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SUSTAINING POVERTY ESCAPES IN RURAL CAMBODIA

Policy Implications Brief

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KEY MESSAGES

There are many factors which can enable sustained compared to transitory escapes from poverty. Noted factors in Cambodia include: employment and migration conditions, entrepreneurship and employment in the rural nonfarm economy, agricultural development, social protection policies including insurance against major risks, the distribution of human development outcomes and financial inclusion. As many of these factors are inter-related, a portfolio approach to resilience building is advisable. This brief is intended to contribute to debates about policy and programming priorities in Cambodia.

The policy environment for building resilience is mixed in Cambodia – there are good policies in place in some areas (industrial development, employment, migration, health insurance). However, implementation can be challenging. There are also significant policy gaps, for example around support to smallholder agriculture, the rural nonfarm economy, protection of common property resources and social protection. On the other side, there has been a retreat from democratic electoral competition and suppression of organized labor. As employment in the garments sector has enabled escapes from poverty for many households providing migrant labor, the implications of suppression of organized labor may be negative for poverty reduction, as unions have driven up minimum wages and working conditions.

Improving the process of migration to other countries in Asia has recently been a strong policy focus; by comparison internal migration, which is much more prevalent, is somewhat neglected. Those left behind by migrants have also been relatively neglected by policy makers and should now be the focus of policy and programming. Policies to consider include an old age pension, and cash transfers linked to children staying in school. Migrant children also need birth certificates, and recognition of the special difficulties they have accessing schools in the places where their families settle.

Individuals who drop out of school will be unlikely to escape poverty sustainably in the future, as employers' demands for schooling rise over time. Reducing school drop-out rates is a matter of changing the actions of schools as well as the interactions between schools, parents and communities. It is also a matter of maintaining or increasing the demand for schooling among deprived households. A plethora of economic and social interventions have effects on the demand for education, an example of an issue requiring a portfolio approach to policy making or programming.

There are many aspects of smallholder agriculture which deserve enhanced state support to enable a Khmer agricultural catch-up with its neighbors of which irrigation, livestock development and common property resource management are three leading areas which can play strong roles in building resilience.

Health Equity Funds have provided some of the poorest people with ID Poor cards and stronger fee-free access to health services, but their effectiveness could be improved by parallel general improvements in public health services, making the use of health services more attractive. More frequent revisions are also needed of the ID Poor lists to take account of changes in wellbeing, so that access can more accurately reflect changing circumstances. Progressive extension of health insurance would enable covering the near-poor as well as the poorest, and possibly other groups (e.g. the chronically ill, grandparents/older people). This would help avoid the impoverishing effects of ill health.

INTRODUCTION

This brief draws out policy and programming implications from research findings from new mixed-methods research investigating poverty dynamics. The overarching argument is that if more escapes could be sustained, and fewer were temporary, then the country's performance on poverty reduction would be even better than it has been.

The research focuses on the drivers of sustained poverty escapes; or the factors that enable escapes from poverty to last over a period of time. **The focus of this brief is on what these findings may mean for interventions and approaches in Cambodia that aim to enable poor households to escape from poverty and to maintain that escape over time.** The next section summarizes the findings from the case study.

The following sections outline the policy and programming context in Cambodia and focus on particular thematic areas that emerged from the research and discusses the implications for each theme. These themes are: internal migration; enabling poor children to stay in school for longer; health insurance; and supporting poor people’s engagement in agriculture. **A central finding from this research is that sustaining escapes from poverty over time requires cross-sectoral responses.** The final section discusses this issue.

SUMMARY OF RESEARCH FINDINGS

The focus of this research is on household escapes from poverty and what explains why some households escape poverty and remain out of poverty (a sustained escape from poverty), while other households escape poverty only to fall back into poverty (a transitory escape from poverty) and still others descend into poverty for the first time (impoverishment). Analysis of four rounds of the panel Agriculture, Rural Development and Poverty Reduction Survey in Cambodia spanning 2008-2017, and tracking over 800 households over that time, revealed that just under one fifth of households escaped poverty and stayed out of poverty, while almost the same share escaped only to fall back in, or became impoverished for the first time (20%), over the study period. There is considerably dynamism in rural households’ poverty status with almost 4 in 5 households living in poverty during at least one of the 2008-17 survey years.

This report combines analysis from four rounds of the panel survey with qualitative research approaches, in particular, key informant interviews, life histories, and focus group discussions in 6 study sites across Cambodia’s major agro-ecological zones to investigate the drivers of sustained and transitory escapes from poverty or of impoverishment and chronic poverty. Specifically, it examines why some households are able to escape poverty and remain out of it—that is, they experience sustained escapes from poverty—while others escape poverty only to return to living in it again. The report investigates the resources (land, livestock, and assets), attributes (household composition and education level), and activities (including jobs and engagement in non-farm activities) of households that enable them to escape poverty and minimize the likelihood of returning to living in poverty again. Box 1 presents a summary of research findings.

