

Cambodia's Covid-19 Impacts and Economic Recovery Pathways: Aspects and Perspectives

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Abstract

This study aims to examine the impact of Covid-19, policy measures and support for a more inclusive, sustainable and resilient recovery. Exploring policy aspects on economic recovery approaches and finding the ways that Cambodia can adopt and adapt to current situation and plan accordingly for economic recovery and development in the long-term perspective. For the purpose of this study, the Delphi method is used to form consensus evaluation of the recovery pathways/policies from a group of experts. The key experts will be asked to provide their evaluation of the items on a scale of 5, in term of the importance, viability (political, economic, and social), and relevance (relevant to beneficiaries' needs, country's development strategy, and development partner's agenda).

Keywords: risks, economic impacts and policy responses

I. Introduction

1.1. Background of study

Since the two global economic crises (1929-1930 and 2008-2009), the COVID-19 pandemic, a public health crisis that has become an economic shock, has negatively affected economies around the world, triggering a significant decline in earnings and outputs and potentially putting million people into extreme poverty. Despite ongoing daily infection cases, in early 2020 the pandemic spread among countries in Southeast Asia has been reported as less rapid compared to other major parts of the world (United Nations 2020). On 28 January 2020, Cambodia confirmed the first case of COVID-19 from a Chinese tourist visiting Sihanoukville. However, Cambodia government considered the situation was controllable by allowing Diamond Princess cruise ship stranded in the sea to dock in Cambodia on 11 February 2020 after it was turned away by four countries (Thailand, Taiwan, Japan, Philippines). Cambodia could manage the pandemic well during 2020 by introducing public health measures including

¹ This report mainly uses findings from the expert opinion survey, which is a part of the regional project examining the impact of COVID-19 on inclusive development and governance in the CLMV countries. The project is funded by the International Development Research Centre (IDRC), Canada and coordinated by Cambodia Development Resource Institute (CDRI). Views expressed in this report are those of the authors. They do not necessarily represent the views of either the Cambodia Development Resource Institute or the funder. Part of this topic was introduced by the author during CDRI Monthly Research Seminar on 25 August 2021 on "Cambodia Economic Priorities During COVID-19 Pandemic: Opinions and Perspectives" and panel discussion at national policy forum, prepared by Asia Foundation on 23-24 November 2021 on the topic "Cambodia Post COVID-19 Economic Recovery: Aspects and Perspectives". [Ponlok Chomnes National Policy Forum: Cambodia's COVID-19 Recovery Pathways Booklet | Policy Pulse](#), The discussion on the topic were presented by the author at the ADB-Asian Think Tank Development Forum 2021 "Unlocking the Economic Potential of the Tourism Industry Post-COVID-19". [Unlocking the Economic Potential of the Tourism Industry Post-COVID-19: Proceedings of the ADB-Asian Think Tank Development Forum 2021 | Asian Development Bank](#)

safety standard and protocol, vaccination campaigns and restriction on mass gathering as well as all state-organized events. Alongside with efficient fiscal and monetary measure like cash relief programme launched for 600,000 families. Cambodia experienced different waves of infection cases including a few light-scale and one prolonging community spread which was known as the “February 20 incident”. The disease quickly spread to all provinces of the country, triggering school closures, lockdowns, and other measures to slow transmission of the virus.

Due to the increasing covid-19 cases in the region and the world, its impact to social-economic development was disastrous. Cambodia’s economy was also heavily impacted by the pandemic, the economic contraction 3.1 percent in 2020 has increased the number of people living below the poverty line, while around 4.5 million people remain near-poor and are vulnerable to falling back into poverty when exposed to economic and other external shocks (World Bank 2020a). Poverty could increase between 3 and 11 percentage points from a 50 percent income loss for households engaged in the sectors. The fiscal deficit could reach its highest level in 22 years, and public debt is expected to rise to 35 percent of gross domestic product by 2022 (World Bank 2020b).

With high GDP growth for more than two decades, Cambodia economy registered negative growth for the first time in 2020 and a decline of 6.3 percent in service sector compared growth of 6.2 percent in 2019. The tourism sector was the worst affected sector as international arrivals took a sharp decline. The industry sector shrank by 1.4 percent, the growing over-supply of real estate and the absence of foreign buyers are also a big challenge. Only agricultural output increased by 0.4 percent. Cambodia government has implemented some key policy responses to deal with COVID-19 economic impacts, including public health measures, vaccination campaign and pragmatic economic policies that support for economic recovery with GDP growth by 5.1 percent in 2021.

Complementing the COVID-19 containment policies and social assistance, vaccination rollout plays a significant role in mitigating COVID-19 impacts. By 08 July 2022, 14.40 million Cambodians received all doses mentioned in the initial vaccination protocol which accounted for 86.81 percent of the Cambodian population (Our World in Data 2022). ADB (2022) praised Cambodia for its successful vaccination rollout and acknowledged its strong political leadership, rapid purchase and deployment, and distribution by geography with different sites as the driving factors for such success. Regarding economic recovery, a high vaccination rate helps manage and decrease the hospitalization and death rates. As a result, there were 52 days of zero COVID-19 cases in Cambodia followed by a slight re-emergence of 19 COVID-19 cases in late June 2022 (Yalirozy 2022). Additionally, Cambodia’s Preparedness Capacity in 2021, as evaluated by the Operational Readiness Index, increases 10 percent from only 42% in 2018. This contributes widely to Cambodia’s policies in the re-opening country by lifting out the non-pharmaceutical interventions. Normal economic activities resumed which influence the post-pandemic recovery pathway of Cambodia. Result from expert opinion survey conducted by Cambodia Development Resource Institute from April to June 2021, will be analyzed for policy implications of Cambodia economic recovery pathways.

