

THE IMPACT OF COVID-19 ON CAMBODIA'S MOST VULNERABLE POPULATIONS

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OXFAM

HIGHLIGHTS

Covid-19 pandemic has highlighted major socio-economic challenges that will deeply impact the country in the coming years. Severe health risks, economic and livelihood losses, business decline, lack of income, unemployment, debt and food insecurity are having a dramatic effect on the wellbeing of families and communities, which could push more people in poverty and deepen inequalities.

Amid the impacts highlighted in this brief, it is clear that Cambodia is facing a double challenge: on the one hand to

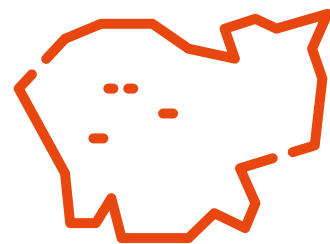
contain the health pandemic, and on the other to respond to its economic and social impacts. Pro-poor measures that ensure the protection of the most vulnerable population and mitigate the socio-economic impact of the pandemic are therefore critical in the response.

This brief outlines the implications of the Covid-19 crisis on the most vulnerable groups in Cambodia, it summarizes the key areas of response from the government and highlights the importance of social protection to mitigate the socio-economic impact of the crisis.



The WHO declared, on 11 March 2020, Covid-19 a pandemic given its rapid spread and severity. The organization called on countries to take a “whole-of-government, whole-of-society” approach, built around a comprehensive strategy to prevent infections, save lives and minimize impact.

Besides a potential health crisis, a huge economic crisis is already unfolding with major impacts on workers, especially those who do not have formal and protected employment arrangements, and the most vulnerable groups. The lack of adequate social safety nets for the most vulnerable people means that their ability to face the economic challenges and risks is very limited. Inequalities that already existed prior to the crisis, such as unprotected and low paid jobs, gender discrimination, unequal access to markets and customers, are adding to the unequal impact of the crisis.



NUMBER
CONFIRMED
CASES
STANDS AT **241**
4 AUGUST

**ALTHOUGH THERE ARE CONCERNS
THAT THESE NUMBERS ARE
UNDERESTIMATED, GIVING THE
LIMITED TESTING AND
MONITORING CAPACITY.**



HEALTH RISKS

Although, Cambodia has fewer cases of Covid-19 confirmed than other countries in the region, the virus remains a threat and complacency is the biggest risk for another outbreak. Despite significant progress made in the last few decades, the health care system needs further improvements to enable access to affordable health care and treatment to all Cambodians.

The current institutions¹ designated for Covid-19 testing (Pasteur Institute in Cambodia) and the five main hospitals in Phnom Penh to treat patients and quarantine any suspected ones, have proven enough to deal with the current number of cases. However, in the scenario of a second wave, it's difficult to ensure whether the capacity of the health care system can sustain the response in case of a larger cluster.



**I AM CONCERNED THAT
IF THERE IS AN OUTBREAK
IN THE VILLAGE, THE
AUTHORITIES WON'T BE
ABLE TO TAKE CARE OF
THE PEOPLE.**

said a farmer from a village in Sangkae District in Battambang Province.

Many workers, who are slowly returning to work after an initial halt of economic activities, continue to be at high risk of contracting and spreading the disease, due to lack of PPE and limited protective measures in the workplace, including appropriate sanitation facilities, options for physical distancing, proper ventilation. This is extremely relevant for workers in the garment and manufacturing industries and other employment-intensive jobs, which require the physical presence of workers.

The same is true for workers in the **informal economy**, including informal transport workers, street vendors and market traders, waste collectors, domestic workers, construction workers, among others. Due to the circumstance of their work, they are at more risk of catching the disease. The majority of informal workers are not covered by National Social Security Fund (NSSF) or other health insurance schemes, which could enable them to access health services and sick benefits. In fact, less than half of the employed population are registered with NSSF. Thus, many workers might feel reluctant to self-isolate and seek medical treatment putting themselves and others around them at risk.

Faced with economic challenges, people who survive on a daily wage are more likely to be exposed to the disease by having to work even when the probability of catching the disease is high. Limited provisions for protective equipment exacerbate this risk. The price increase in essential sanitation preventive products (such as hand sanitizers, soap, face masks) over the last few months is making it harder for people with limited financial resources to buy them.

