



## **ACD Concept Paper**

### ***Poverty Alleviation: Cambodia's Experience***

**Presented by Cambodia**

**CONCEPT PAPER**  
**POVERTY ALLEVIATION: CAMBODIA'S EXPERIENCE**  
(Cambodia's Contribution to ACD's Poverty Alleviation)

## **I. BACKGROUND**

The Royal Government of Cambodia (RGC) is committed to reducing poverty and inequality, and improving the quality of life of the vast majority of Cambodia's rapidly growing population, so that all Cambodians can enjoy the benefits of economic growth and participate in the development process.

Following almost three decades of civil war and civil disturbances, the Royal Government of Cambodia (RGC) has launched the *Triangle Strategy* after the 1998 elections for sustainable development of Cambodia. The strategy aims at:

- Building of peace, stability and security;
- Cambodia's full integration into regional and international relations; and
- Promotion of economic and social development through the implementation of various reform programmes within the environment created by these policies.

The rapid reduction of poverty is perceived by the RGC as an integral part of this strategy. The RGC's vision is to ensure a socially cohesive, educated and culturally vibrant nation without poverty, hunger, illiteracy, and ill health.

## **II. PRIORITY POVERTY REDUCTION ACTIONS**

With nearly 36 per cent of the population living below the national poverty line, the priority of the Government is to reduce poverty at a faster rate compared with the past. Through concerted efforts, Cambodia's Human Development Index (HDI) has risen to 0.543 in 2002 moving the country up to the 'medium human development' category. The challenge is to accelerate the process further for which the priority poverty reduction actions of the Government cover several areas:

- Maintaining macroeconomic stability;
- Improving rural livelihoods;
- Expanding job opportunities;
- Improving capabilities;

- Strengthening institutions and improving governance;
- Reducing vulnerability and strengthening social inclusion;
- Promoting gender equity; and
- Priority focus on population.

The adopted strategy is to achieve poverty reduction as an inseparable part of sustainable development under which clearly defined national objectives have been set for meeting national challenges and meeting the Cambodia Millennium Development Goals (CMDGs).

#### **Maintaining Macroeconomic Stability**

The central objective of the Royal Government's policy is to promote broad-based sustainable economic growth with equity, with the private sector playing the lead role. Economic growth is central to the promotion of income opportunities for the poor. As set out in the SEDPII, the RGC aims to achieve a sustainable real rate of inclusive broad based economic growth of 6 to 7 percent per year. Such an achievement would translate into income per capita (at 2000 prices) of approximately US\$320 at the end of 2005 representing an annual growth in per capita real income of 3.5 percent per year.

#### **Improving Rural Livelihoods**

A stable macroeconomic environment and sound financial sector policies are important, but these will not guarantee improvements in livelihoods in the countryside, where the vast majority of Cambodia's poor live. The NPRS sets out the existing constraints and policy agenda in a series of key areas, with the overall objective of increasing incomes of Cambodians living in rural areas: land, water, agriculture, forestry and fisheries and transport. Improvements in these areas will contribute to improvements in other aspects of poverty, through better access to basic services, for example. There are also important links between actions in other areas, including decentralization and rural livelihoods.

#### **Expanding Job Opportunities**

The poor work long hours for low returns; productivity is low and there is limited security. The generation of jobs and improved conditions of work are key to reducing poverty. The Royal Government's policies are intended to improve work opportunities specifically through:

- facilitating private sector development;
- expanding exports and
- expanding tourism.

### **Improving Capabilities**

The RGC highlights the priorities that will particularly benefit the poor Cambodians in education, health and nutrition as follows:

- To achieve the target of completion of nine-year basic education for all, the education sector will address supply, demand, quality, and efficiency constraints simultaneously, focussing especially on the poorest and the groups at risk. The education policy will facilitate economic growth through increasing equitable access to quality and relevant post-basic education, and sustain institutional development towards pro-poor sector planning and management.
- The Health Policy Statement 2003-2007 seeks to provide high quality, evidence-based health services, with equity, and no discrimination by gender, age, place of residence, or ability to pay, that are pro-poor, and are based on trust between providers and users.
- To address the specific causes of malnutrition, the focus will be on prevention of malnutrition at the early years of life, with interventions starting before birth and focus on the first two years in life. The aim is also to improve nutritional status of women in childbearing age and pregnant women for their health and in relation to prevent intra-uterine growth retardation.

