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Urban Poverty and Safety Net in Cambodia

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Abstract:

The growing number in urban poor and lack of safety net for them are the challenges for the urban development in Cambodia. Compared to other countries in Asia, Cambodia is one of the poorest countries with 36 percent of people living under poverty line of which 21 % in urban areas and 40 percent in rural areas. The study examines the current situation of urban poverty, poverty reduction initiatives and safety net in the country. It also analyses factors that create urban poverty, takes advantage of lessons learnt through programs supporting urban poverty and safety net in order to improve policies addressing social exclusion and to influence policy-makers, increases the understandings of causes, factors and mechanisms that push urbanization, to help reduce regional development gap between rural and urban areas. Finally, the study provides policy options to find ways which facilitate social integration of urban poor through training programs, alternative income generating activities, and cultural activities. The study found that urban poverty reduction and safety net is facing many challenges. There is lack of coherent framework for the national level. Government's weak initiatives result from poor resources and limited fund to address urban poverty reduction and to improve safety net. While the urban poor depends on the NGOs and charitable initiatives, many activities are required to be conducted by strong commitment from the Government including compensation scheme, low-cost housing for relocation of slum community, vocational training and employment generation to the urban poor.

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Urban Poverty and Safety Net in Cambodia

1. Introduction

1.1. Background

The Global Poverty Picture

The world we live in presents a picture of extremely persistent contrast. While a few countries are immensely prosperous, nearly two-third of the population of the world subsists on sub-standard incomes. Illiteracy, bad housing, lack of medical care, lack of job opportunities and malnutrition are prevalent throughout many countries in Asia, Africa, the Middle east and Latin America. These facts can no longer be ignored. Indeed they have come to dominate intellectual thought and practical action to an unprecedented degree in our time.

Poverty is one of the most difficult challenges for most developing countries to deal with. M.Ul Haq (1976) noted that "Poverty has descended right across the face of the world, dividing it materially and philosophically into two different worlds, two separate planets, two unequal humanities -one, embarrassingly rich and the other desperately poor. This invisible barriers exist within nations as well as between them and it often provides unity of thoughts and purposes to the Third World countries which otherwise have their own economic, political and cultural differences. The struggle to lift this curtain of the poverty is certainly the most formidable challenge of our time".

The world has deep poverty amid plenty. Of the world's 6 billion people, 2.8 billion—almost half—live on less than \$2 a day, and 1.2 billion—a fifth—live on less than \$1 a day, with 44 percent living in South Asia. In rich countries less than 1 child in 100 does not reach its fifth birthday, while in the poorest countries as many as a fifth of children do not. And while in rich countries fewer than 5 percent of all children under five are malnourished, in poor countries as many as 50 percent are (World Bank, 2000).

There are many promises from many politicians and world top leaders to fight in poverty reduction. According to the World Bank's World Development Report 1990, it was projected that the total number of poor would have fallen from 1.1 to 0.8 billion (1,125 to 825 million) between 1985 and 2000. Yet, the Bank's most recent figures for years both before and after the Asian crisis there were 1.2 billion people in the world were still living in poverty. This indicates that the original target was missed by a wide margin (Hans van Ginkel, 2000).

The Urban Poor

Most government statistics on urban poverty are based on poverty lines that are too low in regard to the cost of living in cities. The World Bank estimate for the scale of urban poverty is an underestimate because in many cities one dollar per person per day does not cover the costs of essential non-food needs (Satterthwaite, 2001).

Urban poor in large cities have faced difficulty with particularly high costs for such non-food essentials as:

- Public transportation.
- Education. Even where schools are free, related costs for uniforms, books, transport, and exam fees make it expensive for poor households to keep their children in school.
- Housing. Many tenant households in cities spend more than one-third of their income on rent. Households that rent or are in illegal settlements may also pay high prices for water and other services.
- Water, sanitation, and garbage collection. Payments to water vendors often claim 10 to 20 percent of a household's income. Tens of millions of urban dwellers have no toilet in their homes, relying on pay-as-you-use toilets or simply relieving themselves in open spaces or plastic bags.
- Health care and medicines, especially where there is no access to a public or NGO (nongovernmental organization) provider and private services must be purchased. Many low-income households also spend considerable resources on disease prevention -- for instance, to purchase mosquito coils to protect family members from malaria and other mosquito-borne diseases.
- Child care, when all adults in a household are involved in income-earning activities.
- Payments to community-based organizations, bribes to police, fines when arrested for

illegal street vending, and other incidental costs.

In addition, a multiplicity of laws, rules, and regulations on land use, enterprises, buildings, and products often make illegal most of the ways urban poor find and build their homes and earn income. A law may criminalize the only means by which half a city's population earns a living or finds a home. If applied unfairly, regulations can have a major negative impact on the poor in the form of large-scale evictions, harassment of street vendors, exploitative patron-client relationships that limit access to resources, corruption, and denial of civil and political rights.

There are important links between the extent of deprivation faced by low-income households and the quality of their government. Where infrastructure and services -- water, sanitation, health care, education, public transportation -- are efficient, the amount of income needed to avoid poverty decreases significantly. Where government is effective, poorer urban groups benefit from the economies of scale that urban concentrations provide for most forms of infrastructure. But where a government is ineffective and unrepresentative, poor urban communities may have as bad or worse living conditions than the poor in rural areas. Large, highly concentrated urban populations with no access to water or sanitation and with high risks of accidental fires live in some of the world's most threatening environments.

Urban Poverty in Cambodia

In Cambodia, the poverty has existed for a long time since the country fell in war in the 1970s. Regarded as one of the poorest countries in the world, Cambodia is facing a lot of problems economically, socially and politically. After the Paris accord in 1991 and the establishment of the new government in 1993, the national reconciliation policy allow about 200,000 displaced people who had lived in the refugee camps along Thailand and Cambodia border and also in Thailand territory to repatriate. Tens of thousands of warring factions were integrated into the new Government and local administration. These people are in lack of basic needs including land and housing. After the country has just turned into the new era of peace, democracy, cooperation, and economic reconstruction, one of the urgent problems to be settled is to alleviate the poverty which is now covers about 36% of total population.

There is growing gap between rural and urban areas in Cambodia, as the Royal Government

of Cambodia is in lack of budget for rural development. Though the Government has regarded the rural development as one of the priorities, more attention has been focused on urban development, especially Phnom Penh, which is the country's heart, the political center and the commercial hub. There is also a big gap in income among population in urban areas that is every easy to see through living standard, housing, clothing and materials such as vehicles and jewels.

Though urban areas are better developed compared to the rural areas, there are still many poor living in the cities. Most of them are living in slum areas in Phnom Penh. The Participatory Poverty Assessment (PPA) prepared by the Asian Development Bank (ADB) for Cambodia identified the urban poor as among the most vulnerable groups in the country being exposed to violence, criminals, prostitution, drug abuse, and HIV/AIDS in addition to the usual threats of insecure livelihoods and a degraded environment (ADB, 2001). Safety net for the urban poor people is very limited and continues to be threatened by the internal displacement of people, poor hygiene, lack of public services and employment opportunities, fire and other problems.

1.2. Objective of the Study

The objectives of the study are as follows:

- To examine the current situation of urban poverty, policies, system for handling the urban poverty and contribute to a better understanding of causes, factors that create urban poverty;
- To take advantage of lessons learnt through programs supporting urban poverty and safety net in order to improve policies addressing social exclusion and to influence policy-makers;
- To increase the understandings of causes, factors and mechanisms that push urbanization, to help reduce regional development gap between rural and urban areas;
- To find new ways to improve the delivering and sharing of policy-relevant information on critical social issues to national and international agencies seeking to design and implement effective solutions for urbanization and sustainable and human development;
- To provide policy options to find ways which facilitate social integration of urban poor through training programs, alternative income generating activities, and cultural

activities.

1.3. Methodology

The study will explore existing and new literature, statistics from governments and NGOs, including administrative rules and policies to analysis the nature, structural cause and impacts of urban poverty in Cambodia. The research will combine quantitative and qualitative methods, from economic, political, as well as sociologist perspective.

