010	Total
Child Survival	3,624	3,624	3,624	3,624	3,624	<b>18,120</b>
Seth Koma	3,260	3,260	3,260	3,260	3,260	<b>16,300</b>
Expanded Basic Education	6,100	6,700	5,450	4,000	3,450	<b>25,700</b>
Child Protection	3,380	3,230	3,030	3,030	2,930	<b>15,600</b>
<b>Total</b>	<b>16,364</b>	<b>16,814</b>	<b>15,364</b>	<b>13,914</b>	<b>13,264</b>	<b>75,720</b>

Source: UNICEF- RCG Country Program Action Plan

**40.** Government also strongly relies on development partners, mainly WFP and UNICEF, for support to nutritional assistance. The WFP channels its nutrition interventions through the Mother and Child Health program, described above. UNICEF supports the RCG in its National Nutrition Programme through the Child Survival Programme, by providing nutritional assistance to mothers and children in the form of micronutrients, and providing nutritional education (i.e. training mothers on breastfeeding and feeding practices). Despite these efforts and the progress already achieved, malnutrition levels in Cambodia remain high, and much work remains to be done in this area.

**41.** The Royal Government of Cambodia (RGC) has endorsed labour-based appropriate technologies (LBAT) to generate employment through the improvement and maintenance of essential rural infrastructure. These technologies are "pro-poor" and effective weapons to combat poverty as they provide employment to people living in rural areas and at the same time contribute to the development of the country's rural infrastructure. The Project's overall goal is to demonstrate the potential for increasing the direct poverty reduction impact of the national road network and mobilize road maintenance funds for the provincial governments. The Project's purpose is also to pilot-test sustainable decentralized finance and management of labor-intensive road maintenance.

**42.** Rural transport infrastructure construction and maintenance can also be orientated towards giving maximum benefit to the poorer sections of the rural community. Using labour instead of machines, whenever possible, while still producing high quality works (labour-based appropriate technology) has proven to be an efficient method of rehabilitating and maintaining roads and small scale irrigation schemes in Cambodia. The numbers of people employed in intensive public work programmes involving the use of labour are significant. A workday payment is not less than one US dollar, although the WFP remunerates the labourers in kind, with food, the equivalent value is not less than one US dollar. Therefore - between 1996-2003 – more than 28 million workdays had been generated or more than US\$ 30 million as rural incomes had been put back into the economy through the use of labour for building rural infrastructure. This is a much needed injection of resources through **rural employment creation** into a rural economy and the same time by **improving the accessibility** and **promoting opportunities** of the rural farmers and people. In addition to simply alleviating poverty it gives the people living along the road (the labourers) more **sense of ownership** of the community assets (see Table 5).

<b>Table 5 - Rural Infrastructure Rehabilitation Programmes – 1996-2003 by Project</b>					
	<b>ADB</b>	<b>KfW</b>	<b>WFP</b>	<b>ILO</b>	<b>Total</b>
<b>Workers</b>	283,952	195,458	4,352,493	117,848	<b>4,949,751</b>
<b>Workdays</b>	4,996,352	5,168,000	14,165,000	3,708,077	<b>28,037,429</b>

Source: Ngy Chanphal

**43.** The ILO and the ADB have been the main development partners to provide assistance to the RGC in implementing the *Mainstreaming Labour Based Road Maintenance to the National Road Network* program. Between 2006 and 2008 the ILO channeled nearly US\$4.8m, roughly half from the RGC and half from the Japanese Fund for Poverty Reduction (see **Table 6**), to the this project. Between 2007 and 2008 ADB also provided USD 690,398 as financing to the RGC to implement a Mainstreaming Labor Based Road Maintenance to the National Road Network program.

<b>Table 6: ILO – Budget source for the Mainstream Labor Based Road Maintenance to the National Road Network</b>			
<b>Year</b>	<b>RGC Contribution</b>	<b>Funding from external sources (Japan Fund for Poverty Reduction)</b>	<b>Budget</b>
	<b>(1)</b>	<b>(2)</b>	<b>(1)+(2)</b>
2006	200,000	704,600	904,600
2007	1,248,000	790,000	2,038,000
2008	1,100,000	705,400	1,805,400
<b>Total</b>	<b>2,548,000</b>	<b>2,200,000</b>	<b>4,748,000</b>

Source: CDC Database

## Ways Forward

**44.** These challenges will require not only a more effective and dynamic cooperation between the government, its development partners and the private sector and civil societies, but

also more effective coordination and collaboration within and across government ministries, and the development communities, especially in key areas such as agriculture and rural development. Development programmes should be speedily and effectively designed and implemented, and that the supporting resources provided by development partners can be more speedily and effectively disbursed for implementation. This no easy task but the nature of this crisis means that there has never been greater need for us all to work together to improve our performance on this issue<sup>13</sup>.