Box 1: Summary of research findings

Key findings suggest that, in Cambodia, the following factors contribute to sustainable poverty escapes:

Initial household resource base

- Initial conditions matter, with transitory escapers from poverty shown by the panel data analysis to be farther below the poverty line compared to sustained escapers in 2008. These initial conditions are influenced by the intergenerational transmission of poverty, with qualitative evidence indicating that parental asset holdings, parental education and parental occupation all influencing the poverty status for the next generation.
- Agricultural land for life history interviewees is important to protect household wellbeing, despite low holdings observed in the panel data and low and variable returns to agriculture observed in the qualitative data.
- In the regression analysis, livestock is the resource variable that is associated with the largest reduction in the risk of a poverty escape being transitory rather than sustained. The qualitative analysis supports this finding as livestock ownership was revealed to protect households from downward mobility,

performing an important protective function. This is despite the prevalence of risk associated with livestock rearing and the high levels of initial investment necessary.

Household characteristics

- An increase in the dependency ratio in the household is associated with a reduced risk of impoverishment relative to a sustained escape from poverty in the regression results. In the qualitative findings, the presence of older children in the household can contribute to household income and is crucial for poverty escapes, although younger children and other dependents not economically active lower household wellbeing.
- High capabilities are associated with sustained escapes from poverty, and in particular education and skills enable access to better earnings in the qualitative data. Regression results further identified that household heads who have completed primary or secondary education experience a much lower risk of a poverty escape being transitory rather than sustained- the strongest risk reducer across household characteristic variables.
- Psychosocial factors, such as alcohol and drug abuse/dependence and violence in marital relationships were noted to contribute to downward mobility from in the qualitative findings. Conversely, cooperative spousal relationships, strong kinship networks and supportive social relations were found to be important in enabling successful livelihood strategies in the qualitative analysis.
- Increased inequality, marketisation of previous collective institutions and increased individualism leaves some excluded and others adversely included according to qualitative findings.

Household activities

- Agriculture is a core livelihood activity for most rural households, but marginal landholdings (panel analysis) and low and variable profit margins (qualitative analysis) mean that sustained poverty escapes cannot be achieved through agriculture alone.
- Regression results reveal that employment of the household head in a non-farm sector is associated with a 70% lower risk of impoverishment relative to a sustained escape from poverty. Qualitative evidence suggests that sustained economic growth has generated these non-farm employment opportunities for poor people in construction, retail, the garments sector and tourism, supporting poverty escapes.
- Regression results indicate that remittances are associated with a 57% lower risk of a transitory rather than sustained escape from poverty - the largest risk reducing variable amongst economic activities. Migration and the sending of remittances are crucial sources of income diversification in quantitative and qualitative data analysis, contributing to poverty escapes for some.
- Loans are associated with a 65% lower risk of chronic poverty relative to a sustained escape in the regression results. In the qualitative data, borrowing is both a source of investment and working capital and a key source of coping following shocks. Many benefit from access to credit but cycles of debt, default and the loss of assets is also a frequent driver of downward mobility.

Household shocks and stressors

- Health shocks in the panel analysis were most common driver of downward mobility, followed by harvest failures.
- According to the qualitative data, poor disaster preparedness leaves farmers highly exposed to uninsured agricultural shocks. Humanitarian responses are short-term and inadequate to enable households to rapidly recover their livelihoods and rebuild their asset bases.
- Low cost health and crop insurance, coupled with enhanced micro-saving opportunities can support resilience and promote sustained escapes according to qualitative data analysis.
- Erosion of common properties (forests, fish stocks) has undermined rural livelihoods, with particularly negative consequences for poorer households interviewed.
- Distress migration has risen as sources of coping are eroded (decline in Common Property Resources,

mechanization erodes opportunities for local casual work) while risk exposure remains high and indebtedness grows in the qualitative study sites.

Household strategies resulting in sustained poverty escapes are strongly influenced by diversification and migration, often in conjunction with human capital improvements and underpinned by flexibility to changing contexts.

POLICY AND PROGRAMMING CONTEXT

Cambodia has recently moved from Lower Income to Lower Middle-Income Country status as a result of its partial economic transformation. This has been accompanied by significant poverty reduction, though the majority of formerly poor are now near-poor. The question now is how it can best continue this transformation, and eradicate extreme poverty sustainably?

After 1997, the government's strategies moved from being based on coercion to mass patronage, having effectively suppressed the organized royalist opposition and concentrated power in the Prime Minister and his party (the CPP). There was a stronger emphasis on developmental goals and a mixed growth strategy (Kelsall and Heng, 2014), which became more effective and more pro-poor after 2004-05.

Economically, the leading transforming sub-sectors are labor intensive manufacturing, especially garments, and services, especially tourism, with agricultural transformation lagging behind. Policy is supportive of those transformations, and, compared to its neighbors, relatively unsupportive in agriculture. Government efforts have been significantly bolstered by those of development partners (Shepherd et al, 2016).

