

EMPLOYING THE RECTANGLE STRATEGY TO ALLEVIATE POVERTY IN CAMBODIA

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ABSTRACT: Cambodia is the second poorest country among the association of South East Asian Nations (UNDP, 2009). Its' economy mainly depends on the agricultural production, garments, tourism and construction (Heng and Chanrith, 2010). The main cause of Poverty in Cambodia is characterized by low income, low consumption, few assets, poor nutritional status, starvation, low educational attainment, illiteracy and less capacity, less access to public services including school and health service. Poverty is also due to poor economic opportunities, high population growth, vulnerability and instability of political process (UNDP, 2009). This paper attempts to provide some insights of the Rectangle Strategy (Reform Strategy 2004-2008) used by the government to alleviate poverty such as enhancement of agricultural sector, continued rehabilitation and construction of physical infrastructure and capacity building and human resource development. As for capacity building and human resource development the government has employed measures to enhance the quality of education, improve the health services and foster gender equity and implement population policy (Progress Report 2004 and IMF 2006). Consequently using this effective strategy has allowed the government to reduce the poverty rate among 1% per year and Cambodia's economy grew at almost 10 percent per year between 1998 and 2008. Its' GDP growth reached a four-year high of 7.1% (World Bank, 2013). The strategy has proven to be a great achievement of the reform in Cambodia in poverty eradication.

KEYWORDS: Cambodia, poverty, Rectangle Strategy, capacity building, human resource development.

1. Introduction

Poverty is one of the main problems for governments all over the world. It is defined differently depend on the situation of economy of the nation. In Cambodia poverty was defined as a lack of common necessary that determine the quality of life or living standard, including food, clothes, shelter, and safe drinking water, lack of

opportunities to access education, employment opportunity and lack of health service(NIS, 2006). In Cambodia, there are two types of poverty “Absolutely poverty and relative poverty”. The absolutely poverty is defined when people are living under the poverty line. They cannot fit to the basic need or standard of living.The poverty line in Cambodia was estimated at 2351 Riel (US\$ 0.59) in the city and 1753 Riel (US\$ 0.44) in rural areas. If they earn lower than this price per day, they are living under the poverty line which is called absolutely poverty. In contrast if they could earn higher than the poverty line but lower than two dollars per day, they are called relative poverty. This was a report of UNDP in Cambodia in 2009. In 2004 the ministry of plan released that among the whole population of Cambodia (13.04 millions), 4.7 million lived under the poverty line which 2.6 million of them lived with lack of food and nutrition(Ministry of Planning, 2006).

2. Causes of Poverty in Cambodia

Eighty five Percent of Cambodian people are famers living depend on the agriculture but own less than 2 hectares of land, however, most of them have few assets and landless that why they cannot generate any money or income if they don't have land for farming. Especially, as an agricultural country but in Cambodia, there are few irrigation systems to supply the rice field. The most rice field production depends on the rain water. A report showed that farmers struggle with droughts and a lack of reliable water resources in their farm, which affect their ability to produce crops and generate a consistent income. Modern technologies in irrigation system have the ability to resolve this problem, but for most low-income farmers with smaller plots of land, these solutions are not affordable (Cambodian Business Review, 2011).



Figure1. Situation of rice field without irrigation system

On the other hand, low income is also one of the main causes of poverty. Poor people have no skill so they have no ability to find good job because of low education or illiteracy. They can only work as factory workers with very low salary and it is insufficient to support themselves. 90% of 335 000 garment workers are women who have low education and live with the minimum salary USD 61 per month (PPclic, 2013).



(a) At work



(b) Transportation

Figure2. Female garment workers

Moreover, for the last decade the population was sharply growing and this had affected their incomes and some families lived in starvation. According to the Ministry of Rural Development, 50% of the population was under 18 years old and 56 % of them were women (Ministry of Rural Development, 2009). Furthermore, instability in politics and economic conditions with rampant corruption caused the poor to become poorer. Poor people was unable to get public services such as education and health because of corruption.



Figure3. Big and poor Cambodian Families' living

3. Employing the Rectangle Strategy to Alleviate Poverty in Cambodia

The government of Cambodia had permitted to reduce the poverty rate 1% every year. To achieve this goal the government had set a master plan which is called rectangle strategy. This strategy focuses on the reform of the four main sectors. The first one is to have good governance so reforming the public system in anti-corruption, court, administration and armed forces is really important for the government. As nowadays Cambodia has an anti –corruption unit to against all features of corruption especially with the civil servant.