**45.** The Working Group on National Food Security has provided an effective mechanism for coordinating the urgent response actions amongst ministries, including the implementation of the ADB support and preparation of this proposed policy support operation. However, several issues related to RGC's institutional and fiscal reforms need to be better identified in order to mainstream appropriate food crisis response capacities within Government. Accordingly, it was agreed that the public expenditure review will include focused assessments and options for key issues related to agricultural production and marketing and social protection such as funding flows for demand driven technology transfer and corresponding institutional responsibilities in the context of Cambodia's ongoing implementation of the new Organic Law, Government's role in supporting the input supply and rice marketing system, and the fiscal and institutional requirements for expansion of the social protection system.

**46.** The TWG-FSN working with relevant government institutions and development partners committed to complete the mandate as assigned by the RGC as follows:

- (a) mapping and scoping by end-May 2009--which the World Bank support, building very much on what is already in the draft concept note, and that need to pull together all the available information into a core paper for the June National Forum.
- (b) concurrent work on a draft of policy options to be presented at the mid-June SSN National Forum, which will be supported by the World bank in collaboration with WFP, and other development partners of the Interim Working Group on SSN,
- (c) policy option paper to be finalized by September 2009, CARD/TWG to lead, with the support from development partners,
- (d) SSN strategy by Dec 2009, CARD to lead, development partners to support.

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<sup>13</sup> Opening Address by Samdech Techo Hun Sen, Prime Minister, at the **2009 Cambodia's Outlook Conference** on "*Cambodia and the Global Economic Crisis: Impact, Policy Responses and Action*", 12 March 2009- Phnom Penh, Background Paper\_Social safety Net

**Preliminary**  
**MAPPING AND SCOPING SOCIAL SAFETY NETS IN CAMBODIA**

<b>Risk Assessment</b>	<b>Risk Reduction Measures</b>		
<b>Types of Social Risks</b>	<b>Formal</b>	<b>Informal</b>	
		<b>Public</b>	<b>Private</b>
<b>Lifecycle</b> <ul style="list-style-type: none"> <li>• Hunger, Children's stunted development</li> <li>• Illness/Injury/Disease (HIV/AIDS)</li> <li>• Disability</li> <li>• Old Age</li> <li>• Death</li> </ul>	<ul style="list-style-type: none"> <li>• User fees &amp; Exemption System (MOH)</li> <li>• Health Equity Funds</li> <li>• MOH/CBHI (?)</li> <li>• Compulsory MOH/SHI</li> <li>• NCSSF (MOSAVY)</li> <li>• Retirement and Invalidity Pensions</li> </ul>	<ul style="list-style-type: none"> <li>• RGC/WFP – Provision of 2,000MT/year of rice for School feeding and FFW programs(for 3yrs)</li> <li>• MOSAVY- Old People's Associations (OPA)</li> <li>• Social Cash Cards (MOSAVY)</li> </ul>	<ul style="list-style-type: none"> <li>• CAMINCO</li> <li>• NSSF</li> </ul>
<b>Economic</b> <ul style="list-style-type: none"> <li>• End of source of livelihood (i.e. crop failure, cattle disease)</li> <li>• Unemployment</li> <li>• Low income</li> <li>• Changes in prices of basic needs (FFF)</li> <li>• Financial/Economic crisis and/or transition</li> </ul>	<ul style="list-style-type: none"> <li>• NCSSF (MOSAVY)</li> <li>• Suspension of duties and VAT to reduce price of agricultural inputs</li> <li>• Expanded, subsidized distribution of seed and fertilizer to smallholder farmers and assessment</li> <li>• Eliminate Suspension of rice exports</li> </ul>	<ul style="list-style-type: none"> <li>• onetime rice distribution in 200 communes</li> <li>• Subsidizing rice in PP and SR thru the release of 300MT of rice.</li> <li>• mandating a 2yrs LBAT public work programs in 200 communes</li> </ul>	<ul style="list-style-type: none"> <li>• NSSF</li> </ul>
<b>Environmental</b> <ul style="list-style-type: none"> <li>• Drought</li> <li>• Flood, rains</li> <li>• Climate Change</li> </ul>			
<b>Social/Governance</b> <ul style="list-style-type: none"> <li>• Exclusion, losing social status/capital</li> <li>• Extortion, corruption</li> <li>• Crime, domestic violence</li> </ul>	<ul style="list-style-type: none"> <li>• National Action to Combat Violence Against Women</li> <li>• The Law on Suppression of Trafficking in Humans and Sexual Exploitation</li> </ul>		