¹<https://www.khmertimeskh.com/50730466/ipc-over-16000-c-19-samples-tested-since-january-in-kindgom/>

Measures to contain the virus, like physical distancing, although very effective in stopping the spread, is a luxury for many low-income workers. Many live in very small, one-or two-room dwellings with other workers, making social distancing impossible. The outbreak in migrant workers' dormitories in Singapore is an example of how vulnerable workers can be, and suggests the danger of overlooking any population.² Physical distancing is also difficult for general households, since the average household size is approximately 4.64 people and about 59% of all dwellings have only one room.³ In these circumstances, entire families might find themselves in small cramped spaces full-time, putting themselves and others at risk.

DUE TO THE FACT THAT WORKERS RENT ROOMS TOGETHER TO SAVE MONEY, THEY ARE INCAPABLE OF ISOLATING THEMSELVES.

Oxfam partner Cambodian Food And Service Workers Federation (CFSWF)

The Government's efforts to keep the population informed about the risks of Covid-19 have been welcomed. However, accurate and credible information might not reach the poor communities, and those living in remote areas. Limited information about protection and prevention about the virus can create panic, misunderstanding, spread of fake news, and confusion among people. Additionally, information and communication campaigns to encourage positive behavior to reduce and mitigate the risks of Covid-19 are critical to contain the pandemic.

Elderly, people with disabilities and people living with HIV are at the highest risk of catching the disease, due to lack of social security and access to medical care, as well as lack of protective equipment and medicine for other non-virus-related conditions. They are also more likely to have a chronic health condition, increasing their risk to the disease.

The influx of **migrant workers returnees** in the last few months has led to concerns that this could lead to the formation of new clusters in areas of return, and possible transmission among returnees during crowded bus or taxi transports and border crossings.

SOCIO-ECONOMIC IMPACTS



IN CAMBODIA, THE KEY GROUPS THAT ARE PARTICULARLY AFFECTED INCLUDE:



Workers in the formal sectors, such as tourism, garment and entertainment sectors



Workers in informal economy such as home based workers, informal transport workers, street vendors and market traders, domestic workers, construction workers



Migrant workers returnees, youth, women, older people, people with disabilities and people living with HIV.

EVERYBODY IS WORRIED AND SCARED. WE ARE WORRIED ABOUT OUR HEALTH, BUT WHAT I CAN DO, I CAN'T STOP WORKING, OTHERWISE I DON'T EARN MONEY

A coffee stall owner in Phnom Penh

Workers in the informal economy have been hit hard by the slowdown in the economic activity and restrictions on movements. Many street vendors, market sellers, tuk-tuk drivers, domestic workers, are reporting loss of income, with many facing closure due to limited number of customers. Low demand has led to loss of perishable goods, leading to rising debts. Home based workers are facing similar challenges.

² <https://time.com/5825261/singapore-coronavirus-migrant-workers-inequality/>

³ National Institute of Statistics, Cambodia Socio-Economic Survey, 2016, (Phnom Penh, 2017, page 12-13)

⁴ Oxfam. 2020. "Dignity Not Destitution: An 'Economic Rescue Plan for All' to Tackle the Coronavirus Crisis and Rebuild a More Equal World". Oxford Media Briefing, 9 April.

Those who produce goods and services for local markets or as subcontracted workers for national and global supply chains have not had orders or sales for weeks, even months. The closure of all entertainment places, such as bars, karaoke establishments, massage parlours, have left many women jobless, without any prospect of receiving compensation or other assistance. It's also not clear if they will be able to get their jobs back once these establishments reopen. Due to lack of safety nets, many have returned to their hometown to seek support from their relatives and families. Due to the informality of their work, majority of informal workers have no access to the national social protection schemes.

THESE LAST FEW MONTHS HAVE BEEN VERY DIFFICULT. I HAVE VERY FEW CUSTOMERS, PEOPLE ARE SCARED OF THIS VIRUS, SO THEY STAY AT HOME. MY INCOME HAS DROPPED A LOT. I DON'T KNOW WHAT I'M GOING TO DO IF THIS SITUATION CONTINUES.