Existing reports including books, papers, results of survey and census are mainly used for analysis of the study. But due to the difficulty of data collection and time constraint, only Phnom Penh is used as key study area for detailed analysis.

The study will provide some case studies which will be elaborated in boxes to add highlights on reality in urban poverty and safety net in Cambodia.

1.4. Structure of the Study

To meet the objectives, the study is divided into 6 Chapters. Chapter 2 highlights current situation concerning poverty in general and urban poverty in particular; Chapter 3 reviews programmes and policies in urban poverty reduction with highlights on projects or programs conducted by Government and other stakeholders; Chapter 4 analyses safety net in Cambodia with focus on the existing policy and constraints in policy implementations; Chapter 5 highlights the challenges of urban poverty alleviation and safety net in Cambodia; and finally Chapter 6 covers conclusion and recommendations for future direction in policies as well as plan of action.

2. The Country Profile of Urban Poverty

2.1. Poverty situation

General Pictures

Cambodia is ranked 130th in the human development index, just below Myanmar and India. This has slightly improved over the period 1990-2000 moving from 0.501 to 0.543. It has a gender development index of 0.537, the lowest in Asia, and a human poverty index of 43.3

percent. Life expectancy in Cambodia is only 56.4 years. Adult literacy rate is 67.8 percent. Clearly, Cambodia's socio-economic indicators are not good. Cambodia's per capita GDP in the year 2001 was estimated to be US\$ 259 (RGC, 2002).

Among other factors, prolonged civil conflict, internal displacement and discriminatory development processes are the main causes of poverty in Cambodia. It is now widely recognized that poverty is a multidimensional problem and should be viewed in a broader context than merely in terms of low levels of consumption and income. Lack of food, uncertainties about access to natural resources, powerlessness and hopelessness, social exclusion, lack of education, etc. are all dimensions of poverty. Within Cambodia these were encapsulated in the Cambodia Participatory Poverty Assessment published by the Asian Development Bank in 2001 (ADB 2001).

In 1990, the first year of the Human Development Report, Cambodia's Human Development Index was calculated at only 0.501, placing the country at the "low human development" status. Today in 2002, Cambodia's HDI is 0.543, having moved up to the "medium human development" category, placing Cambodia at 130th place out of 173 nations. Poverty in Cambodia, however, remains widespread (ADB, 2001).

The National Poverty Reduction Strategy (NPRS) briefs poverty as follows:

- 36 percent of the Cambodian population lives below the poverty line of US\$0.46-0.63 at the current exchange rate.
- Poverty in Cambodia has largely resulted from high population growth, inadequate opportunities, low capabilities, insecurity, exclusion, and vulnerability.
- Although more than 70 percent of Cambodia's population are employed in agricultural production, between 12 and 15 percent of them have no agricultural land.
- The access of the poor to other natural resources such as forest- and fishery-related resources is constrained.
- The majority of the poor (79%) are those with household heads employed in the agricultural sector.
- In the period between 1998 and 2000 the average growth rate of agricultural employment only 1.6%. Employment opportunities in secondary and tertiary sectors are still limited (only 8% and 18%, respectively). Average employment growth for the service sector was only 1.08%, while that in the industry sector was a substantial

43.29% during 1998-2000. In spite of such industrial growth, only 8.4% of the population has benefited.

- Poor health is the major cause of impoverishment and other forms of social deprivation (e.g. loss of educational and employment opportunities). The cycle of poverty, ill health, and high health care expenditure by households economically cripples poor Cambodian families.
- Poverty rates are higher for households in which the head of the household has had either no formal education or only some primary schooling. The share of education in household consumption expenditure of the poor is less than 1.1 per cent. The poor have little access to basic social services and facilities. About 21 percent of people in the poorest quintile have to travel more than 5 kilometres to reach a health clinic. About 6 percent of the poorest two quintiles live more than 5 kilometres from the nearest road.
- Illiteracy is a barrier for the poor to improve their lives for they are excluded from the development process.
- Women in Cambodia do not enjoy equal access to education, paid employment, land ownership and other property rights. Women also suffer from poor to non-existent reproductive health services. They are generally in a disadvantaged position in both family and society.
- Ethnic minorities are disadvantaged due to lack of representation at the management and legislative levels, and because of language barriers.
- Lack of access to government information and decision-making has prevented the poor from participating in community activities, contributing to gaps between government policies and their implementation.
- Lack of access to law and rights is a serious issue, since the poor are not able to understand the law, unaware of their rights and vulnerable to exploitation.

Compared to other countries in Asia, Cambodia is one of the poorest countries with people living under poverty line of 21 % in urban areas and 40 percent in rural areas (see Table 2.1). The poverty situation in Cambodia is similar to the Philippines and Nepal and slightly better than Laos and Vietnam (if using the data in 1993 for Laos and Vietnam).

Table 2.1 Poverty in Urban and Rural Poverty in selected Asian countries

Country	Urban	Rural
Bangladesh 1995–96	14	40
Cambodia 1997	21	40
China 1998	<2*	5
India 1994	30	37
Laos 1993	24	53
Mongolia 1995	38	33
Nepal 1995–96	23	44
Pakistan 1991	28	37
Philippines 1997	21	51
Thailand 1992	10	15
Vietnam 1993	26	57

Source: Info for Health (2002) <http://www.infoforhealth.org/pr/m16/m16tables.shtml>

How to Define the Poverty

Poor people are believed to live without fundamental freedoms of action and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives. These are all dimensions of poverty.

To define poverty is rather difficult but we can assume who are the poor through the following aspects:

More visible aspects

It is the outward appearance, which can be seen and can be easily distinguished the rich from the poor. The poor are those that have low income and consumption (i.e. less than the sufficient income to purchase their basic minimum needs or below the poverty line. The condition of their living is in lack of food, lack of housing, clothing, basic consumption facilities, and transport

means and other assets such as television, furniture, etc.

Less visible Aspect

Poverty can be assumed from less visible aspect, which is the inward quality and conditions of the poor affected by lack of education, indebtedness, lack of awareness, lack of contact, lack of power in decision, vulnerability in changes and lack of opportunity.

2.2. Urban poor in Phnom Penh

Since the last ten years, rapid growth has taken place in and around Phnom Penh, the capital city of Cambodia and the center of its nascent but rapidly expanding economy. This city suffered neglect during the two decades of civil war and continues to grapple with a large number of urban problems such as overcrowding, poor infrastructure, degrading environment and weak institutions. In the last two decades, Phnom Penh has seen unprecedented in-migration of the poor with no means of livelihood in the rural areas. The number of squatters is estimated to be nearly 20 per cent of the city's population of 1.1 million. The urban poor are a growing underclass composed of beggars, seasonal workers, cyclo-drivers, garbage pickers, street children, and sex workers.

A survey conducted in 187 areas of Phnom Penh in 1994 estimated that 100,000-130,000 people or 15 per cent of the total city population live in urban poor communities. Most urban poor made a living as food sellers, cyclo-drivers and construction workers, with a significant minority being in government service, the police or the army. Less than 50 percent of the children attended school, only 36 per cent of the households had a sanitary toilet, 38 per cent had poor access to water supply and 68 per cent had no solid waste collection service. Most houses were constructed from temporary, fire-risk materials and only 19 per cent of the areas had paved roads¹.

Another survey, conducted in 379 urban poor settlements in 1997, found 171,730 people in 30,150 families living in such settlements (Municipality of Phnom Penh, 1999). Only 24 per cent of the families had a private toilet and 62 per cent had no access to a toilet. Only 22 per cent

¹ For more details, see Municipality of Phnom Penh (1999), Urban Poverty Reduction Strategy for Phnom Penh, A Report developed under the UNDP/UNCHS Support Services for Policy and Programme Development "Municipality of Phnom Penh: Identification of Priority Needs in Urban Management for Urban Poverty Reduction" (CMB/99/007/08/56) Phnom Penh, September 1999.

of the families had access to metered electricity. Two-third of the families were without access to any water supply inside the settlement; a majority were paying buying water from private suppliers at high prices. Of the houses surveyed, 69 per cent were made of leaf, thatch and bamboo, 26 per cent of wood and only 5 per cent of brick and cement.