## Annex 1: Poor and Vulnerable in Cambodia and Impact of the Crises

### Profile of Poor and Vulnerable

**47.** Poverty and vulnerability in Cambodia have been well-studied in recent years, with a poverty assessment in 2006 (World Bank 2006a, based on 2004 data), a poverty update in 2009 (World Bank 2009, based on 2007 data), and a risk and vulnerability assessment in 2006 (World Bank 2006b). Poverty has continued to decrease in Cambodia in all three regions (i.e., Phnom Penh, Other Urban, and Rural) during the period 2004-2007. The poverty headcount index for Cambodia as a whole relative to the overall poverty line has decreased from 34.8% in 2004 (in villages included in the 2007 CSES sampling frame) to 30.1% in 2007. Food poverty declined from 19.7% to 18.0%. Food poverty means those people who consume less than the food-only portion of the overall poverty line.

**48.** The estimated decreases in poverty during the period 2004-2007 reflect substantial and statistically significant growth in real per capita household consumption (the welfare measure used in this and in previous poverty profiles). Poverty reduction would have been greater, however, had the growth in real per capita income and consumption not been so much higher in the richest quintile and in urban areas (especially Phnom Penh) as than in less rich quintiles and rural areas. Despite a slight decrease in income inequality within Phnom Penh, the overall Gini coefficient is estimated to have increased from 0.39 to 0.43. Despite relatively strong economic growth in recent years and significant reductions in overall poverty, poverty continues to be widespread, particularly in rural areas. In addition, a large proportion of the population is vulnerable to shocks that can push them into extreme poverty. **Formal and informal safety nets**, which could help the poor and vulnerable manage such risks as well as encourage a degree of productive risk-taking, remain weak.

**49.** With the majority of the population engaged in subsistence agriculture, food insecurity is a dominant feature of poverty and vulnerability in Cambodia. In the 2001 Participatory Poverty Assessment (PPA), respondents cited “being hungry” as their primary concern. Although overall food and rice availability has improved in recent years, chronic food insecurity is faced by subsistence farmers, the landless or marginal land holders, the urban poor, and other vulnerable groups. An estimated one in five rural inhabitants is unable to secure enough food to meet the nutritional norm of 2,100 calories per day. As a consequence, malnutrition is widespread. According to the 2005 Cambodian Demographic Health Survey, 43% of children 0-5 are chronically malnourished (stunted), 28% are underweight, and 8% are acutely malnourished (wasted). Poor dietary diversity, with 76% of calories provided by rice and other cereals, results in severe micronutrient deficiencies among the most vulnerable.

**50.** According to WFP, Cambodia is among the 36 countries with the highest burden of child under-nutrition in the world, one of the 33 “alarming or extremely alarming” countries in terms of hunger and under-nutrition, with one of the highest child mortality rates in the region, with very poor nutritional status of women of child-bearing age and very high child and maternal mortality rates.

**51.** There is increasing pressure on agricultural land resulting from population growth, land concentration, low and variable productivity and a lack of clarity in land ownership. All land was collectivized under the Khmer Rouge in the late 1970s; during the 1980s, a weak form of collectivization was retained, with land then distributed locally with de-collectivization towards the end of the decade. Formalization of land title has however taken much longer. This lack of clarity over title, combined with the clearance and de facto conversion of what is officially forest land for agricultural uses (by both small-scale subsistence-oriented household farms and large-scale commercial or speculative operations) has resulted in a very complicated land tenure and use patterns. The 2006 Poverty Assessment identifies the lack of clear property rights as a critical binding constraint on agricultural investment, productivity and growth. As many as 80%



of rural households who owned land in 2004 did not have land titles. Systematic land titling has made significant progress over the last few years, but much of the country remains to be covered by this program, and extending it to resolve the title status of contested lands on the forest frontier would be extremely challenging.