Cambodia's economic transformation has been partial – the conditions for significant Foreign Direct Investment were created in the garments and tourism sectors, with great pro-poorest impacts in terms of employment in the garments sector, where over 800,000 mostly poor, migrant women were employed, and construction, which employed around 200,000 men per day. This policy development process has continued in the current decade, with new policies on industrial development, employment and migration among others. However, trades union activities were curtailed in a new 2017 law, which may reduce the speed of wage increases, which have contributed significantly to poverty reduction.

Elsewhere in the economy, patronage rules and development has been less pro-poor. Agricultural growth was volatile and driven by global rice prices, especially the 2008 price spike. It has not been supported by strong governmental action, by comparison with neighboring countries (like Thailand and Vietnam). Commercial land acquisitions have proceeded apace, comprising over 12% of all land by 2015, and have led to hundreds of disputes and protests (ODC, 2015a). Forest cover has reduced since the 1970s, and continues to reduce with illegal logging a continuing scandal (Sochua, 2018). Many forests used to be accessible to rural Cambodians as common property resources prior to the Khmer Rouge, but since then the decline of common property resource management institutions and economic land concessions have significantly reduced access.

Significant investments in human development have also been made, and Cambodia was a 'big improver' on life expectancy and average and expected years of education between 2000 and 2012, though maternal mortality remained high (UNDP, 2014). Progress continued through till 2015 ("Cambodia improves HDI", 2017), and there is no reason to believe it has not continued since then. Education was a major campaign topic in the 2018 elections, and quality is a bug issue, with many Cambodians leaving education without the functional skills they need, and industries reporting skill shortages. Health is discussed in this brief.

Cambodia's political transformation has also been partial. Growing political competition led to a very closely fought election in 2013. This was, followed by the opposition contesting the results before taking

up seats in parliament, but the opposition party was eventually disbanded in 2017, following a large swing to the opposition in the 2017 communal elections, and prior to the 2018 general election. The current political situation remains uncertain.

KEY AREAS OF FOCUS FOR PROGRAMMING AND POLICY

There are many potential areas of policy and programming in Cambodia that could increase sustained poverty escapes. Based on the research undertaken in rural Cambodia, potential areas for programming and policy include:

- **On human development:** helping poor children complete primary education, and beyond (post-primary brings greater security); and a meaningful social protection system appropriate for a lower middle-income country, including more inclusive health insurance, as ill health was indicated as the driver of much downward mobility despite the Health Equity Funds and ID Poor card.
- The absence of **social protection** means that many find it hard to avoid falling into debt to finance consumption and contingencies. There is a competitive micro-finance sector, where multiple loans were not uncommon before a Credit Bureau opened in 2015 to share information among financial providers (Simanowitz and Knotts, 2015). Some argue that better regulation is needed to address this issue. The government has recently legislated to control interest rates setting them at 1.5% per month (many MFIs previously charged 3% per month).
- **On economic development** more broadly: smallholder agricultural development has been neglected, though this has now begun to change, Farming is still an important part of the narratives of people escaping poverty as well as those stuck there, but the state has provided a less enabling environment compared to Thailand or Vietnam, which have been able to out-compete Cambodia on the agricultural market.

Within agriculture livestock development and common property resource management, issues in forestry and fisheries stand out as important issues for escaping poverty.

Similarly, self-employment and employment in the rural nonfarm economy (RNFE) emerge from the narratives of people escaping poverty as important opportunities. However, there are few policy or programmatic measures to support the emergence of a vibrant RNFE – closing the rural-urban gap in terms of access and reliability to electricity, and reducing or spreading the costs of electricity for those who cannot afford the connection charges and tariffs (Dave et al., 2018); business development services, and financial inclusion are all important areas of policy and program development. On the latter, this research has revealed that, while measures of financial inclusion (the use of mobile money, the number of accounts and those with deposits) have all increased rapidly, taking loans is also highly risky, and there are unserved areas where moneylenders are the sole source of credit.

Migration is a major source of many sustained escapes from poverty in Cambodia. However, while international migration has recently received policy and programming attention, the same is not true for internal migration, which is four times as prevalent. The risks are similar, so the policy process for international migration could be replicated for internal. Young women in their late teens and early twenties comprise a particularly big proportion of migrants within Cambodia and have particular risks to manage. Some migration is driven by distress –this needs to be converted into more useful migration. Those left behind by migrants (children, grandparents and in some cases women) also deserve more policy and programmatic attention.

Relatedly, labor standards in the garments sector have improved significantly, assisted by the ILO's Better Factories initiative, which brings together government, employers and buyers, workers and unions to

improve conditions in the industry. While these may not be easily extended to other sectors which employ people escaping poverty - agriculture, construction and other sources of casual wage labour employment, they are likely to have knock-on effects.

In this brief, four areas which have been judged critical to sustain more escapes from poverty are singled out as being in need of more policy or programmatic attention than they have received so far. These are: enabling poor children to stay in school longer; expanding social protection and especially health insurance; agricultural development, especially livestock development and common property resource management; and supporting internal migration/migrants and those left behind.