Majority of urban poor can be seen clearly by appearance, clothing, housing, transport means and others consumers. They include groups of people including beggars, in-migrants, seasonal workers, veteran families, families led by widows, families with some members are chronically sick, especially HIV/AIDS.

2.3. Urbanization and Urban-Rural Gap

The urban population is projected to grow at an average annual rate of around 3.4 percent during the SEDPII period, compared with a national rate of almost 2.5 percent. Although the urbanization rate is relatively low at 15 percent, this will increase rapidly and involve the increased dominance of Phnom Penh as the primate city, with approximately 10 times the population size of the next largest urban area. Pressures on an inadequate urban infrastructure will therefore grow.

Socio-economic conditions are quite different in urban and rural areas, with rural residents more disadvantaged in many aspects of life. The Cambodia Socio-economic survey 1999 (MOP, 1999) estimates the average monthly income of Phnom Penh households to be 1,139,553 riel, compared with 314,247 riel for rural households—3.6 times higher. Adult literacy is 79.1 percent in urban areas, and 64.9 per cent in rural. Access to safe drinking water is 60.3 percent in urban areas, and just 23.7 percent in rural. Access to electricity is 53.6 percent in urban areas, 8.6 percent in rural. Access to toilet facilities is 49.0 percent in urban areas, 8.6 percent in rural. The percentage of the population with educational levels beyond primary school is 31.4 percent in urban areas, but only 12.8 percent in rural areas.

Gap in Population Density

Cambodia occupies an area of 181,035 km² which includes Tonle Sap Lake of about 3,000 km². The density of population in the country as a whole works out to 64 per km². The densities in the different natural regions are as follows: plain region: 235, Tonle Sap region: 52; Coastal region: 49; Plateau and Mountain region: 17. The densest region is the plains. The

mountain region is most sparsely populated. Among the provinces, the density varies from a mere 2 per km² in Mondol Kiri province to as much as 3,448 per km² in the capital city of Phnom Penh.

The large gap of density in different areas is caused by lack of infrastructure, public facilities and road access to coastal and mountainous areas. This means that Cambodia can have opportunity to expand development to those low-density areas with an appropriate urbanization plan, especially in the coastal areas lying about 500 km in length.

Urban Development and Urban Poverty Reduction

In Cambodia there is limited relationship between urban development and urban poverty alleviation. In sharp contrast to rural development, which is explicitly intended to benefit the rural poor, urban development has been perceived essentially as the physical modernization and expansion of the city through the installation of infrastructure and the construction of housing, commercial buildings, industrial zones, schools, hospitals, government offices, gardens, amusement park and other facilities. The resulting buildings, infrastructure, facilities and services are mainly intended to serve the better off sections of the city's population, particularly the business sector and to express Phnom Penh's beauty to the world. The urban poor, who are predominantly squatters, or even worse, street dwellers, have been seen as an obstacle to urban development because they often hinder the development of infrastructure by occupying state public land and because their rural appearance and habits are out of step with modern city life.

Poverty forces the urban poor to live in squatter settlements, which, as illegal settlements, are denied security of tenure and access to most basic services. Consequently squatter settlements are disorderly and densely clustered networks of shacks along the sides of lakes, canals, railway lines and road. Both the authorities and the better off city dwellers tend to blame the poor for their wretched conditions and stigmatize the poor as socially undesirable, criminally inclined, even mentally defective. The usual response from middle class people and from officials is that the urban poor should be sent back to the rural areas where they belong.

Rural-Urban Disparity

Since the last ten years, rapid growth has taken place in and around Phnom Penh, the capital city of Cambodia and the center of its nascent but rapidly expanding economy. This city

suffered neglect during the two decades of civil war and continues to grapple with a large number of urban problems such as overcrowding, poor infrastructure, and weak institutions. In the last two decades, Phnom Penh has seen unprecedented in-migration of the poor with no means of livelihood in the rural areas. The number of squatters is estimated to be nearly 20 per cent of the city's population of 1.1 million. The urban poor are a growing underclass composed of beggars, cyclo-drivers, garbage pickers, street children, and sex workers.

The increasing disparity between urban and rural areas is even worse than before because the services such as public schools, hospitals, water supply and electricity are overwhelmingly concentrated in the cities especially Phnom Penh where the decision makers of the country live. Rural people are very vulnerable as they are upon climatic condition are most vulnerable with little or no reserved stocks of food and no savings. According to a survey conducted by the Ministry of Planning, 85% of Cambodians are living in the rural agricultural areas where they are badly in needs of accessible roads, drinking water, irrigation network and other public facilities. Most of the rural poor farmers are living in very difficult conditions: unfertile soil, highly rain-dependency, dry areas, dangerous areas deployed by land mines, etc. This situation leads to widen rural urban disparity in economic development.

Urban bias

The new changing economic policies in Cambodia toward a free market oriented economy and a democracy have resulted in more and more private business activities, foreign investment, foreign assistance, infrastructure development in urban Cambodia. These resources play very important role in Cambodia economic rehabilitation and development. But unfortunately, such benefit are mainly focused to the urban areas, especially Phnom Penh, in order to make better roads, better electricity and water supply, to repair broken sewerage, to construct the public monuments, gardens, government buildings, and to improve other public services. Therefore, the urban people can enjoy better infrastructure and access to available public service while the rural people live in poor facility and have limited nor no access to public service. More over the rural people have to pay more expensive charge for basic service such as water, electricity, education and healthcare than the urban people do.

Most of the competent officials including the top politicians or the decision-makers usually live in the urban areas. Therefore they can formulate the proper designs or good draft of various project proposals to complete the formality requirement for budget funding from the

central government. In contrary the poorly educated officials in the rural areas cannot do so. Thus, the rural projects were usually rejected or neglected in requesting for budget funding. On the other hand private investors also concentrate their intention to the urban areas and pour their capital in Phnom Penh, Siemreap and Sihanouk Cities which are the centers of markets, international trade, tourists' attractions, politics, etc. More infrastructures such as roads, tele-communication, hotels, restaurants, high-rise buildings and capital accumulation as well as business activities are pumped into the cities. In contrast, a handful of small projects such as dusting road, irrigation, water sluices, digging water-wells, construction of small primary schools, etc are located in the rural areas by small fund from Government, NGOs and other foundations.

2.4. Urban Poverty Issues

The Participatory Poverty Assessment (PPA) prepared by the Asian Development Bank (ADB) for Cambodia identified the urban poor as among the most vulnerable groups in the country being exposed to violence, criminals, drug abuse, and HIV/AIDS in addition to the usual threats of insecure livelihoods and a degraded environment. The PPA also presented the main concerns of the poor including: lack of food security (which is the major concern), life crisis and lack of asset, access to and ownership of land, nonexistent or limited access to educational opportunities, factors hindering access to education, flooding and drought, lack of micro-finance, poor physical infrastructure, decreasing access to community natural resources (ADB, 2001). Moreover, poverty, social changes, and weak laws have resulted in the large-scale exploitation of women who constitute 53 per cent of the labor force and 25 per cent of the household heads in the aftermath of the civil war (ADB, 2002).

The Municipality of Phnom Penh recognizes this problem and has initiated some community-based pilot projects to provide services, shelter, and employment opportunities for the squatters. In July 2001, the Phnom Penh Governor announced a scheme to relocate 80 per cent of the total squatters to sites outside the city². Some services are being provided on these sites under the UNDP/UN-HABITAT Phnom Penh Urban Poverty Reduction Project funded by DFID/UK but these are far from sufficient to address the needs of these two communities

² Two communities of 1853 and 985 households were relocated to sites about 18 km outside the city towards the end of 2001. The new sites have no basic services, shelter, or employment opportunities. Other problems are: some households could not obtain plots, so they returned to their original location; and others sold their plots to speculators, or just refused to move. The relocation scheme has also attracted large numbers of the poor from surrounding areas. See UNCHS, "Cambodia Project" UN-HABITAT in Action (February 2002) (Available from www.unhabitat.org/hb/feb02/RTCD.htm).

or squatters at large in Phnom Penh³.

While these initiatives are commendable, there is an urgent need for building capacity to strengthen local governments in the Phnom Penh area to deal with human security concerns while planning for urban development. Inadequate capacity and governance have been indicated as constraints in implementing programmes in Cambodia.