**52.** The non-diversification of household economies exacerbates the vulnerability of rural Cambodians. Most rural households rely heavily on subsistence agriculture for their livelihood, with rice cultivation accounting for 90% of total cultivated area and 80% of agricultural labor input. Cambodia's unique hydrological regime and very low levels of coverage by water control infrastructure means that agricultural production (and thus household food security) is heavily dependent upon the weather and can fluctuate significantly from year to year. In the first half of this decade, unusual floods and droughts severely affected large parts of the countryside in three years, resulting in zero or negative rates of agricultural growth. Rice yields remain among the lowest in the region due to limited and poor use of improved seed, fertilizer, tillage, and water management. Because productive off-farm opportunities are limited, rural households lack alternatives that would allow them to maintain stable incomes or cope in times of poor harvest.

**53.** Overall, poverty in Cambodia is concentrated in rural areas, but there are pockets of extreme poverty even in Phnom Penh (which has a very low of poverty at less than 1 percent [World Bank 2009]). Poverty in Cambodia is overwhelmingly a reflection of the presence of young and many children in the household. The poverty rate for children aged 0-5 was 37.7 percent, but the poverty rate of people aged 65 and over was 25 percent. There are too few child- and teen-headed households to generate a statistically significant measurement of their poverty level, but anecdotal evidence, World Bank 2006b, and reporting by NGOs suggest that such households are terribly poor, and constitute part of the extreme poor. Other extremely poor groups are homeless people and garbage scavengers.

**54.** Another highly vulnerable group is disabled people. Extremely disabled people are around 1-2 percent of the population (World Bank 2006b), but if disability is defined as people with functional limitations that preclude them from full participation in economic and social life, the percentage in Cambodia could be much higher—from 10-12 percent of the population (Mont 2007). Households with disabled members, if the extra costs of disability were taken into account, are poorer than households without disabled members (Braithwaite and Mont 2008, 2009).

**55.** Poverty is clearly linked to the number of dependents. Nearly a third of the population lives in households with 7 or more members, and these households have a poverty rate 50 percent higher than the average, or 42 percent. Less than 4 percent of the population lives in single-person or two-person households, and their poverty rate is less than 8 percent.

**56.** Besides drawing an overall profile of the poor, Government needs to be able to identify which individual or household is poor, in order to target assistance to them. In Cambodia until recently, poverty-oriented development planning and service provision has not focused enough attention on targeting assistance to poor people. Where household targeting has been implemented, each institution has developed and applied its own procedures and criteria for identifying beneficiaries. This means that results are not comparable with each other, and are generally also not shared with other organizations and institutions. To solve this problem, Cambodia has recently developed the ID Poor system, which needs to be rolled out over the country and also revised to include in the data base, school name and code and school and student ID numbers.

## **Impact Of The Food, Fuel, Fertilizer, And Financial Crises On These Vulnerable Groups**

**57.** In 2008, Cambodia has been badly affected by soaring food prices. The domestic price of rice and fertilizer has doubled over past year, while meat and fish prices have increased 30%–60%. The rice price increase has accentuated the vulnerability of food deficit households, including the urban poor. In addition, input price increases threaten immediate future food production as farmers reduce fertilizer use, thereby reducing paddy yield, which is one of the lowest in Asia even in the best years. Gasoline price increases have increased the cost of transport, processing, and water pumping for irrigation. Consequently, poverty and hunger have increased; migration to urban areas and movement of people across the borders (Thailand and Viet Nam) has also increased<sup>14</sup>. School attendance has declined as children are reportedly joining the workforce in order to help families, and in some cases have stopped coming to classes because of the discontinuation of the school feeding program. Some families are selling land and other assets to buy food and necessities. Home-based crafts are on the decline because raw material prices have escalated.