ENABLING POOR CHILDREN TO STAY IN SCHOOL FOR LONGER

The issue: Poor children tend to drop out of school during or at the end of primary, and in lower secondary, thus forgoing future benefits of greater years of education, which are linked to sustained escapes from poverty. Dropping out was linked (in the qualitative research) to distance from secondary schools, and the unaffordability of transport (a motorbike) or renting accommodation near the school; and a general distrust in the value of education among those who don't have it. This general distrust relates to issues about the content and quality of schooling, the demand for schooling from children who want above all to progress materially, as well as the long-term effects of history.

The factors behind dropping out are many – low academic achievement, lack of sense of belonging to school, lower educational background of parents, lack of guidance, big family size, child labor, late entry, low self-esteem, and risks and insecurity to name a few (Heng et al, 2016). Parents who had little education moreover often could not concretely articulate the benefits of education to their children, and expected the school to do this (Heng et al., 2016).

Dropout reduction

There seems to be an information problem – that poor children (and parents) need to understand the benefits of education. In qualitative research collected in 2018 (Bird et al., 2018), rural communities were found not to strongly emphasize school attendance and achievement. Greater information may also be needed to counteract the long term psychological effects of Pol Pot's extermination of the educated class.

There are many possible pathways to poor children remaining in school and continuing through secondary school. These include information, motivation and the creation of demand, scholarships¹ for poor children and an improved transport system, where this is a constraint. In other countries, conditional cash transfers have supported children from deprived backgrounds through school. Given the prominence of 'gap families' in Cambodia, where grandparents are left looking after children, these could be targeted at these families, among other deprived households.

Employers could also be constrained from employing child labor, and if necessary give priority to children who are continuing to study, while reinforcing the value of studying. Pre-schools have demonstrated ability to help students from poor backgrounds perform in school, and reduce educational inequalities, but only 41% of per-school children in Cambodia were enrolled in 2016 (World Bank, 2017). Box 2 illustrates one

¹ Whether the governance systems are in place to administer well targeted scholarship systems transparently must be in doubt. This is a very difficult policy to pursue well in a patronage based political system.

approach which demonstrated how teachers, parents and communities response to children at risk of dropping out can make a difference.

Box 2. USAID School Dropout Prevention Programme, Impact Assessment 2015

During 2011 – 2015 USAID supported an early warning system (EWS) intervention and a computer literacy intervention for 7th, 8th and 9th year students in six provinces. These were the years and provinces exhibiting the highest dropout rates. The EWS intervention included first response and community response components. The evaluation tested the idea that: ‘teacher and parent knowledge and practices—shared and reinforced by the larger community— are inputs into students’ attitudes toward school and educational aspirations. These student attitudes translate into student engagement in school, including their attendance, behavior, and academic performance. The complex, cumulative interactions of these factors are inputs into the student’s ability, desire and decision to remain in school or drop out.’ The EWS intervention had a statistically significant impact on dropping out, via teachers’ and parents’ knowledge and practices, with a larger reduction among identified ‘at-risk’ students. This suggests that the way the school, the community and parents manage the issue makes a difference. Students felt a need to change their behavior, and teachers found the EWS made their jobs easier and gave them clear things to do with at-risk students (USAID, 2015).

EXPANDING SOCIAL PROTECTION AND ESPECIALLY HEALTH INSURANCE

The issue: Despite sustained GDP growth at 7% per year, the poverty reduction achieved is not sustainable or inclusive, partly because safety nets are not strong enough. For example, catastrophic out-of-pocket health expenditure affects a majority of households, mostly rural. They are the major source of impoverishment. The impact of the Health Equity Funds (HEF) and the IDPoor card system are not felt strongly in the analysis of poverty dynamics,² suggesting that a significant strengthening of provision is required.

There is recent commitment to build up the provision of social protection. The Government recently launched the National Social Protection Strategy (2018-2023) to protect poor and vulnerable groups, and to ensure that the continuously strong economic growth is inclusive. Coverage is still extremely limited, however, and implementation of the strategy is a challenge, particularly in terms of human and financial resources. Various development partners (e.g., UNICEF and UNDP) are working with the Ministry of Economy and Finance to examine the feasibility to increase national budget to social protection programs and schemes.

By contrast, and perhaps mindful of Thailand’s 30 Baht scheme,³ Cambodia introduced exemptions from fees and other costs at health facilities for those included in the ID Poor Card scheme. However, by mostly targeting the ID Poor Equity Access cardholders, the program risks excluding other vulnerable groups, including individuals with chronic diseases or terminal illnesses, those who are poor but not extremely poor, those near poverty (many of whom work in hazardous environments) and the urban poor. As a result, a large proportion of Cambodians are at risk of falling into poverty (or more deeply

² This compares negatively with Rwanda’s experience of health insurance – see Simons (2018) and Dacorta (2018).

³ Or Universal Coverage Scheme, started in 2002

into poverty) when they suffer a health shock because they are forced to rely on out-of-pocket payments to finance their treatment.