In Cambodia, the poverty and lack of job opportunities in rural areas has pushed the rural people to migrate in the urban areas to find jobs or to beg for money. This creates more pressure to urban areas with increasing number of poor especially in the slum community. While the slum communities are believed to create a messy scene to spoil the urban beauty and to shelters the crime, drug and prostitution, they are very risky of being convicted or dismantled. More over the slum communities are also vulnerable to chronicle diseases and fire. Some measures to relocate them are sometimes turns into violence and unfair settlement. (see Box 2.1)

Box 2.1. Resettlement of Urban Poor: Victims of Fire

A fire outbreak on 25 and 27 November, 2001 left 1,853 households in Bassac and 985 in Chbar Ampov homeless, destitute and traumatised. Despite appeals from NGOs and international agencies, the Municipality of Phnom Penh immediately relocated the fire victims to two unprepared sites, Anlong Kngan and Anlong Knang, both about 17-18 kms from the city center. This decision echoed an announcement in July 2001 by Phnom Penh Governor, Chea Sopara that 80% of the city's estimated 170,000 squatters would be removed from their old locations and resettled outside the city.

As both new sites had no water supply, sanitation, drainage or shelters, relocatees have faced great hardship and many difficulties since moving there. Their greatest challenge is how to earn an income out in a rural area. Commuting to Phnom Penh can cost up to \$2 per day which is often more than what people can earn daily. A major hardship is lack of protection from the elements. The fire victims have only been provided a half dozen poles and two sheets of plastic by the Municipality.

Education facilities for children are not yet available. Medical services, especially for children and the elderly are a critical need. Fortunately the UNDP/UN-HABITAT

³ Peter Swan, Senior Technical Advisor, UNCHS/UNDP/UK's DIFID supported Urban Poverty Reduction Project, "Finding a Role for the Poor in Phnom Penh's Renaissance," (Available from www.unhabitat.org/whd/18.pdf)

Phnom Penh Urban Poverty Reduction Project mainly funded by DFID/UK, has provided health services in collaboration with the Municipal Health Department. It is also building a permanent health post at Anlong Kngan to meet the needs of over 20,000 people. An international NGO, Cooperation Services International-Cambodia, is providing medical services at Anlong Kaung.

The relocation process has been further complicated by the arrival at the relocation sites of hundreds of other poor families, some claiming that they were unable to pay the bribes charged by local officials to get on the lists and others who have come from other parts of Phnom Penh seeking a free plot of land and a house. Their expectations were probably raised by the Governor's announcements in early December that the city and other donors would be providing very high quality housing for those families that moved out to the new sites. Though 2 months have elapsed no houses have materialised.

In mid-January 2002, more than 200 families returned to the original fire site in Bassac in Phnom Penh as some because they could not obtain the plot of land and others because they could not maintain their livelihoods at the new sites. Some of the latter admitted to selling their plots to speculators who are buying up the cheap plots for future gains. In the meantime the Municipality has threatened to take back plots that have been resold or that have seen of vacant.

In the meantime wells and other forms of water supply have been installed on both sites. The UN-HABITAT Phnom Penh Urban Poverty Reduction project has provided 122 emergency toilets on these relocation sites. It has also organised meetings of Support Groups comprising NGOs, donors and welfare organisations to coordinate assistance to the victims on each relocation site. To address the two major problems yet resolved, livelihoods and housing, the project is engaging a sustainable livelihood expert and a low income housing specialist to work closely with the communities on the new sites. At the same time it is mobilising assistance from other local and foreign donors for low income housing finance support for the fire victims.

Source: UN-HABITAT, Project in Cambodia,

<http://www.unhabitat.org/hb/feb02/RTCD.htm#top>

2.5. Poverty Lines

Poverty line is the line below which a given population is believed to live in poverty. It is a line taken to imply an adequate income for a person to consume a food basket that provides at

least 2100 calories of energy per day with a small allowance for non-food items such as shelter, and clothing.

Generally, two poverty lines can be drawn, namely food poverty line and overall poverty line⁴. The food poverty line does not provide allowance for non-food consumption. Monetary values of the poverty lines vary from time to time and region to region depending on economic situation. Given in Table 2.1: below are monetary values of poverty lines for different regions in Cambodia at current exchange rate. The values of poverty lines in rural area are generally smaller than those in other urban and Phnom Penh reflecting different level of cost of living.

Table 2.2: Monetary Value of Poverty Lines

Sector	Food Poverty Line		Overall Poverty Line	
	Riel	US\$	Riel	US\$
Phnom Penh	1,737	0.45	2,470	0.63
Other Urban	1,583	0.41	2,093	0.54
Rural	1,379	0.35	1,777	0.46

Source: Ministry of Planning (1999), A Poverty Profile of Cambodia 1999.

3. Responses to Urban Poverty

3.1. National Poverty Reduction Strategy (NPRS)

In 2002, between 228,400 and 241,600 people live in low-income communities. Most of the households are considered as “squatters”, while a few urban poor groups live in slum-like conditions, but claim occupancy rights. Almost all live on marginal, seasonally or permanently flooded land, or in multi-occupancy dilapidated buildings in the city centre. Squatters and urban poor form at least 20 percent of the city's population.

In order to fight the poverty, the Royal Government of Cambodia, with support from donors community, adopted the Interim Poverty Reduction Strategy Paper (IPRSP) in 2001 and adopted the full Poverty Reduction Strategy Paper or National Poverty Reduction Strategy (NPRS) in

2002. The NPRS is supplemented to the Second Socio-Economic Development Plan (2001-2005), SEDP II. The main concept behind the NPRS is that the RGC has responded to poverty by taking measures to accelerate economic growth, improve the distribution of income and wealth and promote social development.

Growth is the most powerful weapon in the fight for higher living standards. Faster growth will require policies that encourage macroeconomic stability, shift resources to more efficient sectors, and integrate with the global economy. The main poverty reduction strategies are based on three components:

- long-term, sustainable economic growth at an annual rate of 6-7 percent;
- equitable distribution of the fruits of economic growth between the have and the have-not, between urban and rural areas and between male and female; and
- sustainable management and utilization of environment and natural resources.

Based on the above broad strategies, the Government has formulated the following policy response to poverty: promoting opportunities, creating security, strengthening capabilities and generating empowerment.

3.2. Urban Poverty Reduction Strategy (UPRS)

The 1999 Urban Poverty Reduction Strategy (UPRS) of the Municipality of Phnom Penh acknowledged that urban poverty was more than simply an economic problem resulting from low income or low productivity. It identified three root causes of poverty: (1) *economic*, i.e. low income, or lack of subsistence means, (2) *social*, i.e. inadequate housing conditions and living environments, including lack of access to basic services, and (3) *political*, i.e. when some citizens do not have a voice in decision-making, or are not recognised as having the same rights as others. In reality though, this definition is still not understood or accepted by most levels of the national and municipal government. It has remained mainly on official documents unknown to most municipal officials. Most officials still consider the city's poor as being responsible of their own situations. Having “decided” to live in slums, they “created” their own living conditions, and “should go back to their provinces.”⁵

⁴ RGC (2002), NPRS

⁵ Municipality of Phnom Penh (1999)

Until 1998-1999, the Municipality of Phnom Penh had maintained a rigid policy of not recognising “squatters” as legitimate inhabitants of the city and it did not support development activities to reach slum dwellers. Instead the Municipality evicted squatters, often violently, with limited or without compensation for the evicted to relocate elsewhere. The first significant step towards triggering community-based urban poverty reduction from 1995 to 1999 was the development of some basic level of community organisation through savings mobilisation, and the setting up a federative structure among such community organisations. The second was the implementation of small-scale housing upgrading, and the organisation of a few successful voluntary relocation programs outside the city. The two main civic organizations representing the urban poor (among a dozen or so smaller NGOs), the Solidarity and Urban Poor Federation (SUPF) and the Urban Sector Group (USG), have organised about 180 squatter settlements in total, federated them with other communities and significantly empowered many of them in the process.