Figure 4. Anti-Corruption unit in Phnom Penh

Moreover, the large number of armed force caused the government in trouble of their salary (The Phnom Penh Post, 2004). In this case some old soldiers were retired and thousands of dead names were omitted from list. Some soldiers volunteered to retire with some amount of money and get some training courses for new job. The second reform focuses on overall environment to keep the country peace and political stability.

The government had to cooperate with private sectors to invest in Cambodia to create more jobs for Cambodian people. The government tries to work with the bank and microfinance institute to provide the low interest loan for the poor people. Nowadays, there are 28 of commercial Banks and 7 specialized banks in Cambodia work closely with poor people in all part of the country (National Bank of Cambodia, 2011). Furthermore, closed cooperated work with donors for non-government organization to provide such system and in-system of education and training course to the illiterate and poor people in rural area.

The third reform focuses on the agriculture sector. The government invested millions of dollar to rebuild the infrastructure and the irrigation system in the country which were ruined during the war period about three decades. By 2013 Prime Minister Hun Sen said the irrigation system will cover 70% of the total cultivated land (Cambodian Business Review, 2011). Technical training courses were provided to the farmers by the ministry of agriculture, forestry, and fishery. This is really necessary of reform in capacity building to change the habit of traditional farming to the modern one.



Figure 5: Government's investment on irrigation system in Battambang, 2010

The last reform area is to enhance the quality of education for Cambodian people. The strategy is to give non-paid education service to the students for grade 1 to 12. This reform also motivates students and the parents to send their children to school when they are 6 years old. The schools are now built nearly all of villages in Cambodia. In 2012 there were 11370 schools in the whole country which provided education for the primary to the tertiary education (Sabay, 2013). Moreover, the government also improves the public health service to rural community (Supreme National Economic Council Ministry of Economy and Finance Council for Social Development, 2004).

4. The Effectiveness of Employing the Rectangle Strategy to Alleviate Poverty in Cambodia

As the result of hard working in reform strategy allowed the government to reduce the poverty rate among 1% per year. Moreover, Cambodia's economy grew at almost 10 percent per year between 1998 and 2008. Although this remarkable growth was interrupted by the global economic downturn in 2008-09, Cambodia's GDP growth reached a four-year high of 7.1 percent (World Bank, 2013). Especially, population below poverty line was sharply reduced from 31% in 2007 and to 19.5% in 2013(UNDP, 2013). The GDP per Capita increased from USD 743 in 2008 to USD 949 in 2012(World Bank, 2013). The following figure also shows about the decrease of unemployment rate by sex and region in Cambodia in 2004 and 2007. This figure is an indicator of the achievement of employing Rectangle Strategy.

		Cambodia		Phnom Penh		Other Urban		Other Rural	
		2004	2007	2004	2007	2004	2007	2004	2007
Unemployment rate	Total	1.05%	0.90%	3.60%	2.32%	1.48%	2.60%	0.64%	0.54%
	Male	1.01%	0.91%	3.05%	2.60%	1.31%	2.13%	0.68%	0.55%
	Female	1.09%	0.88%	4.20%	2.03%	1.66%	3.1%	0.60%	0.51%

Figure 6: Unemployment rate in Cambodia in 2004 and 2007

Source: Economic Institute of Cambodia, 2008

Rice production sharply increased because of modern techniques and technical Equipment. In 2003, the total irrigated land in Cambodia was estimated at 2700 sqkms and it is estimated that as of end 2010, up to 3000 sqkms of land has some form of irrigation(Cambodian Business Review, 2011).Cambodian government planned to export a million tons of rice to the world market in 2015 to become the biggest rice exported country.This is a noticeable achievement of the reform in Cambodia in poverty eradication. Moreover, 39 public and 62 private of higher educational buildings were built in 19 provinces among of the 24 provinces in Cambodia and the number of students who graduated from higher education also increased until 255 791 per year in 2012 (38% are female) (Sabay, 2013).

5. Conclusion

In conclusion the government has achieved the goal in the development plan; however, it does not totally achieve because of the corruption is not solved yet. This causes the country in trouble and the government should try to find good ways to solve this complicated problem. Moreover, the government needs more investment on the agricultural sector because of some parts of the rice field do not have the irrigation system yet (Hang, 2012). Furthermore, job creation is needed to response to the demand of work force because of the unemployment rate is still high compare to the regional countries (Economic Institute of Cambodia, 2008). On the other hand, the garment workers' conduction should be more improved to response to the living cost which annually increases especially the quality of life of the workers (US embassy, 2013).

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