Even for those covered by these Health Equity Funds (HEF), non-financial barriers remain. Only 26% of HEF beneficiaries sought health care in the public sector, meaning that they instead rely on (potentially expensive) treatment in the private sector. Also, those covered by HEF had only 0.54 visits to health centers per year compared to 0.66 in the total population (Annear et al., 2016). This tendency is likely to reflect various factors, including physical or socio-economic barriers to accessing public health services as well as concerns about the quality of medical services in facilities covered by HEF and an absence of awareness of entitlements among beneficiaries (Fernandes Antunes and Jacobs, 2016).

There is some evidence of increased uptake of public health services by comparison with private, where additional services are included and people without ID Poor cards were included on payment of a small fee. The latter led to reduced stigma for the ID Poor (Box 3). This scheme could be expanded to the rest of the country.

For a health insurance approach to work there also needs to be well functioning health and referral services in place (Ensor et al, 2017). ‘As experience from neighboring Thailand suggests it is also necessary to improve the district health system that includes health centers and hospitals and not only the social health protection scheme to enable access to public health services’ (Jacobs et al., 2018).

Box 3. Increased uptake of public health services as a result of enhanced quality of services, and fee paying by non HEF beneficiaries

‘Three configurations of HEF were examined in the ability to attract beneficiaries to initiate care at public health facilities, as well as the degree of financial risk protection: a) HEF covering only hospital services (HoHEF); b) HEF covering health center and hospital services (CHEF); and c) Integrated Social Health Protection Scheme (iSHPS) that allowed non-HEFB community members to enroll in HEF. The iSHPS also used vouchers for selected health services, pay-for-performance for quantity and quality of care, and interventions aimed at increasing health providers’ degree of accountability. A cross sectional survey collected information from 1636 matched HEFB households in two health districts with iSHPS and two other health districts without iSHPS.’

The additional interventions under iSPHS appear to be better than stand-alone HEF in attracting sick beneficiaries to public health facilities and lowering their direct costs.

56% of beneficiaries in districts with iSHPS initiated care at public health facilities, higher than the 40% observed at Comprehensive HEF and much higher than the 13% for Hospital Only HEF. Costs were also lowest in iSPHS districts. Lower costs resulted from the high use of primary health care facilities, lower user fees at public health facilities as well as at private facilities, and less use of other providers. Knowledge about entitlements was also important.

Source: Jacobs et al., 2018

SUPPORTING POOR PEOPLE’S ENGAGEMENT IN AGRICULTURE

The issue: A challenge at the micro level is related to agriculture as a core livelihood activity for most rural households. However marginal landholdings (panel analysis) and low and variable profit margins (qualitative analysis) mean that sustained poverty escapes cannot be achieved through agriculture alone. At the macro level, agricultural growth has been low and variable during this decade. For example, averaged 5.3% in 2004-12, then 1-2% in 2013-14, and only at grew at 0.6% in 2016. It has also increasingly been affected by weather variability. This suggests the need for supportive state investment in smallholder

farming, which has historically been neglected compared to neighboring, wealthier countries, making WTO accession challenging, according to many respondents in the qualitative research.

‘While neighbors have implemented wide-ranging rice subsidies, developed infrastructure and ploughed money into research and development in a bid to boost productivity, Cambodia’s farmers have been largely left to their own devices. As a result, they are losing business to their more-competitive peers in Vietnam and Thailand’, according to Yang Saing Koma, former president of the Cambodian Centre for Study and Development of Agriculture (Black, 2018).

Finally, Common Property Resources (CPR), specifically forests and fisheries, are being depleted at a rate that negatively impacts livelihoods of the poor and non-poor alike. A decline in almost all types of CPR was reported by between 40 to 100 per cent in 2017. For instance, a decline in firewood between 2011 and 2014 was reported by 52 per cent of panel households. This increased to 63 per cent in 2017. Nearly all households reported a decline in timber between 2011 and 2014 (95 per cent, increasing to 100 per cent in 2017).⁴ It is also possible that climate-related events are being intensified by the impact of deforestation through illegal logging and Economic Land Concessions (ELCs). In addition, both climate change and poor management of CPRs – forests and fisheries, leading to their depletion, are having substantial impacts on rural livelihoods in Cambodia. This finding was confirmed by both the quantitative and qualitative analyses undertaken for this study and was consistent across all observation periods and across all study sites.

This macro-situation affects the stories of farm-households seeking to escape poverty. High production costs and low profits are major drivers pushing farmers from the fields. The major costs are fuel, agro-chemicals and hired labor. “[Farmers in neighboring countries] can produce goods at a lower cost, because capital and inputs are much cheaper than in Cambodia,” notes Yang Saing Koma. “They also have very strong research and development, which is weak in Cambodia, and build their own value chains.” (Black, 2018). In this current context, diversification within farms and from farms into nonfarm businesses are the major strategies people pursue if they can.