The most communities learned how to prepare proposals for local improvement plans, to raise funds from the communities and external donors, and to implement their projects. The training of some leaders by local advocacy groups on human rights and certain aspects of civil and criminal law has also enabled communities to negotiate with the MPP and to enforce a semblance of rule of law in some settlements formerly plagued by crime and insecurity.

From 1996 onwards, a few high-level municipal officials collaborated with a UN-Habitat project and various Community-Based Organisations (CBO) and NGOs to improve the living conditions of the urban poor through a series of community-based in-situ upgrading projects. In 1999 the Asian Coalition for Housing Rights (ACHR), SUPF and the Municipality of Phnom Penh set up the Urban Poor Development Fund (UPDF) as a credit institution for the urban poor. In so doing, the Municipality had begun to recognise the potential of many poor communities to help solve their own problems of low incomes and sub-standard living conditions.

After extensive consultations with organised communities, NGOs and CBOs, the MPP and UNHabitat jointly developed an *Urban Poverty Reduction Strategy* in 1999. This strategy, based on lessons from the earlier collaborations, aims at:

- Improving access to basic services for the urban poor – by securing affordable land and housing, enabling the delivery of physical infrastructure (water supply, drainage, roads, sanitation, electricity, transport, solid waste collection), of social infrastructure (education, health care, family planning) and the implementation of disaster management (against fire and floods);
- Enhancing local economic potentials (especially for women) – by providing education, vocational and business skills, credit and savings, industrial employment, marketing information, and space for small businesses and marketing; and
- Strengthening participatory urban governance mechanisms – by facilitating community organisation and leadership, setting community development management committees, creating land and housing policies for the urban poor, simplifying procedures for government services, eliminating corruption, and securing tenure.

The implementation of the Municipality's UPRS relies upon decentralising decision-making from the MPP to the *Khan*, Sangkat and community levels. This is being achieved through Community Development Management Committees (CDMCs) established at the Khan level comprising representatives from urban poor communities, NGOs, Sangkats, the MPP and on occasion, the private sector. CDMCs are intended to support the development and implementation of poverty reduction action plans at the community level through Community Action Planning (CAP). One of the first outcomes of the CAP process in each community is the election of a Community Development Committee. The CAP activities have been funded mainly by the current DFID/UNDP/UN-Habitat Phnom Penh Urban Poverty Reduction Project. The communities themselves, with project or NGO support, implement resulting action plans. Through this approach, the Municipality has been enabling poor communities to implement the projects they have planned themselves, on the condition that their plans fit with the Municipality's guidelines.

However, efforts to implement the UPRS over the last 3 years have been hampered by shortcomings on both sides. Though the MPP has created an Urban Poverty Reduction Unit (UPRU) and the Urban Health Project (now called Health Services for the Urban Poor project) to work for and with the poor, there is still a great need for fundamental changes in

official attitudes towards the urban poor. In particular there is an urgent need to curb the still prevalent corruption that plagues many projects with the urban poor, and prevents the full implementation of the official poverty reduction policies and guidelines. Another limitation of the UPRU has been its inability to provide substantive and timely advice to the MPP, to guide the formulation of pro-poor policies and to coordinate the activities of the different departments of local and national government as well as other development actors in the city.

On the community and civil society side, there has been limited outreach to other unorganized groups of poor people achieved through NGO and CBOs activities. There is growing evidence that the scale and impact of the savings and loans programmes maybe overstated. Most savings groups formed thus far do not engage with a majority of their community and there has been a considerable amount of mismanagement of savings by savings group leaders. There is also still no mechanism to reach the poorest households within communities who cannot participate in the savings groups.

Another cause for concern is the very limited capacity of many community organisations in ensuring community ownership of their projects and commitment to their operation and maintenance. Despite their relative success, local organisations have faced serious limitations in reaching out and representing the interests of all of their neighbours in their respective settlements or the poor in Phnom Penh as a whole. Their interventions have sometimes reinforced existing social and political inequalities as they organised settlements into “communities” by supporting existing power structures of clienteles, without always providing the mechanism to care for the excluded. At times, some leaders have only supported politically affiliated community members, limiting access to project benefits to the latter, their friends and families. Overall even successful programs have only tended to benefit the economically stable sections of poor settlements, and not adequately considered the needs, capacities and constraints of the most excluded and vulnerable households.

Failure in the implementation of the UPRS to date has been the recognition that rural to urban migration will continue for decades to come. Consequently Municipal efforts have focused excessively on 'voluntary relocation' of inner-city squatters to the Municipality provided sites on the city's periphery. Now that participatory monitoring and evaluation of the impacts of such relocations have revealed that they are more likely to exacerbate the livelihoods and living conditions of the poor, there is a clear need to pursue squatter in upgrading

programmes more seriously. Squatter upgrading not only protects the economic assets and livelihoods of the poor, it is also a much more affordable poverty alleviation approach for a revenue deficient municipality. At the same time there is an urgent need to develop programmes of land banking, sites and services and the like, for future incoming migrants so that they will not be forced to squat and create a new generation of problems for the Municipality. Part of a forward looking strategy for urban poverty alleviation will have to include closer collaboration with secondary and tertiary cities on ways and means of stimulating their development. Through such development smaller cities can help to meet the inevitable need for off-farm employment and urban land and housing opportunities for rural populations over the coming decades. Without such collaboration Phnom Penh will have to continue absorbing the bulk of such migration with negative consequences for itself and the other cities and towns.

3.3. Millennium Development Goals

In September 2000, the Royal Government of Cambodia, together with 188 other member-states of the UN, adopted the Millennium Declaration. In doing so, the world leaders agreed to a set of time-bound, measurable goals and targets for combating extreme poverty, hunger, disease, illiteracy, environmental degradation and gender discrimination (Ministry of Planning, 2003).

The Royal Government has fully committed itself to the Millennium Declaration and the achievement of the Millennium Development Goals. This reflects the Government's strong determination to measure national development performance against the MDGs as it prepares the Millennium Development Goals Report on a regular basis.

The Council for Social Development prepared the Cambodia Millennium Development Goals Report of 2003, and launched in March this year. The report was widely disseminated and used to guide the formulation of sector strategies across the country.

The report was the result of "contextualizing" the MDGs, called Cambodian MDGs in order to better reflect realities in Cambodia. Unlike the 8 global MDGs, Cambodia's MDGs consist of 9 goals⁶. The 9th MDG of Cambodia is about demining, unexploded ordnance and victim

⁶ The 8 Global Millennium goals are: 1) Eradicate extreme Poverty and Hunger; 2) Achieve universal nine-year basic education; 3) Promote gender equality and empower women; 4) Reduce child mortality; 5) improve

assistance. The other 8 goals are very similar to the global MDGs, with the exception of the 8th MDG on Global Partnership in Development, which has yet been fully “localized” as its achievement does not entirely depend on Cambodians alone but requires cooperation with all international partners.

3.4. Other Initiatives

In Cambodia, there are about 2,000 local and international Non-Governmental Organizations (NGOs) operating in the country. With at least US\$50 million per year, NGOs contribute their active roles in rebuilding the country especially in micro-finance, rural development, health, capacity building, human right, democracy and women in development.

About 30 NGOs are working in the area of urban poverty. In addition to the Government work, many NGOs and donor community are actively working at the grass-root level to help in urban poverty reduction including UNDP, UN-Habitat, UNICEF, WHO, Urban Poor Development Fund, Urban Sector Group (USG) and others (See Appendix 1).

As example, Urban Health Project, a pilot project established as part of the Health Sector Reform III Programme⁷ with funding from the UK's Department for International Development (DFID) and managed by Options Consultancy Services. Additional technical assistance was provided by the London School of Hygiene and Tropical Medicine.

The work of the Urban Health Project has been implemented in collaboration with the Ministry of Health (MoH) of the Royal Government of Cambodia and the Phnom Penh Municipal Health Department (MHD), the Health Sector Reform Group and the World Health Organization (WHO).

maternal health; 6) Combat HIV/AIDS, malaria and other diseases; 7) Ensure environmental sustainability; and 8) Forge a global partnership for development.