**58.** A household is a net food consumer if its food production values are lower than its food consumption values. Overall, 82.7 percent of the households in Cambodia are net food consumers and 66.9 percent are net cereal consumers (Vu and Glewwe, zero draft). Thus, an increase in the prices of food would have negative impacts on over 82 percent of Cambodian households. Likewise, an increase in the prices of rice would have negative impacts on two thirds of households. Even in rural areas, an increase in the prices of food/cereals leads to lower welfare among 80 percent/61 percent of the rural households. However, the relative impacts of food price increases differ across groups. In Phnom Penh and other urban areas, the impacts are severe, but the impacts are less severe in rural areas.

**59.** CDRI's findings are similar (CDRI 2008). Poor and net food buying households are the worst affected, and they generally reside in rural areas. About 21 percent of rural households are landless. Urban poor are also affected. CDRI found that 12 percent of households, or 1.7 million individuals were food insecure and most affected by food price increases. One-half of such households reported cutting back on food as their coping mechanism, and school drop-outs increased from 13 percent in January 2008 to 22 percent in June 2008. CDRI projects that the number of food-insecure persons could increase to 2.9 million in the lean season.

**60.** The impact of the food, fuel, and financial crises will likely be worst on the poorest and most vulnerable group—children. The Cambodia Anthropometric Survey 2008 found that the percentage of children classified as acutely malnourished (wasted) rose from 8.4 percent in 2005 to 8.9 percent in 2008. The percentage of underweight children rose from 28.2 to 28.8 percent. The urban extreme poor who survive on scavenging scrap metal from the Stung Meanchey garbage dump are already being impacted by the fall in the price of metal because of the financial crisis. These grim statistics may worsen if safety nets can not be put in place to protect children from the impact of the 3 F crises. Development partners are already mobilizing for emergency relief, but the absence of safety net programs which can be rapidly scaled up make it all the more imperative for Cambodia to build a safety net for the medium-term.

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<sup>14</sup> However, according to PPP, Ministry of Commerce latest figures, show that food prices dropped nearly 5 percent in the first quarter of 2009, representing a reversal on the huge price increases saw in 2008 (PP Post 02/04/09). The latest figures show an overall downward trend in the price of the 36 food surveyed, with 20 showing decreases, 14 showing increases and two unchanged.

## Annex 1: ID Poor 2:

### Box 1: The Identification of the Poor Program

**Government and development partners are developing interventions to better target assistance to the poor – the most important one being the Identification of the Poor (ID Poor) program.** One of the largest efforts to identify poor households is the Identification of the Poor (ID Poor) program of the Ministry of Planning (MoP), and supported by the German Technical Cooperation (GTZ), which issues Identification Cards to poor households identified through objective criteria based on assets and community participation. The identification procedure is consultative and participatory, in that village representative themselves interview villagers using a standard national questionnaire, but MoP supervises the process. The ID Poor program currently covers 5 provinces and a total of 2128 villages and in 2009 MoP plans to extend coverage to an additional 2876 villages in six provinces. All areas covered by the ID poor system are areas in which Health Equity Funds (HEF) operate, and cardholders are entitled to receive free medical assistance at public health centers.

In addition to the 10 provinces (partially or fully) covered between 2007 and 2009 by the MoP, Health Equity Fund Operators and their partners have used the same or similar procedures for identification of poor households in a number of other districts. In 2007 and 2008, University Research Co, with funding from USAID, implemented ID poor procedures in 5 Operational Districts in the 3 provinces of Banteay Meanchey, Battambang and Pursat. In the same period, the NGO Reproductive Health Association of Cambodia (RHAC) implemented the same procedures in 5 Operational Districts in Sihanoukville, Kompong Chhnang and Kompong Cham. Other operators carried out a pre identification procedure in additional areas across the country; however, their methodology differs among them and from the official MoP procedures. Hence, we do not provide data on their coverage, as it is not comparable to official data. As a future step, it may be useful to investigate which of these methodologies lead to comparable results and can be incorporated to the official information.

Some of the districts are covered by other programs as well. Table 4(still in draft) shows joint coverage of ID Poor, HEF, and the scholarships program awarded by the Ministry of Education as part of the Education Sector Support Program. According to MoP, efforts are made to select areas in which there are sufficient programs that could use the ID Poor to justify the effort and cost of implementation, and to maximise the benefits of the identification for local communities.

