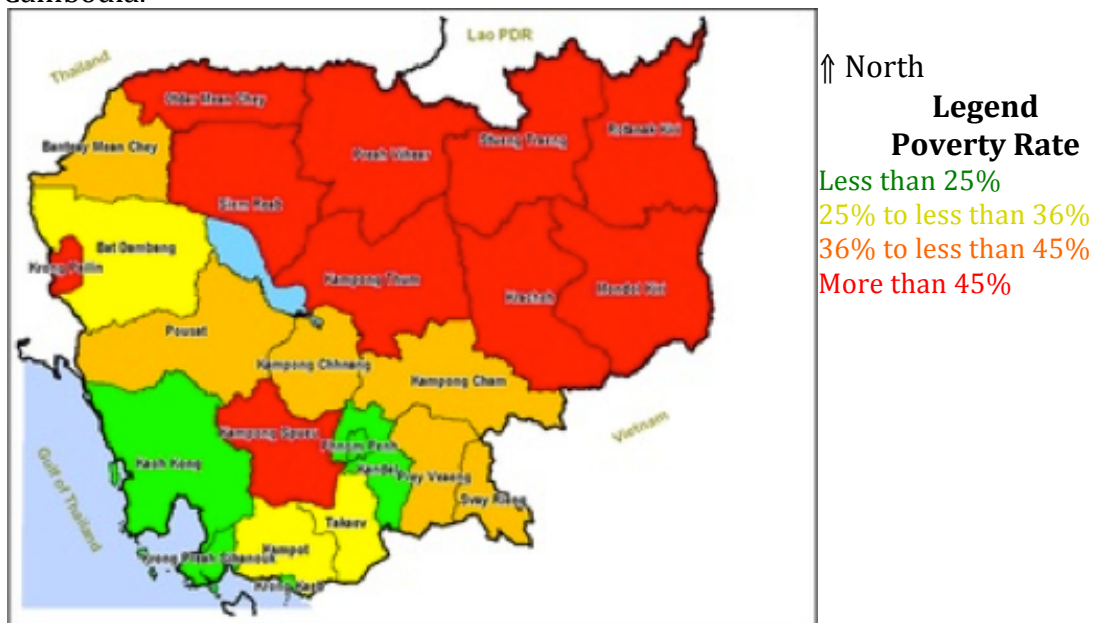


Poverty in Cambodia

Poverty in Cambodia

Cambodia is known to be one of the world's poorest countries, and the GDP per capita is \$1,952 as of 2008. The population living below \$1.25, or the percent of people in absolute poverty, or extreme poverty, is 40%, as of 2007. United Nation defines absolute poverty as a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, healthcare, shelter, education and information. Comparatively, approximately 36% of the population lives below the basic needs national poverty line. In other words, 36% of the population is in relative poverty, which means that 36% of the population's household accumulative income is less than 60% of the medium household disposable income. The relative poverty line in 2004 was estimated at 2351 Riel (\$0.59) in Phnom Penh, 1952 Riel (\$0.49) in other urban areas and 1753 Riel (\$0.44) in rural areas. The relative poverty rate in the rural area is 40%, while it is 10% in Phnom Penh, the capital city of Cambodia.

Cambodia's poor people number almost 4.8 million, and 90% of them are in rural areas. Most of them depend on agriculture of their livelihood, but at least 12% of population in poverty is landless. The country's poor people include subsistence farmers, members of poor fishing communities, landless people and rural youth, as well as internally displaced people and mine victims. Tribal people and women are generally the most disadvantaged. The farmers use traditional methods, and the productivity is very low. Hans Rosling says technology is needed to get out of poverty, to increase the efficiency of the process so that the farmers can start selling those foods produced. Poverty rates are highest in upland areas. The poorest people live in the districts close to the borders with Thailand and the Lao People's Democratic Republic. The image below shows a map that explains shows the distribution of poverty within Cambodia.



Poverty Rates of Different Regions in Cambodia

Cambodia's poorest people are isolated. They live in remote villages, far from basic social services and facilities. Many have to travel more than 5km to reach a health clinic, and still others live more than 5km from the nearest road.