Fruit seller from Toul Toumpong Market in Phnom Penh

The downturn in the neighboring countries and the border closure with Thailand on 23 March 2020 have led to a massive influx of Cambodian **migrant workers** back into the country. More than 52,232 migrants crossed the Thai-Cambodian borders as of 29 March 2020⁵, although the unofficial numbers are even higher. All provinces have received migrant returnees, with Banteay Meanchey

registering the most returnees (12,477), followed by Battambang (9,101), Siem Reap (7,431), and Prey Veng (4,127). This is set to have a major impact not only on the returnees, but also on their families who rely on the remittances from abroad. The job loss and no alternative income, will have direct consequences on families, leading to high risks of indebtedness and poverty.

Being dependent on their children and families for financial support, **older people and people with disabilities**, are also struggling with the economic impact. As a result of the loss of income of their family members, and with no access to social security and pensions, they are struggling to have money for basic needs such as food and medicine.

MY DAUGHTER'S FACTORY CLOSED, SO SHE DOESN'T HAVE AN INCOME ANYMORE. BECAUSE I DEPEND ON MY CHILD, WE ARE STRUGGLING WITH EVERYDAY EXPENSES. NOW, I DON'T HAVE MONEY TO BUY MY MEDICINE FOR MY BLOOD PRESSURE.

said a 69-year-old woman living on the outskirts of Phnom Penh.

The Covid-19 pandemic came at the time when the Cambodian economy was already facing some challenges. After the partial suspension of Everything but Arms (EBA) preferential trade policy by the European Union

at the beginning of the year, concerns over the impact of this decision on the country's garment and footwear industries, as well as travel goods, were raised by many CSOs. The EBA suspension, along with the slowdown in the global economy, were already having a big impact on the working class, with many workers from the various sectors facing unemployment.

The already volatile economic situation is being exacerbated by Covid-19, which has led to closure of businesses, suspension of garment factory production, closure of borders and consequently, job loss for thousands of people from the hospitality and tourism industry.

The shortage of raw materials imported from China and the reduced demand from Europe and the US have left many factories with no choice but to close or suspend production, affecting thousands of workers. According to the Garment Manufacturers Association in Cambodia (GMAC) "(...) 180 factories have suspended operations and another 60 will do so soon, with some 200,000 workers bearing the brunt.⁶ At the global level, it is estimated that approximately half a million garment workers would lose their jobs by the end of June 2020. **Garment factory workers** with a formal contract are eligible for some form of unemployment or severance benefits, and are likely to receive some assistance announced by the government.⁷ However, this is not applicable for short-term contractors, which are excluded from these benefits, and there are risks of omission of unregistered workers. Many workers are also losing their severance pay because employers can't pay the wages due to insufficient cash flow and disruption of the supply chain.

Indebtedness "crisis". Covid-19 pandemic is also highlighting another major challenge: that of dangerously high microfinance debt. With many Cambodians out of jobs, people can't pay their loan payments to the banks, risking losing their land, house and other collaterals, as well as, increasing the risk of further indebtedness and falling into deeper poverty. Cambodia has more than 2.6 million microfinance borrowers, with loans exceeding \$10 billion, according to Cambodia Microfinance Association figures. It has the world's highest average microloan debt per borrower at around \$3,804 - more than double the country's gross domestic product per capita.⁸ The impacts of overwhelming debt are also starkly gendered: women are traditionally in charge of household finances in Cambodia and around 75% of microfinance clients in the country are women.

The hospitality and tourism sector, which employs thousands of workers and generated approximately \$5 billion in revenue in 2018, is among the hardest hit by the outbreak, leaving thousands of people jobless. Many tuk-tuk drivers, massage and beauty salon workers, tour guides and tour operators have lost their jobs due to lack of customers and tourists, especially in Siem Reap. Angkor Wat has seen a dramatic decrease in the numbers of tourists since the beginning of the year. The Asian Development Bank is estimating that the tourism industry will experience a loss of \$345.7 million in the best-case scenario, and \$856.5 million in the worst case due to Covid-19 impacts. Restaurants, bars, and hospitality workers have also been seriously impacted. Most restaurants, bars and cafes are independently owned, which means that a vast number of workers have lost their jobs or are about to.

⁵ Covid-19 response, International Organization for Migration, 1 April 2020.