⁷ The Health Sector Reform III Programme includes a wide range of interventions that are being implemented by the Cambodian Ministry of Health (MoH) and the World Health Organization (WHO) with funding from the United Nations Development Programme (UNDP), the UK's Department for International Development (DFID), the Norwegian Agency for Development Cooperation (NORAD) and WHO. The aim of the health sector reform programme is to ‘contribute to the reduction of poverty in Cambodia through development of quality, basic health services (whether funded by government or through public-private partnerships) especially for poor people’.

The project started in April 1999; its aim was to explore alternative models for health care for the urban poor; the project's health room model and its other activities have been documented and closely monitored and evaluated. The health room model has been identified as potentially replicable across Phnom Penh and other urban centres in Cambodia. The pilot project ended in December 2001.

An Urban Health Project management unit was based within the MHD, the project's expatriate manager worked with a Cambodian counterpart within the MHD, and health services were provided within urban poor communities by public health staff under close supervision from and monitoring by the Urban Health Project.

Box 3.1: The Urban Health Project, Cambodia: An overview

Do we know?

- The cost of health care is the most common cause of poverty and homelessness in Cambodia.
- The 'richest' of those living in two of Phnom Penh's poorest areas estimate they can spare a maximum of 5,000 riel a day (US\$1.25) for health care.
- The poorest of the poor have no money to spare for health care medical emergencies, childbirth, or chronic ill-health.
- Members of the urban poor populations are generally unwilling or unable to access public health services except in an emergency.
- The current government exemption scheme, intended to enable the poorest of the poor to access free health care, is not working.
- Many diagnoses and treatments for conditions of public health importance are officially provided free of charge, but members of urban poor communities report myriad examples of staff levying unofficial charges to supplement their low-level salaries.
- Members of urban poor populations feel that many government health staff ignores their needs.
- The availability and quality of service provided by many Government health centres is severely affected by 'ghost' staff (i.e. their names appear on public health salary lists but they spend most of their time in private practice, where they earn the major proportion of their income).

- Institutional capacity within public health structures in Cambodia remains low.
- Little monitoring and evaluation ever takes place within the public health service.

Source: Options, United Kingdom, Urban Health Project in Cambodia

<http://www.options.co.uk/images/CUHP%20Briefing%20paper%201.pdf>

The project developed "health rooms" which provided primary care to two of the city's poorest communities – Tonle Bassac and Boeung Kak. The health rooms, run by public sector staff under supervision from the Urban Health Project drew an average attendance of 1,800 patients a month, a far higher utilisation rate than other government health facilities in Phnom Penh.

Another example, within the cross-cutting theme "Eradication of Poverty", the UNESCO Office in Phnom Penh is participating in a two-year research-action project (2002-2003) entitled "Urban Poverty Reduction among Young Migrants in East Asia: China, Laos, Cambodia". The project aims at:

- Contributing to a better understanding of rural-urban migration issue, young migrants' specific needs and the causes of poverty.
- Contributing to poverty reduction among young migrants and enhancing their life skills, basic skills, general capabilities, and their knowledge on sexual and reproductive health issues, on STDs and HIV/AIDS as well as other dangers.
- Through analysis of actions against poverty related issue, contributing to the establishment of a successful pattern that can be generalised and serve as base for public policy recommendation.
- Contributing to the promotion of migrants' human rights through advocacy, capacity-building an awareness raising activities.

In 2002, a feasibility study was conducted prior to the implementation of the project activities in Phnom Penh. The on-going activities, which are being implemented in partnership with the well-known and highly respected Cambodian NGO "Mith Samlan / Friends" (see more in Box 3), include:

- Developing information materials for young migrants regarding available services and how to access these services.
- Opening a young migrant female drop in centre and developing activities in this centre.
- Developing a specific income generating trainings for young migrants.
- Providing a number of trainings on reproductive health, HIV/AIDS and drug prevention.
- Developing family support centres and strategies.

Box 3.2: Mith Samlanh Project, HIV/AIDS Program

Objective:

To raise awareness about HIV/AIDS among street children and their families, to care for infected children and family members and support the social integration of orphaned children.

Activities:

An awareness/education program is integrated within all Mith Samlanh programs, providing information and material allowing children to protect themselves from HIV, AIDS and STDs. A team of street children is trained as peer educators (Safety Agents) and provides information and condoms to children on the streets.

As a high number of children do get infected with HIV, a special team provides medical and emotional support to these children. Children receive on-going medical supervision, including access to ARV when possible. Children who are too sick are supported in their last moments and receive a decent cremation ceremony.

Another team identifies children affected by HIV (parents are infected and sick) on the streets, in the squatter areas and in hospital setting. Children and families are supported to prevent them from being pushed onto the streets because of their illness. Children who are to be orphaned are referred to foster care families or organizations. A Memory Book is designed with the parents before their death so that the children have traces of their family history.

Source: Mith Samlanh Organization,

http://www.streetfriends.org/CONTENT/in_action/HIV.html

4. Social Safety Net for Dealing with Urban Poverty

4.1 Definition of Safety net

What is the Role of Safety Nets?

Safety net programs have two key functions in economic policy. Their traditional role is to redistribute income and resources to the needy in society, helping them to overcome short-term poverty. A more recently identified role for safety nets is to help households manage risk⁸.

Safety nets can increase options for the poor. Knowing that safety nets exist can allow households to take initiatives that incur some risks, but bring potentially higher returns, such as growing higher yield varieties of crops and using modern farming methods; concentrating household labor on the highest return activities rather than working in many separate informal activities; holding assets in more productive, but less liquid ways than cash under the mattress. When hard times do hit households, safety nets reduce the need to make hasty decisions that will diminish the chances of escaping poverty in the long run.

At the national level, away from household worries, effective safety nets can also contribute to society's choice of effective policies in other areas. They can broaden support for sound fiscal and trade policy, as well as allow the design of other social sector policies and programs to concentrate on efficiency rather than equity goals. For example, if sound safety nets are in place, the pension program can focus on improving the efficiency of providing benefits to contributing workers rather than finding ways to provide cash transfers to those who have not made adequate contributions.

Why are Safety Nets Needed?

Risks are part of everyday life. But the impact on the poor and other vulnerable groups, such as the elderly and disabled, are often more immediate and threatening than those faced by others in society. These risks can be either household (i.e. illness, disability or death and unemployment), community or regionally based (i.e. floods, famine) or nationwide (i.e.

⁸ For more details, see World Bank at <http://www1.worldbank.org/sp/safetynets/>

drought, global financial risks, shifts in terms of trade). The adverse effects of these risks will be far more damaging to the poor than those better-off in terms of income, physical and mental well-being, and long-term human development. For poor people, lost income may force them to sell their land, their livestock or their tools, send their children to work rather than to school, or eat less. These drastic measures may help families survive from day-to-day, but they will make it that much harder for these families to escape poverty in the future.

Governments and international financial institutions can play an important role in helping households manage daily risks and cope with losses when they occur. The notion that safety nets should be a permanent feature of social policy and not simply a temporary response to crisis is increasingly being embraced by the international development community. But, even when a country prospers, some households will face hard times. During economic downturns, such as the Asian financial crisis and recent crises in Latin America, problems are much more serious and immediate and the appeals for public action undeniable.

4.2. Safety Net in Cambodia

Though Cambodia has successfully emerged from conflict in recent years, human security and safety net continues be threatened by low income, internal displacement of people, poor housing and hygiene, lack of services and employment opportunities, environmental degradation, HIV/AIDS, and other problems.

With the disappearance of assistance from the formerly centrally planned countries, health and other services previously provided by the government have been reduced. Government expenditures on Social Welfare (i.e., in public health, education, social welfare and information) accounted for little more than 10 percent of government expenditures in 1993, a drop from more than 30 percent of expenditures in 1988 (Dannis, 1999).

Table 3.1. Cambodia and the GMS: Official Development Assistance

	Net Official Development Assistance of Official Aid (US\$ millions)		Aid per Capita (US\$)		Aid as % of Gross Domestic Investment
	1991	1996	1991	1996	1996
Cambodia	91	452.9	10	44	70.0
China	1,998.7	2,617.3	2	2	0.8
Lao PDR	143.3	338.6	35	72	59.8
Myanmar	179.4	56.2	4	1	..
Thailand	721.5	832.0	13	14	1.1
Vietnam	237.5	927.2	4	12	14.2

Source: World Bank, 1999. <http://www.worldbank.org/data/databytopic/databytopic.html>

New sources of donor assistance have more than filled the aid gap left by the end of aid from the formerly centrally planned countries. Official aid increased nearly 400 percent during the period 1991 to 1996. Per capita official aid was US\$44 in 1996, among the highest of the GMS countries (see Table 3.1) and represented an astonishing 70 percent of gross domestic Investment.