The pressures of a fast-growing population contribute to poverty. Because of a lack of education and skills training, people have inadequate employment opportunities and low capabilities. They are insecure, excluded and vulnerable. They have limited access to natural resources. Poor health, lack of education, poor infrastructure and low productivity lead to deeper poverty.

Causes of Poverty

The causes of poverty are thought to be low educational attainment, less access to health care services, saving and investment, corruption and political instability.

Firstly, the education in Cambodia is one of the worst in the world. The literacy rate is 73.6% in total population, but is only 64.1% for female. Also, the school life expectancy, the total number of years of schooling, from primary to tertiary, which a child can expect to receive, is only 10 years. Because of lower quality of education, poverty remains with Cambodian people. Hans Rosling believes that the best way to get out of poverty is to go to market. To do so, they need to school, to gain education and information, and also be able to learn how to use technology and increase efficiency of the work. At the same time, it is difficult for the children of the port to take time off from work for their education. Some Cambodian children are responsible for collecting garbage after the shops close, to make money on the streets. Such work restrains Cambodian children from going to school and getting educated.

Secondly, the healthcare service provided in Cambodia isn't very good. The life expectancy of Cambodian people is 62.67 years. The primary causes of death for general population are malaria, acute respiratory infection, tuberculosis, diarrhea and dengue fever, as well as HIV/AIDS. Majority of Cambodian people are destitute, so they are not able to access to private healthcare frequently. They must depend on the public healthcare, but the public health service is very limited. It is said that there are fewer than 7,700 hospital beds within the public health facilities. Without good healthcare, people cannot get out of poverty.

Thirdly, the Cambodian aren't able to making savings and investments. It is hard for them to generate the savings that are needed to finance investment. The low rate of investment contributes to the low rate of economic growth. Less investment leads to less employment opportunities, and the poverty continues to exist in Cambodia.

Lastly, the political instability and corruption is also a key point of poverty in Cambodia. Cambodia has gone through many wars in the past, such as a war that happened during the Khmer Rouge era led by Pol Pot between 1975 and 1979. Millions of people were killed and starved to death. After four years after the first 1993 national election, there was a conflict between the ruling party and Cambodian People Party. This continuation of political instability discourages foreign investment. Less investment means less economic activities and growth. Similarly, corruption discourages investors, and no investors want to invest in a corrupted society because they feel no security and protection.

Strategies taken to solve poverty

Japan has been a very supportive nation for Cambodia. Japan's assistance to Cambodia mainly focuses on development of social and economic infrastructure, improvement of basic social services, promotion of agriculture and rural development, and human resources development. Because of Cambodia's status as a LEDC and its past instability, Japan had not extended any yen loans to Cambodia since 1968. However, in 1999, Japan decided to extend to Cambodia a loan of up to 4 billion yen for the rehabilitation and renovation of the antiquated and deteriorating Sihanoukville Port. This decision was taken in view of the fact that Sihanoukville Port is Cambodia's only deep-sea port and is considered vital for the country's restoration. By doing so, there will be bigger economic growth, and the population in poverty will decrease.

Although with the other poverty reduction strategies taken by Cambodia, the result does not satisfy, since majority of people remain poor. The successor of all previous poverty reduction strategies is the rectangular strategies. Royal Government set out the Rectangular Strategies as a supporting tool to attain poverty reduction, development, progress, prosperity and national harmony. The image below describes the Rectangular Strategies.