Senior politicians acknowledge the need to invest in smallholder agriculture and to protect it from climate change as well as large scale land acquisitions. However, the record has not been a strong one, with the government’s strategy focused on integrating agriculture into its strategy of industrialization. The government’s Agricultural Sector Strategic Development Plan (ASDP) 2014-2018, outlines five strategic objectives: (1) enhancement of agricultural productivity, (2) diversification and commercialization, (3) promotion of livestock farming and aquaculture, (4) land reform and (5) sustainable management of natural resources. Continuing investment in Research and Development (R&D) into higher yield seed varieties with greater resilience to climate-related risks could enhance the productivity of rice and other commercial crops. This involves building the capacity of extension staff at the grass-root level and extending such knowledge to farmers.

To sustain escapes from poverty, what would the critical investments be? They would include expanded irrigation and flood control, in the light of increasingly variable weather. There is potentially big demand for reconstruction and rehabilitation of irrigation systems which are no longer providing water to the fields they are supposed to irrigate, as well as new investments in irrigation. Farmers are now using water from channels constructed and managed by private companies, domestic or foreign. The value of irrigation water is indicated by the fact that rice farmers in Khsach Chiros pay USD100 per season for water usage.

⁴ Other studies with similar findings include Chan and Acharya (2002, 53-56) and Jiao, Pouliot and Walelign (2017).

Farmers in Andong Trach rely mainly on rainy-season farming, but now they are trying dry-season crops with the water from a canal built and managed by a Chinese company.

Other areas for improvement include the management of common property resources (addressed in the next sub-section), especially forests, preventing further decline; and livestock development, critical for rural people's savings and ability to withstand shocks.

To date the Cambodian state has not subscribed to the theory that supporting smallholder agriculture is one aspect of economic transformation, preferring to leave agriculture to the private sector. Other countries in southeast Asia have taken a very different approach, and have arguably been more successful in agriculture, food security and poverty reduction as a result. Vietnam's support to smallholder agriculture was in two phases: before 2008 equitable land division was followed by market liberalization, with the state investing substantially in irrigation and agronomic research. After 2008 high value crops were encouraged, increasing competitiveness was emphasized, through integrated rural development and an explicit focus on multi-dimensional poverty reduction (Anh, 2018).

Addressing common property resource decline

Successful management of CPR requires a combination of governance and regulation and local institutional action (see, for example, Marschke et al., 2014, on coastal fisheries). Natural resource rents are a much smaller proportion of aggregate economic values generated in Cambodia than they were (ODC, 2015b), which may make it more possible for decision making to be in favor of poor people – as in the case of the abolition of commercial fishing lots in the Tone Sap basin in 2012 (Dina and Sato, 2015). In forestry, community forestry has been promoted since the turn of the century, but 'participation in the committees, set up under the Forestry Administration, excluded women and poorer households, with men, particularly larger landowners, attending the most meetings of the groups. Moreover, activities such as monitoring and enforcement were "ad hoc and arbitrary", with the committees largely reliant on local authorities to resolve disputes, dependent on NGOs for support and often left at the mercy of the illegal logging with "backing from powerful political or commercial actors"' (Seangly and Turton, 2017).

SUPPORTING INTERNAL MIGRATION

The issue: The research found migration to be the most prevalent strategy for a sustained escape from poverty; and education of children combined with migration of adult children to urban centers the strategy to ensure wellbeing gains are maintained into old age. Many migrants are also distressed – migrating because they don't have enough access to resources and are not food secure. They probably remit little and leave vulnerable family members behind.

In terms of destination, there are four times as many internal migrants as international migrants (UNESCO, 2016), yet the impressive development of policy since 2014 has been almost entirely focused on international migrants, aiming to protect them and enhance their rights, and improve the returns from, and reduce the costs of migration. Having been through this policy process in collaboration with a number of development partners, it is recommended to develop a similar, if institutionally less complex, process for internal migration. In particular, providing an old age pension would go some way to support grandparents who are caring for migrants' children; more complete birth registration would enable easier school transfers for migrant children, and

The 2015-20 National Migration Policy contains three objectives: '(1) formulation and implementation of rights based and gender-sensitive policy and legislation through social dialogue at all levels; (2) protection and empowerment of men and women migrant workers regardless of their status through all stages of the migration process; and (3) harnessing labor migration and mobility to enhance social and economic development in Cambodia, while recognizing that migrant workers are agents of innovation and

development.’ Under these lie many specific objectives, most of which relate specifically to external migration (Royal Government of Cambodia, 2014).

Box 4: Implementation of 2014 National Migration Policy

The 2017 ILO review of implementation noted: much progress, but also dependence on development partner funding. There was significant emphasis in recommendations on Technical and Vocational Education and Training (TVET) to mitigate the mismatch of labor skills and opportunities. Lots of studies had been commissioned on various aspects of migration, the results of some of which indicate serious problems: for example:

‘the Baseline Desk Review of Labor Migration Policy and Practice in Cambodia was completed and the baseline survey of returned migrant workers was completed. Key findings were that the majority of migrants use irregular channels of migration, very few have access to training or support services, most experience some kind of labor rights abuse during employment, a large portion of migrants struggle to find employment upon return, women migrants are paid less than men, migration can have a significant impact on poverty reduction, on the job training in destination countries is the most strategic modality for delivering training to migrants, having a written employment contract before migrating does not guarantee migrants are protected. Thailand is becoming the more financially attractive labor market.