As a country with too long engagement in war and political strife, Cambodia is considered as one of the poorest countries in the world. Safety net for the poor people is very limited. Transfers of cash, to the extent they exist, are limited to one-time payments to resettled individuals, demobilized soldiers and war veterans, and disaster (e.g., flood) victims. Land is also transferred to individuals, most often provided to demobilized soldiers.

At present, the Royal Government of Cambodia and the Municipality of Phnom Penh are in lack of the financial and human resources to provide a minimum of basic services to most of its citizens, especially the poor. Instead, the private sector has taken opportunity to sell all sorts of goods and services that in many other countries the government provides. Most basic goods and services needed by the urban poor including water, education and health care are only available in the market and they are only available at a price. As a result, these goods and services are (a) unaffordable for the poor family, (b) their quality is below standard, (c) their purchase takes a disproportional part of the poor family's income, or (d) they are purchased with borrowed money.

Food Security

“Poor households never have enough food to eat ...”, (PPA 2001, p. 14)

Food security is a part of safety net. In Cambodia, food security is the major concern of the urban poor because they don't have farm or land for growing rice and vegetable as the rural poor do. Food insecurity and poverty are closely linked. Participants at all PPA 2001 sites strongly defined poverty as being persistent hunger, a chronic condition from which the poor could not escape except perhaps on a temporary basis. Because of hunger they are unable to satisfy their other basic needs, such as being able to send all their children to school, pay for necessary health care and meet cultural obligations.

In rural Cambodia, having enough rice and other foodstuffs to eat 12 months a year is synonymous with being not poor or food insecure. Food insecurity may be either chronic or transitory. Those affected by chronic food insecurity include: subsistence farmers, the landless or marginal land holders, the urban poor, and other vulnerable groups (e.g. expectant and nursing women, children under five, and the elderly). Transitory food insecurity affects people facing natural disasters, such as flood and drought (RGC, 2002).

During 1998-2002 Cambodia produced rice surpluses of 30,000-364,148 metric tonnes. Yet, not everyone in Cambodia has enough rice to eat since food security involves a complex interplay of factors and goes far beyond rice/agricultural production. This is especially true for the poorest, most food insecure and vulnerable groups in the rural areas. A recent study shows that even within large rice producing provinces 30 percent of communes face chronic food shortages. The poor are not able to access the surpluses simply because they have low or no purchasing power, are often in high debt burden, and lack access to adequate credit. Furthermore, access to food is also hindered by poor marketing/distribution systems, price variations, poor transportation and communication infrastructure, very limited off-farm employment opportunities, and low investment in agriculture.

Health and Education

Health and education is also a main safety net for the poor. If the poor have access to the public health care with low cost or they can send their children to school, they can hope that in the future their children can find good jobs and will help family to get out of poverty.

However, health and education in Cambodia have limited impact to the poor.

Cambodia has a very limited safety net on health and education. Though the Constitution states that people have freedom to access public health and education service, poor people find difficulty to afford the service. Most of public hospitals are privatized or transferred to be autonomous institutions. All services are to be paid without considering wealth status.

Social spending for safety net in Cambodia is considered low compared to the other countries in the region. According to the draft Public Investment Program (PIP)⁹ 2004-2006, education is supported by public investment of only 16.4 percent of the total investment while health absorbs 24.2 percent of the total. The national budget allocates only 11% for Ministry of Health in 2003 (increased from 8.4% in 2000) and 18.4% for Ministry of Education, Youth and Sports (increased from 13.6% in 2000) (RGC, 2004). With this low budget the both sectors have to depend on external assistance from donor's community and NGOs.

Pensions

Though there is pension system in civil servants, police and military forces are well stated in the laws, the retirees usually cannot depend on the pension fee because the fee is very small. According to the sub-decree of the Royal Government of Cambodia, No. 059-ANK-BK on the Regime of retirement pensions and Professional Unfitness of civil servants, retirees can be eligible to receive a seniority retirement pension equaling 80% of their net salary, when they have accomplished at least 30 years in public service¹⁰. The salary in most of the civil servants and workers are low and the pension system does not work well for purpose of the safety net.

On the other hand, most of employees in private sectors have never experienced receiving pension fees or superannuation fees from their employers. Most employees are vulnerable to get into trap of poverty if they becomes retired or disabled.

⁹ PIP, Public Investment Program is a three-year rolling plan used as Government's tool to access public investment needs using domestic resources and external assistance. The PIP is prepared by the Ministry of Planning with cooperation from other line ministries and donor community.

¹⁰ According to the Law on the Common Statute of Civil Servants, male civil servant will retire at age of 55 while female civil servant will retire at age of 50.

Other Safety Nets

In Cambodia some other kind of safety nets are based on the family link and mutual assistance. Cambodia has a culture of mutual assistance and helping family members, relatives, friends and neighbors, who can be of help if needed. On the other hand parents are liable to raise their children and have to provide food, education and all necessity they can do to ensure that their children will have a bright future. In turn, the children in Cambodian culture are also obliged to take care of their parents when they are old or disabled. If the family is poor, the safety net is at risk.

4.3. Issues in Urban Safety Net

The vulnerability of the urban poor in Cambodia is exacerbated by the inadequate provision of basic public services, as well as by policy and regulatory frameworks that govern land and housing supply and property rights.

Tenure Security, Property Rights and Land Development Regulations

Most of the urban poor in Cambodia do not have tenure security because their dwellings are: built on public land; or constructed on private property not belonging to the owner; or built on shared title land; and/or constructed without occupancy or construction permits; or rented in slums without formal renting contracts.

Many of the urban poor in Cambodia, especially in Phnom Penh have to house themselves illegally because:

- Land policies do not make sufficient developed land available: Urban planning tools, including master planning, zoning and plot development regulations, are not appropriate to make land available in pace with rapid urbanization, resulting in insufficient land supply and increases in land prices.
- Policies and/or regulations as well as public authorities' approach are not conducive to regularization of tenure because: 1) There is a widespread assumption by authorities that regularization may encourage illegal practices; 2) Issuance of land documents can create considerable conflict, especially in places with multiple forms of property rights; and Authorities may prefer to retain the informal status of some spontaneous

settlements, as the land may be demanded by other uses, and informal occupation provides a sufficient ground for eviction.

- Land and housing regulations make housing unaffordable: Unrealistically high standards for subdivision, project infrastructure, and construction make it impossible to build low-income housing legally. Furthermore, urban land supply can be limited by: (i) extensive public ownership of land and unclear land transfer procedures (most common in transition countries); (ii) unrealistic standards for land and infrastructure development; (iii) complex procedures of urban planning; and (iv) unclear responsibilities among public agencies.

- Land and housing regulations make it difficult for the poor to follow cumbersome procedures: Procedures can be unduly cumbersome, difficult for poor people to save time and to follow. Observations from many developing countries show that the processes of obtaining construction and occupancy permits are complicated, not well-understood by the poor, especially immigrants, time consuming and costly. The result is invasions of state land or purchases of unplanned land from illegal agents.

- Lack of access to credits: There is ample evidence from Africa, Asia, Latin America and Caribbean countries that low-income and even moderate-income households do not have access to housing credits. When housing loans are not available, households have to use their own savings, sweat equity, and/or loans from relatives.

Lack of tenure security leads to:

- Loss of physical capital, damage of social and informal networks for jobs and safety nets, and sense of security. Several million urban dwellers are forcibly evicted from their homes each year, most without any form of compensation.

- Inability to use the house as a resource when other sources of income reduced. For poor people, housing is an important productive asset that can cushion households against severe poverty during economic hardships. Renting a room or creating an extra space for income generating activities are the common coping strategies. When the poor have secure ownership of their housing, they often use it with particular resourcefulness when other resources of income are reduced.