⁶ <https://www.phnompenhpost.com/national/buyers-urged-pay-200000-face-layoffs>

⁷ See the chapter Government response to Covid-19

⁸ <https://asia.nikkei.com/Business/Finance/Coronavirus-pandemic-deepens-Cambodia-s-microfinance-crisis>

IMPACT ON WOMEN

This pandemic is disproportionately affecting women and girls, and their leadership is essential to effective response and recovery efforts. With the Covid-19 a multitude of repercussions have emerged, specifically for women, from rising GBV, limited access to sexual and reproductive health, growing injustice for women workers, increase in unpaid care and domestic work, economic hardships and indebtedness, to repercussions for women deprived of their liberty, and increased risks of human trafficking.

Various reports are emerging about the impact that the virus is having on accessing sexual and reproductive services, as well as, maternal and newborn health. Due to fear of catching the virus, many pregnant women are avoiding going to hospitals and clinics for their check-ups. This could have repercussion to their overall health⁹.

In Cambodia, women own 61% of **micro, small and medium enterprises (MSMEs)** according to International Finance Cooperation¹⁰. Since the majority of these WMSMEs are informal and unregistered, women are more likely to fail to benefit from the government measures, such as the SME finance fund, which is open only to registered businesses.

In addition, as online commerce has become an alternative to trading of goods and services, rural women who have informal businesses and limited digital skills are set to be left behind.

Another group of women whose vulnerability risks are heightened are **women in prisons**. Prisons are already overcrowded in normal times. Amid the pandemic, the risks for cluster infections are higher. In addition, visiting rights have also been restricted to minimize risks of infection spread, which is isolating those women even more.

Another issue is the risk of **human trafficking**, as traffickers may use the pressure caused by COVID-19 to smuggle desperate Cambodians. Even though several thousands of Cambodian migrants have returned home, many are still trying to cross the borders with neighboring countries for work. As of May, more than 200 Cambodians, including 79 women and 6 children have tried to cross the borders illegally.¹¹

The pandemic has also increased the **care and domestic work responsibilities** (e.g. household chores, cooking, and childcare). The closure of all public and private educational institutions on 16 March, has added on the overall burden of women as they bear much of the responsibility of childcare. With schools closed, many women cannot go to work as they are caring for their children.

⁹ <https://www.voacambodia.com/a/scared-of-coronavirus-pregnant-women-avoid-hospitals>

¹⁰ https://www.unescap.org/sites/default/files/Policy_WMSMEs_COVID-19_20200429.pdf

¹¹ <https://cambodianess.com/article/cambodia-seeks-to-address-human-trafficking-as-covid-19-threatens-livelihoods>



GOVERNMENT'S RESPONSE TO COVID-19 CRISIS

Various measures are being taken by the Royal Cambodian Government to mitigate the impact of the crisis through introduction of temporary social assistance measures for the most affected sectors, such as garment and tourism sectors, and complementary measures taken to reduce the burden on businesses hardest hit by the economic slowdown. Clearly, these are big steps in the right direction, nonetheless given the scale of this crisis, there is still more to be done.

- One immediate measure put in place was to ensure that all coronavirus testing and treatment was free of charge.

- On 25 February 2020, the Cambodian Government issued regulations to support businesses impacted by Covid-19 and by the partial withdrawal of “Everything but Arms” status by the EU. These provide tax breaks and tax holidays for the manufacturing, tourism, agriculture and property industries.

- The Prime Minister announced up to 50% cuts on the ministerial annual budgets in order to reserve \$400 million funds to tackle the outbreak. The Ministry of Foreign Affairs and International Cooperation, the Ministry of Commerce, as well as the Office of the Council of Ministers will suffer a 25% budget cut.

- On 5 March 2020, the Ministry of Economy and Finance announced a 30 million emergency fund for the health system, medical equipment and educational materials in response to Covid-19.

- The government announced a scheme for garment factory workers and the tourism sector where employers are required to pay 40% of the minimum wage while the remaining 20% will be paid by the government.

- The government has extended the minimum tax exemption for the aviation sector until July 2020 and an exemption on all type of monthly taxes for tourism operators to reduce the impact on the companies.¹²

- The Ministry of Economy and Finance will establish a “credit guarantee fund” with a fund of \$200 million. This fund may guarantee loans through banks and financial institutions to alleviate the pressure of cash flow and working capital of businesses in all sectors. The Ministry of Economy and Finance is preparing an additional funding of \$300 million to support and act as a catalyst for promoting growth in key sectors during and after the crisis.¹³

Although, as yet there are no modifications on the social security and social assistance schemes, measures to provide appropriate and necessary support to the affected people are currently being prepared by the government.