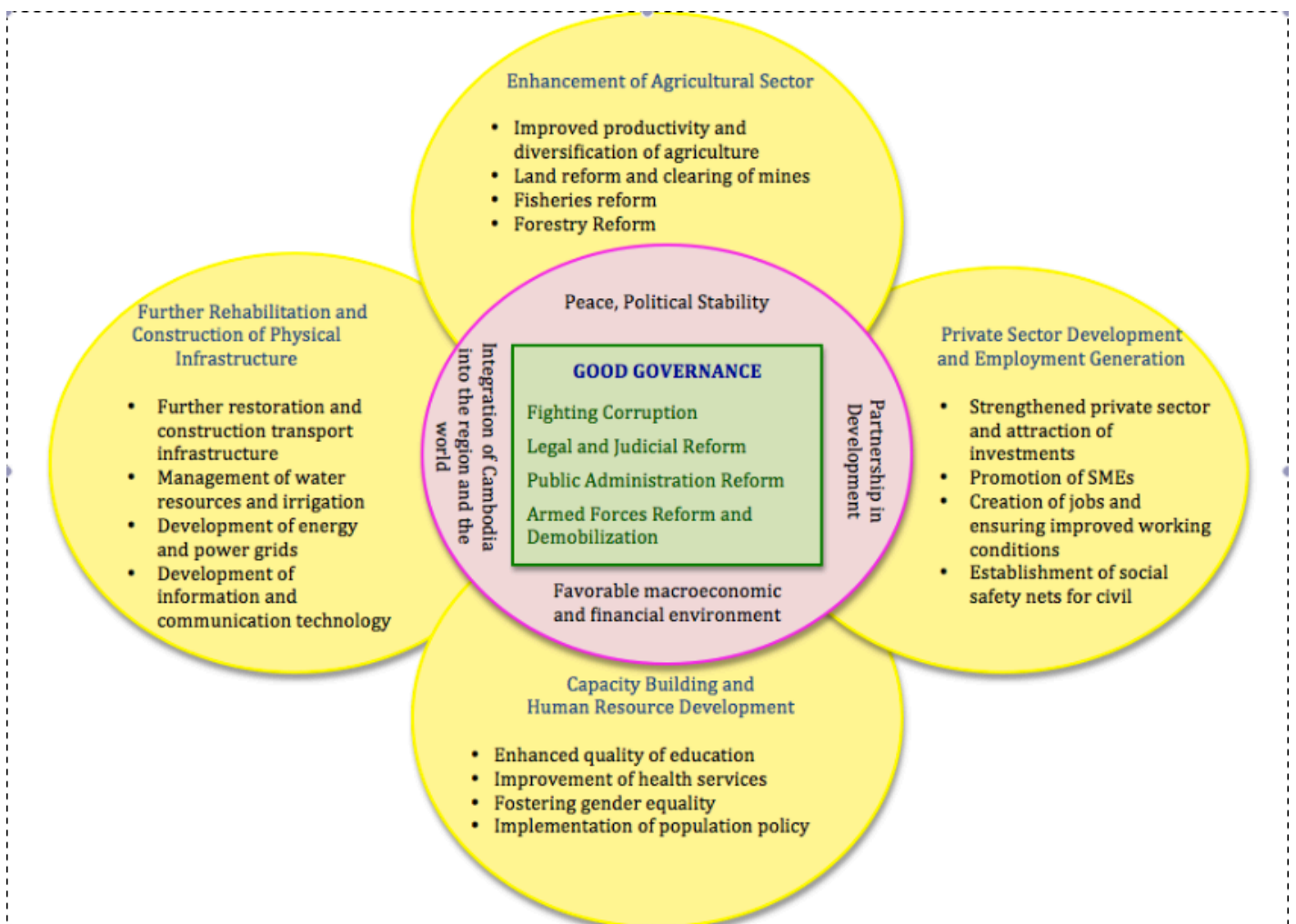


Diagram of Rectangular Strategies

The core of the rectangular strategy is good governance, focused on such things as anti-corruption and legal and judicial reform. The environment for the

implementation consists of peace, political stability, and partnership in development, and favorable macroeconomic and financial environment, as well as integration of Cambodia into the region and the world. Each rectangle in yellow aims for enhancement of agricultural sector, further rehabilitation and construction of physical infrastructure, private sector development and employment generation. However, in reality, it almost doesn't work that well.

Although there is a huge increasing number of schools and universities in Cambodia, the quality of educational system remains in minimal standard. So, majority of Cambodian students finished their schooling but not get employed.

Due to corruption, the national economy does not go smoothly. So, people could not earn much money to finance investment. Financing investment means generating more employment. There is not trust among foreign direct investors. Less investor lead to less employment opportunities, and poverty still stays with Cambodian citizens.

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