



OXFAM

CAMBODIA PERFORMS BETTER ON GLOBAL COMMITMENT TO REDUCE INEQUALITY, DESPITE COVID-19

OCTOBER 2020

FOR MONTHS ON END, GOVERNMENTS WORLDWIDE HAVE SHOWN THEIR COMMITMENT IN TACKLING THE RIPPLING EFFECTS OF THE COVID-19 OUTBREAK. Their commitment has been demonstrated by the allocation of additional resources to assist sectors and vulnerable groups heavily affected by the outbreak, and the review of policies to optimise the impacts of response and recovery measures. Despite the investments that governments have pledged, a new report from Oxfam and Development Finance International (DFI), released in October 2020, reveals that low spending on public healthcare, weak social safety nets and poor labour rights have meant that the majority of the world's countries were sadly ill-equipped to fight the COVID-19 outbreak.



CAMBODIA IN FIGHTING INEQUALITY

Commitment to Reducing Inequality Score

#121



2018

#111



2020

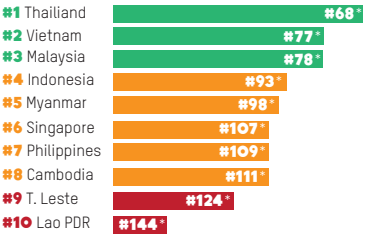
*Global Ranking

THE GLOBAL COMMITMENT TO REDUCING INEQUALITY INDEX (CRII)

shows that only 26 out of 158 countries were spending a recommended 15% of their budgets on health prior to the pandemic, and in 103 countries, at least 1 in 3 workers lacked basic labour rights and protection, such as sick pay, when the virus struck. In 2018, the index ranked Cambodia at 121 out of 158 countries, and today the country has climbed to 111. The increase in rank demonstrates the positive progress that Cambodia has made in policies on public services, tax and workers' rights - 3 areas that are essential to reducing inequality and weathering the COVID-19 storm. While Cambodia performs well on taxation (ranking at 33) thanks to various reforms being introduced over the last 2 years, its lower labour (ranking at 114) and public services (ranking at 128) policies drag the overall score in the index to ranking at 111.

AMONG THE LOWER-MIDDLE INCOME COUNTRIES, CAMBODIA HAS ESTABLISHED ITSELF AS ONE OF THE LEADING NATIONS ON TAXATION POLICIES, SHOWING INCREASED PROGRESSIVITY, PARTICULARLY ON PERSONAL INCOME TAX.

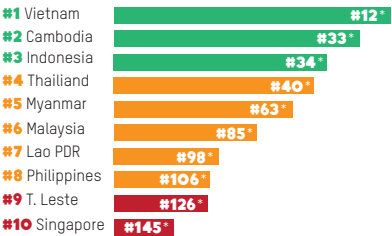
On labour rights and minimum wage, despite improvements in the minimum wage, it remains relatively low when compared to other countries in the region, such as Myanmar or Thailand, and the cost of living. The minimum wage has a major impact on reducing inequality, as it is based on an estimated cost of living. The minimum wage should, in theory, be sufficient to afford a decent standard of living for workers and their families, covering essential needs such as food, water, housing, education, healthcare, transportation, clothing and provisions for unexpected events.



*Global Ranking Commitment to Reducing Inequality Score 2020

REDUCING INEQUALITY THROUGH PROGRESSIVE TAX POLICIES

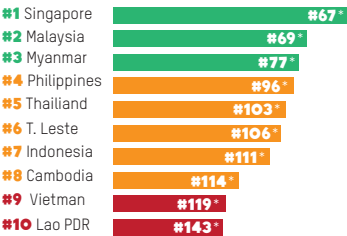
RANKING AMONG ASEAN COUNTRIES



TAX RANK
*Global Ranking

REDUCING INEQUALITY THROUGH RESPECT FOR LABOUR RIGHTS AND FAIR WAGES

RANKING AMONG ASEAN COUNTRIES

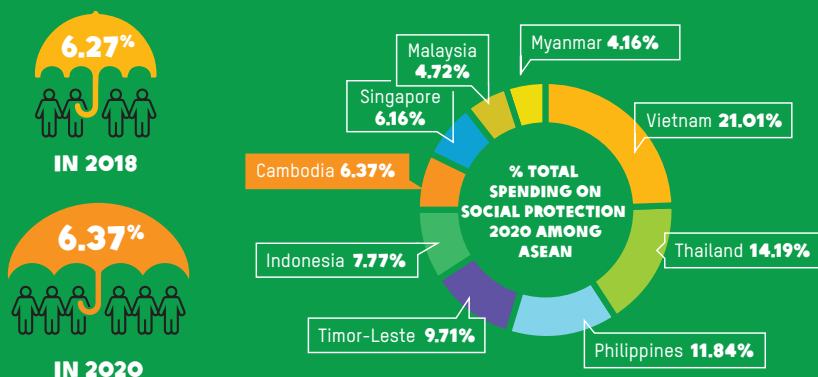


LABOUR RANK
*Global Ranking





CAMBODIA'S SPENDING ON SOCIAL PROTECTION AS % TOTAL SPENDING



CONCERNING INVESTMENT IN PUBLIC SERVICES, INCLUDING SPENDING ON HEALTHCARE, AND SOCIAL PROTECTION, CAMBODIA RANKS COMPARATIVELY LOW, MAINTAINING A SIMILAR RANK TO 2018.

In the last few decades, Cambodia has made tremendous progress in poverty reduction, lifting millions of people out of extreme poverty. This exemplary achievement was possible through a combination of economic development efforts and increasing public service delivery to the poorest communities. The COVID-19 outbreak has highlighted new challenges for the Royal Government of Cambodia (RGC); to contain the pandemic on the one hand, and to respond to its economic impacts on the other hand. The government's response to date has been unprecedented and reached millions of people. Various measures have been deployed to mitigate the impact through, for example, the introduction of a social assistance mechanism, cash transfers for the most vulnerable people, wage subsidies for the most affect sectors. These are without doubt life saving measures.

HOWEVER, GIVEN THE SCALE OF THE CRISIS, NOW MORE THAN EVER,

it is critical that investment in public services are increased. The COVID-19 outbreak has highlighted gaps in social protection and wide-scale awareness of the importance of reducing inequalities and ensuring income security. The impacts of the pandemic show that Cambodia remains highly vulnerable to external shocks. Thousands of people are at risk of falling into poverty, deepening inequalities when faced with such as crisis. The new general equilibrium model scenario (CGE) of the United Nations Development Programme estimates that without a social protection stimulus, the poverty rate could rise to 17.6%, adding approximately 8% to the pre-COVID-19 poverty rate.



WAYS OF ACHIEVING THIS INCLUDE IMPROVING PUBLIC SERVICES, ADVANCING SOCIAL PROTECTION BY INCREASING THE LEVEL OF BENEFITS AND EXTENDING COVERAGE TO UNPROTECTED SEGMENTS OF THE POPULATION.

This could further strengthen the national social protection system in the long term and contribute to the reduction of inequality in the country. Resource mobilization and amplifying the range of options to increase the fiscal space for social protection and public services, such as more progressive tax reforms, should be considered to prevent future shocks, ensure a fairer society where everyone can benefit from the economic development, and guarantee a minimum level of protection for all.

The RGC has already generated an incredible momentum to drive social development, and there is confidence that further investment in social protection will enable it to promote more inclusive and shock-responsive coverage for its citizens for years to come.

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THE METHODOLOGY:
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