THE IMPORTANCE OF SOCIAL PROTECTION AND POLICY CONSIDERATIONS

Covid-19 pandemic has highlighted the gaps in social protection coverage around the world and prompted its recognition and importance to mitigate and effectively respond to this crisis. It is widely agreed that Universal Social Protection Systems have the potential to prevent households from falling into poverty and irreversible poverty, reduce vulnerability and increase resilience, reduce gender inequality, achieve income security and subsequently sustain economic development, as well as reduce inequality, achieve social justice and maintain national solidarity.¹⁴

¹² <https://www.dfdl.com/cambodia-tax-update-additional-tax-relief-provided-for-businesses-affected-by-covid-19/>

¹³ <https://www.khmertimeskh.com/50727340/additional-measures-to-assist-virus-hit-economy/>

¹⁴ Oxfam, 2019, Social Protection Policy Compendium

To the unfolding socio-economic impacts of this crisis, social protection systems are an indispensable part of a coordinated policy response, ensuring that people can effectively access health care while supporting job and income security for those most affected.¹⁵

In the recent years, Cambodia has seen significant positive progress on social protection development, and the current schemes have an important role to play in the crisis. Nevertheless, the existing schemes face limitations and challenges in reaching large groups of the population who have been highly affected, due to limited coverage of the social insurance and social assistance schemes. The contributory social insurance scheme managed by NSSF continues to have a relatively low coverage of approximately 2 million members out of a labour force of 8.8 million workers¹⁶, while the coverage of the existing non-contributory schemes, such as ID Poor, remains at only 2 percent of the poorest quintile of the population.



The existing mechanisms, such as ID Poor, NSSF, and other social assistance programs could play an important role in addressing the crisis. Extending and expanding the coverage of the current systems, could ensure a rapid response and provision of necessary support to the most affected.



It's important that the swift response to the crisis prioritizes the support to those who are particularly vulnerable, including informal workers, migrant returnees, women and children, garment and tourism sectors workers. Ensuring that their immediate needs are met through policies that reach them quickly is crucial.



Enhance income security through temporary benefits to those who are not part of the national social protection system (e.g. informal economy workers, own account workers, migrant workers) by using the existing noncontributory schemes, will alleviate the burden on the most affected. This will mean extending the coverage, adapting the accessibility conditions, and delivery mechanisms, which could further strengthen the national social protection system in the long term, as well as, enable reaching the “missing middle”¹⁷.



Contributory social insurance programs, such as NSSF scheme, can also be mobilized in a way that could respond to Covid-19 crisis. Various policy options and approaches could be assessed in order to promote a more sustainable recovery. Employment protection schemes, including unemployment insurance benefits for workers who have been laid off and wage subsidies could be effective mechanisms to ensure income security for workers. Since the unemployment scheme in Cambodia is not yet being

¹⁵ ILO, 2020, Social protection responses to the COVID-19 crisis:

Country responses and policy considerations, Geneva

¹⁶ Latest figures from the National Institute of Statistics

¹⁷ The “missing middle” refers to the share of workers who are effectively excluded from social protection coverage

implemented, adequate temporary wage subsidies could be extended to other workers besides the garment and tourism sectors. This would enable the government to protect jobs and allow workers to secure their livelihoods.



Ensuring that social protection Covid-19 responses are gender responsive when designed, targeted and delivered is also essential. It's important to consider the needs of women at different life stages alongside other intersectional issues, such as age, disability, marginalization, as women are disproportionately affected by the pandemic. Focusing on a gender-responsive economic recovery plan that prioritizes social protection coverage for sectors predominantly occupied by women and the poorest is central to rebuild a more equal society.



Social dialogue and multi sectoral coordination with social partners and other relevant stakeholders are particularly important for such coordinated policy responses.



Resource mobilization and amplifying the range of options to increase the fiscal space for social protection, such as more progressive tax reforms, should be considered as a means to contribute to a more adequate and comprehensive social protection scheme, as well as prevent future economic shocks. The Covid-19 pandemic has highlighted the need to ensure a robust social protection floor that guarantees the minimum level of social security for all (access to essential health care and basic income security for all) and the importance of strengthening the national social protection system that could withstand future crises.

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¹⁸As defined by *ILO Recommendations 202*, social protection floors are a set of nationally defined set of basic social security guarantees ensuring that all members of society enjoy at least a basic level of social security throughout their lives.



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