### **Strengthening Institutions and Improving Governance**

The RGC is committed to implementation of the Governance Action Plan (GAP), a rolling strategic framework that provides a consistent and transparent approach to coordinate efforts in eight priority areas:

- Legal and Judicial Reform,
- Administrative Reform and De-concentration,
- Decentralisation and Local Governance,
- Public Finance Reform,
- Anti-corruption,
- Gender Equity,
- Demobilization and Reform of the Armed Forces, and
- Reform of Natural Resources Management (Land, Forestry and Fisheries).

The fight against corruption is crucial to reducing poverty. In this respect, Cambodia faces difficult challenges. Competition for investments is fierce among countries and industries and Cambodia has control on very few of the parameters for success. The significant one which can make a substantial dent in poverty is the pursuit of good governance and the fight against corruption. The Royal Government has adopted an

approach to fight corruption with a holistic set of measures that address root causes. Increasing the risks associated with corrupt practices is an integral part of a strategy. But codes, rules and laws cannot do it alone. Effective and fair enforcement mechanisms are the necessary complement to any legal framework. The Royal Government is actively building such capability while it is putting the finishing touch to what would become an enforceable legal framework.

### **Reducing Vulnerability and Strengthening Social Inclusion**

Increasing environmental sustainability and improving natural resource management is a key dimension in reducing vulnerability. Priority issues are:

- Disaster management, especially in the face of floods;
- Land mine clearance, a legacy of long years of war;
- Vulnerability of the disabled, those affected by HIV/AIDS, orphans, street and abandoned children, and the homeless;
- Food security; and
- Safety net programs, limited by budget and capacity constraints.

### **Promoting Gender Equity**

Since 65 percent of agricultural labors and 75 percent of fisheries production are in the hands of women, poverty cannot be reduced unless policies and programs equitably address the situation of Cambodian women. The RGC priorities, led by the MOWVA, are to:

- Reduce gender-based disparities and improve gender equity in health, education, control over agricultural resources, socio-economic and political empowerment and legal protection;
- Ensure that women and girls receive full legal protection, as well as legal education concerning their rights and benefits such as access to land titles and natural resources;
- Promote gender mainstreaming in all government departments;
- Collaborate with MOH for health, MOEYS for education, and MAFF, MOWRAM and MRD for agriculture and rural income generation;
- Address legal barriers to women's equal rights; and
- Direct gender education and awareness at key officials of the RGC at all levels.

### **Priority Focus on Population**

The RGC recognizes the central, critical and crosscutting role of population as is reflected in three primary programs with priority focus on:

- Specially targeted reproductive health and family planning services for the poor by the Ministry of Health;
- Increasing primary education enrolment for the poor by the Ministry of Education; and
- Creating rural employment opportunities for the poor by the Rural Development sector Ministries.

### **III. MONITORING AND EVALUATION**

Having national poverty reduction strategy and implementing it alone is not enough unless monitoring and evaluation mechanisms are integrated that will help to provide information about the progress of implementation towards achieving the objectives and about issues arising from inappropriate strategies and implementation process, and to gather lessons that can be learned for future efforts. The RGC has set up the Council for Social Development (CSD), which is responsible for promoting, coordinating and monitoring development policies and programs related to the poverty reduction goals of the RGC; and the General Secretariat of CSD (GSCSD) as the implementing unit of CSD. In addition, a Poverty Monitoring and Analysis Technical Unit (PMATU) has been set up in the Ministry of Planning to provide research and analytical support to the GSCSD.

### **IV. CONCLUSIONS**

Despite steady economic growth during the past decade, poverty is yet to decline significantly in Cambodia which fell from 39 percent to only 36 percent between 1994 and 1999. Rural growth has barely kept pace with the population growth and there are worrying trends of rising rural unemployment and lack of adequate non-farm employment opportunities. It is estimated that, if the past trends continue, poverty incidence is likely to decline to 28 percent by 2015. Clearly, this falls short of the set target of reducing the poverty headcount to 19.5 percent. Obviously, meeting the MDGs would require both faster economic growth and specific measures to enhance the capacity of the growth process to reduce poverty so that a rapid and more pro-poor economic growth can be ensured in Cambodia.