Source: Royal Government of Cambodia/ILO/DFAT (2017)

Another study examined outcomes of migrant workers’ complaints. It found that the complaints mechanism provides a clear avenue and progress for lodging complaints. There is good use of the mechanism, and the majority were handled in a timely manner (78% resolved within 3 months). More men than women complained. Recommended improvements included: some procedural changes, changes in costs and fees, sanctions on violating recruitment agents, and increased capacity building at the Ministry of Labor, and Vocational Training’ (ILO, 2016).

However, the policy is highly focused on international migration. Internal migration seems a policy gap, despite its much greater prevalence, though there are many respects in which the issues are similar. It also does not address the impact of migration on those who are left behind – such as outcomes for children and grandparents (Unicef, 2017).

The National Employment Policy 2015-25, consistent with National Industrial Policy 2015-25, focused on productive and decent employment opportunities, TVET, and labor market governance. There was little mention of migration or migrants. They were only mentioned in Objective 3.6. ‘to oversee and protect migrant workers in obtaining decent employment and skill recognition.’ However, once again this is only focused on international migrants.

Migration by poor people is often in response to distress, in particular economic distress (such as debt). Case studies of households depending on migrants suggest a common pattern: families use their land as collateral to borrow money for medical expenses including transport costs to hospital, often borrowing from both the village moneylender and institutional sources. Families can easily end up owing thousands of dollars. This situation leads to decisions to send working age youth to migrate (Unicef, 2017).

Remittances in Cambodia are now very significant in aggregate, but individually relatively small, as the average remittance from those who do remit is nearly 75,000 Riel (just under US\$20) a month. However, this small amount may have a substantial impact on the receiving households. Poverty incidence declines by 3 to 5 percentage points in migrant households and even internal migration increases total consumption of migrant households by 10 to 12%. However, for the poorest households receiving smaller remittances, the amount of money sent by migrants does not counterbalance the loss of a working family member.

Remittances are more often used for consumption than investment (Roth and Tiberti 2016). Women tend to remit a higher proportion of their earnings than men (Unicef, 2017).

The recommendation from this analysis is that the government should pay as much if not more policy attention to improving the outcomes of internal migration as it pays to external migration. In particular, policy attention to those left behind by migrants should be increased significantly, and to the children of migrants, as argued next. More broadly, tackling the causes of distress migration could involve tackling the root causes, including diminished access to common property resources (forests and fisheries) as well as privately owned land, and barriers faced by the poorest in accessing savings and credit institutions. A policy focused on internal migration could also support the rights of migrants in employment and for living in receiving communities, as Migrant Support Programs elsewhere in Asia do.⁵ However, the current policy environment of repression of trades unions (Hutt, 2018) may not be ideal for such initiatives.

Supporting grandparents and children left behind and migrant children

Those left behind include grandparents and children, and to some extent women (over one third of households in Cambodia are headed by women, partly as a result of migration, though many women do also migrate). The impact of migration has only recently begun to be explored. Loss of labor affects sending households, and there are many gap or skip generation households. In one study village it was reported that over 90% of all young adults had migrated. Migrant children are more likely to drop out and to work (UNESCO, 2017). Migration also reduces child bearing drastically (Unicef, 2017). In addition, grandparents generally care for children. They may suffer from health problems and feel overwhelmed by the burden of caring for grandchildren, sometimes being forced to take on this role (Unicef, 2017).

Remittances have become a main income source for many in the qualitative data collected in our research study, for meeting subsistence needs, and leading to diet improvements. Grandparents often struggle to put food on the table though. There is no formal social protection for grandparents. As a result, children can get left alone for days, or long periods of time during a day, leaving them exposed, vulnerable and with an increased risk of abuse. Children also miss their parents, and this has psychological effects. Introducing an old age pension, something other countries at Cambodia's income level have done (eg Nepal), would provide a stronger basis for grandparents to meet their families' and the country's expectations of them. Further investigation would no doubt reveal other measures which could support grandparents.

Migrant children also face critical issues – the continuity of their schooling, child labor and child protection. 'It is more challenging for students who transfer to schools in urban areas, particularly Phnom Penh, due to the informal facilitation costs involved. Even when families had birth certificates for their children, the transfer process from one school to another is long and complex. Respondents reported paying significant amounts of money to arrange for documents to be transferred to a new school in Phnom Penh. According to the 2014 Cambodia Demographic and Health Survey, only 64 per cent of children in Cambodia have birth certificates. This causes problems largely for some rural Cambodians, who are either not aware of this requirement or fail to obtain birth certificates for their children for other reasons.'