Housing Finance

Low income and even moderate-income households do not have access to housing credits, because:

- They cannot afford the debt service required to finance the cost of a minimum unit. They cannot meet the criterion used to qualify households (i.e., the mortgage payment to income) by financial institutions.
- Mortgages require payments every month for a long period of time. However, low-income households are often self-employed, their incomes vary greatly, and they occasionally face crises -- such as sickness and injury -- that absorb all their available resources.
- Commercial financial institutions usually have little interest in lending to low-income households (even if financial conditions allow) as the small loans required by these households are much less profitable.
- When housing loans are not available, households have to use their own savings, sweat equity, and/or loans from relatives.

5. Challenges in Urban Poverty and Safety Net

5.1. Population Pressure

Population pressure in Cambodia is a challenge to fight urban poverty. Today, Cambodia has a population in excess of 13 million. This population is growing, on the average, at 2.5% per year. Relative to other countries, Cambodia's population seems still small. Yet the rate of growth of the population is among the highest rates in Asia. The most recent medium scenarios by the UN on world population 2000-2050 indicates that Cambodia will have 14,800,000 people by 2005, 22,310,000 people by 2025 and as high as almost 30 million by 2050.

Cambodia population will grow, on average, by an additional 320,000 people annually over the next 50 years. Moreover it should be noted that even should the growth rate be reduced by half (from 2.5% to 1.3%), the number of reproductive Cambodian women (aged between 15 – 49 years) will be gradually double over the first half of the 21st century.

For Cambodia, the 2.5% annual growth rate of population is a serious challenge because agricultural production and employment generation have not been able to keep up. Moreover, high fertility rates in the circumstances of Cambodia impact adversely on the

health and nutritional status of mothers and children. Furthermore, while Cambodia is rich in terms of labor, such labor is relatively less competitive in the international labor market. In fact, this human resource quality challenge is the principal constraint in our efforts to modernize industry, since the use of machines and advanced technology require much more intensive levels of training and skills.

5.2. Phnom Penh Urbanizing

Growing urban poverty is a major concern. About 20% of the poor now live in Phnom Penh and other urban areas. By 2035 the proportion is projected to reach 50%. Most of the urban poor live in slums and squatter settlements, without adequate access to clean water, sanitation, and health care. While health and child survival rates are better in urban than rural areas on average, they often are worse for the poor than for other urban residents. Pollution of the water and air endangers the health of urban residents, causes chronic illnesses, and kills millions. Phnom Penh cannot keep up with the soaring demand for water. Where access to clean water is scarce, sanitation is poor, contributing to a variety of water-related diseases. As Phnom Penh areas grow in population, they expand outward as well as upward, often overwhelming the natural environment and destroying ecosystems. Phnom Penh, where consumption levels per capita are much higher than in other areas, has a greater impact on the environment. But rapid urban expansion, rising consumption levels, and unplanned growth in the future also strain the natural resource base.

5.3. Health Care Safety Net for Urban Poor

Across the country, as the public health care delivery system becomes increasingly market-oriented, the urban poor find it difficult to access the health services and health safety net of urban poor populations is increasingly threatened. Many urban communities in urban areas, especially in Phnom Penh are struggling to maintain their health care services as they confront the ongoing changes in the health care system nationally and locally. The urban poor greatly increase their vulnerability to the changes in health care pattern and economic shocks that affect their revenue.

The challenge to urban poor communities is to establish and sustain a health care system that provides, either directly or through arrangement, easy access to routine services, reasonably

sure access to specialty services, and reliable and quick access to emergency services. The components of such a system can vary, but they typically include a consulting ward in the community with established referral patterns for services it does not offer, an adequate number of primary care providers, transportation where needed for routine care and readily available for emergency care, and public health services.

5.4. Urban in-Migrants

There is increasing flow of urban in-migrants to Phnom Penh. They are facing with more difficulty than original urban dwellers. With low wages, in part, the new urban in-migrants poor find it difficult to generate more income to keep up their basic need, especially in the slowdown in the economy in the recent years. However, beyond this classical explanation is also the fact that non-rice cultivation based growth in Cambodia is based on too narrow a base - garment manufacture, tourism, construction and a small telecommunications sector - and not all of them are labour intensive, particularly for the labour of migrants to the city. In this regard, the role of skills and education are pivotal. All non-agricultural activities require more skills and education than (migrant and unskilled) rural workers have to offer. Next, the fact that Cambodia has a uni-nodal urbanisation is constraining. The population of the second largest city is a tenth of Phnom Penh's and no city other than Phnom Penh possesses any significant labour absorbing potential in its non-agricultural sectors. This also exacerbates the problem. Lastly, opportunities for self-employment are presently severely constrained by poor physical, social and economic infrastructure.

Thus, while in other countries small enterprises employ many people, this is not the case in Cambodia. Cambodia's agriculture is not following the classic Asian trajectory: there is no labour using agricultural intensification. The rural land question is still being settled, and in the process a number of people are becoming landless. Rapid population growth is fuelling this process. All this swells the ranks of the landless, many of whom migrate to urban areas. This brings rural poverty into urban areas.

6. Conclusion and Recommendations

6.1. Conclusion

Over the past decade, Cambodia achieved significant economic growth. Even with such growth however, poverty was not reduced as required for sustainable economic growth. The

proportion of the population in poverty fell from 39% in 1994 to around 36% in 1999, thus falling by only 1% per year. Moreover, economic growth in rural areas is not consistent with population growth. Together with other factors such as increasing rural unemployment, poor employment in non-agriculture, population suppression the trend of rural-urban migration has been increased. Therefore, urban poverty indicates a worrisome trend.

The trends indicate that the estimated proportion of poor people in Cambodia will be 28% by 2015, more than the MDG set at 19.5%. Thus Cambodia cannot achieve the poverty reduction goal. But best efforts must continue, taking into account the following important points: striving toward a long-term high economic growth rate not less than 6 to 7% per year; further strengthening of implementation of current population policy to promote birth spacing; and further implementation of governance reform, especially anti-corruption, to help achieve equity in the distribution of the results of economic growth.

Urban poverty reduction and safety net is facing many challenges while Cambodia has limited resources and poor future master plan. There is lack of coherent framework for the national level. Government's weak initiatives result from poor resources and limited fund to address urban poverty reduction and safety net. While the Government depends on the NGOs and charitable initiatives, many activities are required to be conducted by strong commitment from the Government including compensation scheme, low-cost housing for relocation of slum community, vocational training and employment generation to the urban poor.

6.2. Recommendations

Urban poverty and safety net in Cambodia should be seriously considered by all stakeholders. Simultaneous actions to expand opportunity, empowerment, and safety net can create a new dynamic for change that will make it possible to tackle human deprivation and create just societies that are also competitive and productive. If the developing world and the international community work together to combine this insight with real resources, both financial and those embodied in people and institutions—their experience, knowledge, and imagination—the 21st century will see rapid progress in the fight to end poverty.

The number of migrants from countryside to urban areas especially Phnom Penh is increasing continuously; governments at different levels must implement specific policies to help reduce

the new comers from rural areas by creating jobs at the rural areas. Rural and regional development plan should be formulated to expand economic activities and to promote job opportunity in the rural areas and in order to release the pressure of mobile population into the city. It will be important to promote multi-nodal urbanization, decentralize industrialization, broaden the occupational base and rapidly promote the skills base of the labour force. Lastly, labour-using agricultural development cannot be ignored.

While considerable progress has been made in alleviating urban poverty in Cambodia, most efforts have been ad hoc and fragmented. Sustaining and intensifying efforts to alleviate urban poverty require substantial capacity-building, particularly in the public or governmental sector, among the organizations of the poor themselves and among the civil society organizations that work towards empowering the poor. Capacity-building, as defined here, has essentially two aspects: institutional change and human resources development.

If development programmes specifically address practical and functional activities of the poor, then the focus must be on short-term and long-term solutions - the short-term programmes/projects should emphasize access to clean water supply, food security, and income-generating activities beyond mere basic needs; and the long-term emphasis should be on community organization, education for children and their parents to build mutual understanding and self-reliant development, as well as the provision of affordable health-care facilities.

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Appendix 1: Main Organizations Involved in Urban Poverty

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