The ID Poor has the potential to become a national targeting system to improve effectiveness, objectivity, and transparency of assistance to poor households. The ID Poor system was developed for (and is currently mostly used by) Health Equity Funds to pre-identify poor households to which free health care services are provided. In covered areas, it has also been used to target emergency food assistance, in particular by the ADB-financed Emergency Food Assistance project, where in October and November 2008, about 68,000 households around the Tonle Sap Lake (20% of poor families in 200 communes) have received 35Kg rice ratios. Some more informal uses of the ID Poor by local authorities and organizations have also been documented. The ID Poor is currently the largest targeting program in Cambodia, and a qualitative evaluation has shown a good degree of satisfaction among beneficiaries, in particular about its ability to identify the most destitute households (i.e. limited exclusion errors). The ID Poor has therefore the potential to become a national targeting system to improve effectiveness, objectivity, and transparency of assistance to poor households in education, health, social protection, and also emergency operations. Recognizing the importance of introducing objective and transparent criteria in the selection of safety net assistance, the RGC has initiated consultations for a sub-decree mandating the use of the ID poor in appropriate targeted assistance programs.

### Annex 3: HEF and HEF and Education Identification

**Table 3: Health Equity Funds coverage - Summary Table**

Category	No of Operational Districts	Total Population screened	Total Pre-ID	Total Est. Post ID
<b>By Development partner</b>				
BTC	8	1,706,884	351,959	120,468
CIDA	1	142,565	0	0
SRC	1	206,150	0	72,153
HSSP/ADB	10	1,450,673	43,829	379,690
HSSP/UNFPA	5	984,617	51,725	213,170
HSSP/WB	2	469,053	0	57,667
HSSP/WB/AusAID	1	144,064	0	0
HSSP/WB/USAID	10	2,245,475	338,362	381,573
UNICEF	3	553,763	121,306	0
USAID	5	1,672,876	151,733	0
VSO	1	112,684	0	39,439
<b>Total</b>	<b>47</b>	<b>9,688,804</b>	<b>1,058,914</b>	<b>1,264,160</b>
<b>By Implementator</b>				
AFH	1	304,289	0	0
BTC	8	1,706,884	351,959	120,468
CAAFW	1	142,565	0	0
GTZ	1	144,064	0	0
RHAC	5	984,617	51,725	213,170
SRC	1	206,150	0	72,153
UNICEF	3	553,763	121,306	0
URC-CHS	26	5,533,788	533,924	818,930
VSO	1	112,684	0	39,439
<b>Total</b>	<b>47</b>	<b>9,688,804</b>	<b>1,058,914</b>	<b>1,264,160</b>

*Source: University Research Co.*

**Table 4: Coverage of Pre-Identification of the poor (combined), Health Equity Funds, and Scholarships**

Population Covered as of December 2008			
Province	Pre-identified as poor	HEF	Scholarships
Banteay Meanchey	78,483	839,036	845
Battambang	64,203	737,172	1,089
Kampong Cham	<i>142,983 (MOP)</i> 161,430 (RHAC)	1,497,709	4,221
Kampong Chhnang	N/A	551,472	569
Kampong Speu		0	357
Kampong Thom		304,289	1,536
Kampot		144,064	310
Kandal			1,031
Koh Kong		215,674	286
Kratie	<i>97,195</i>	360,691	658
Mondolkiri		46,210	54
Odar Meanchey	<i>44,504</i>	105,488	0
Phnom Penh		1,441,692	0
Preah Vihear		164,764	64
Prey Veng		303,018	2,742
Pursat	86,653	451,141	562
Rattanakiri		131,835	51
Siem Reap	<i>175,704</i>	924,923	3,320
Sihanoukville	80,914	231,184	56
Stung Treng		112,684	83
Svay Rieng		553,763	1,043
Takeo		571,995	956
Kep			142
Pailin			290
Otdar Meanchey			1,194
<b>Total National</b>	<b>1,006,593</b>	<b>9,688,804</b>	<b>21,459</b>

*Note: numbers in italics in the ID Poor column refer to provinces in which the ID Poor are implemented by the Ministry of Planning. In the remaining provinces, the ID Poor are implemented mostly by HEF operators.*

*Source- data on ID Poor from Ministry of Planning and University Research Co.; data on HEF from University Research Co.; data on scholarships from World Bank.*