⁵ Asian Migrant Centre, for cross border migrants; and for internal migrants, programs like the Gram Vikas Trust, or the Ajeevika Bureau in India

Ensuring rural Cambodian children have birth certificates would seem a priority, since there have been declining registration rates since a campaign in 2004-6 captured 90% of the birth cohort. The figure captured in 2016 was 74%, with lower rates for indigenous populations and ethnic minorities (64%), children of fathers with lower levels of education (69%) and those delivered by traditional birth attendants (54%).⁶ Marriage and death certificates are also practically important and have even lower levels of uptake in rural areas (General Department of Identification, Ministry of Interior, 2016).

Thus, migration is inextricably linked to several other issues – debt, ill health, the quantity and quality of employment available, educational opportunities for children left at home or migrating - suggestive of the need for a portfolio response to poverty reduction in general and migration in particular. Achieving higher levels of birth registration among vulnerable groups should be possible; implementing the commitments in the National Aging Policy 2017-2030 to examine providing social protection for holders of ID Poor cards and the introduction of a social protection floor; and consulting on which of the many measures in the National Migration Policy need to be implemented in the national context.

TOWARDS A PORTFOLIO RESPONSE AND SUSTAINED POVERTY REDUCTION

This research reveals that there is no one ‘silver bullet’ for promoting sustained poverty escapes. Building resilience, or sustaining poverty escapes requires comprehensive and integrated projects that complement government services and policies. While it is unlikely that government will focus a lot of energy on the poorest, the near-poor may well be a significant focus, especially as they grow in number: targeted measures which prevent people falling back into poverty may have considerably more political mileage than supporting the poorest. For example, building on the partial success of the Health Equity Funds, improving migrants’ experiences, and supporting smallholder rice farming might all contribute to meeting the government’s objectives.

Achieving reduced dropping out from school illustrates the portfolio nature of sustaining escapes from poverty. There are issues on both the demand for, as well as the supply of education. Enhanced remittances, greater or more stable farm incomes, and cash transfers (eg an old age pension for ‘gap households’) will all reduce pressure on families to take children out of school. But in-school improvements will also be necessary – teachers who are better paid and do not demand informal fees; and acknowledgement of the problem of dropping out, and taking measures to counter it. Any program will need to find linkages across the institutional boundaries between these key issues.

The poorest Cambodians should also benefit from these measures – they would be less stigmatized in seeking health through HEF channels, and benefit from increased demand for the services if that results in improved quality; measures to improve migrants’ experiences and those of their families, such as those mentioned above, could benefit all migrants; and more stable and supported rice (and other crop farming) would support the rural labor markets on which the poorest depend as well as the government’s export objectives. They would also benefit from a multi-dimensional approach to preventing dropping out of

⁶ Villadiego (2014) suggests that ethnic Vietnamese living on Tonle Sap because they cannot own land have a much lower rate of birth registration.

school as they so often drop out for multiple reasons. Development partners can also themselves design programs which include the poorest, and provide government with incentives to do so, or to play a role.

The research on which this brief is based has drawn out a combination of factors which may facilitate escapes being sustained, on which policy and programming could focus in a joined-up way. Debts accumulated from paying for health treatment or other aspects of consumption lead to asset disposal and/or migration and/or multiple loans. Migration not working out well or harvest failure may also generate a crisis leading to children being withdrawn from education. Interventions tend to focus on one or other of these joined-up experiences of temporary escapes and impoverishment. Any particular household may face down several pathways to impoverishment at the same time on its way to a sustained escape.

Overlaying policies with programs is a way forward. Thus, if the Health Equity Funds can be expanded and health service quality improved, and if rice and other crop farming can be stabilized and made more productive through programs and ultimately policy change, the need to resort to loans and asset sales will reduce. Migrant support programs could then encourage government to focus on responses to internal migration as well as external. All of these will contribute to reduced dropping out from school, but this also needs changes at the school and education service, a link back into policy. The key will be to arrange multiple interventions to operate for the same households.

It is perhaps less likely that the government will invest strongly and quickly in migrant support programs or agricultural value chains, compared to Health Equity Funds or tackling the school dropout problem. Complementary programming can thus focus on pilot or experimental projects to encourage policy improvement and reform:

- further experiments to extend and improve service quality might include experiments to expand the HEF, subsidizing the near-poor as well as the poor perhaps on a tapering scale, and working out how to improve quality;
- making more frequent (or continuous) adjustments to the ID Poor lists so that membership reflects their recent wellbeing trajectories. This would enable faster adjustment of interventions to the circumstances of households.
- commissioning a review of Cambodian and relevant international experience on preventing dropping out from school, to supplement the project-based experience reported above, and persuade government to take appropriate measures.

There could also be a focus on integrated programming on both migration and farming, as the country's basic livelihood sources. Migration and farming are intertwined livelihoods for many Cambodian households. Programming for the two issues together could be as simple as improving the returns to farming so that fewer people have to migrate (Aleem, 2018). Or it could involve working with rural households to get the most from both and exploit the benefits of migration for the farming value chain and the development of the nonfarm enterprises rural Cambodians are now very keen on (Bird et al, 2018). Alternatively, it could accept the government's view that fewer farmers is a good thing, and work to make the most of, and reduce the costs of migration, as discussed above.

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