1.2.Purpose and objectives of the study

The purpose of the study is to examine the impact of Covid-19 and identify the economic recovery pathways and the study has two objectives: (1) to identify risks the economy faced in 2021 and what has been done by the government, private sector and other stakeholders in mitigating those risks and (2) to seek opinions from experts on the state of recovery of the Cambodia's economy from the COVID-19 pandemic.

1.3.Research questions

1. What are the main risks and impacts in Cambodia social-economic development during the Covid-19 pandemic?
2. What are the key policies for Cambodia's economic recovery pathways?

1.4.Limitation of the study

This research finding and discussion is limited with data collection and analysis from expert's opinion survey round-1 from June 2021, where data from expert's opinion survey round-2, including key informant interviews and policy dialogue are on the process. This limits the analysis of the developed conceptual framework.

II. Cambodia's COVID-19 Impact and Responsive Measures

For most of 2021, Cambodia was in trouble with the increased cases and deaths as well as a race between the vaccine and the virus. Between April to August 2021, the high infection rate continued and was triggered by the 1,919 imported Delta variant cases of migrant returnees from Thailand and Vietnam in addition to domestic health care workers and community infections (ADB 2022). Cumulative cases increased from 13,402 in April 2021 to 93,055 in August 2021, where daily case reached the maximum of 1130 on 30 June 2021. It was related to policy for mass testing reaching 1.36 million cumulative tests. The number of cumulative deaths increased from 11 people in March 2021 to 1397 people in July 2021 which was higher than world average on that time (see figure 1).

From January 2020 to December 2021, 2,200 policy responses were implemented, and they are categorized into curfews and restrictions on business operating hours, restrictions on individual gathering, suspension of domestic and international flights, and closures of schools and universities (Bunthea et al. 2022). Cambodia government's responses toward the incident and the spread of the variant resulted in high stringent measures including closed borders of importing countries and strict quarantine in provincial areas near borders (ADB 2022). The views toward the implementation of containment policies detail different side effects. While the border restriction helped to contain the spread of COVID-19 infection domestically,

Bunthea et al. (2022) argued that the containment policies measures were harsh given the punishment of up to 3-year imprisonment for those who broke the curfews and 20-year imprisonment for those who intend to spread the infection to others. Besides the negative impacts of the containment measures, Bunthea et al. (2022) also praised the significance of the measures in preventing significant impacts on vulnerable groups in 2020. Dahles (2022) supports the government's policy responses and praises the containment mechanisms as a path toward recovery.

2.1. Public health measure and vaccination campaign

Starting from early 2020, Cambodia government implemented restriction measures by closing down schools and university, karaoke, bars and night clubs, limiting mass gathering, cancelling public holiday including Khmer new and water festival, enforcing social distancing and sanitation measures, introducing new lockdown measures by defining red zones, orange zones and yellow zones and closing border gates with neighboring countries to prevent spread of the new Covid variants. Curfew imposed on all non-essential travel within the city in April 2021. The Ministry of Health announced on June 4 the implementation of a project to improve medical infrastructure and medical waste management to curb the spread of Covid-19.

Vaccination campaign started from early 2021 with donations of 300 thousand Sinopharm vaccines from China and nearly 1.3 million doses of the AstraZeneca vaccine through the COVAX initiative. In February 2021, Ministry of Health granted authorization for the emergency use of these vaccine. First COVID-19 vaccination drive began in February and campaign for the second doses started in April. The vaccination accelerated through the year as the government leveraged bilateral ties to secure additional vaccine supplies.

Clear public communication, a rapid expansion of vaccination to include younger children, and a pragmatic area-based approach to vaccine rollout all contributed to an exceptionally quick vaccine rollout. By 08 July 2022, total COVID-19 vaccine doses administered per 100 people in the world reached 154.24 doses and Cambodia increased to 249.42 doses, compared only 4.05 doses on 01 April 2021 and 43.71 doses on 30 June 2021. Cambodian people with at least one dose reached 15.1 million (91.01 percent) including 14.4 million people with a complete initial protocol. Booster doses (per 100) was 57.44 double higher than the world average (see figure 2).

2.2. Covid-19 impacts to social-economic development

During this pandemic, the lockdown, social distancing, disruptions in the supply chain, travel and shipping restrictions triggering a significant decline in earnings and outputs and potentially putting a hundred million people out of the labor market according to reports by ILO monitor (ILO 2020a, 2020b). The three most affected sectors are tourism, manufacturing, and construction¹. In the 20 years covered by the Cambodia data (NIS 2020): 1) Service has always remained the most important economic sector and its share at current prices has slightly

increased. 2) Agriculture that had been the dominant sector till the end of the previous century is by now the less important, its production share being less than a quart of the total. 3) Industry that historically had been the least important sector, but starting in 2009 has been constantly improving surpassing agriculture in 2015 and then progressively approaching service.

Series of infection waves continued to impact different sectors that contributed significantly to Cambodia's economy during the pre-pandemic time. In 2021, the exports from the garment sector alone were decreased by 6.5 percent, which is equal to USD 2.4 billion, resulting from factory closures and logistical disruptions. The tourism sector was also heavily impacted due to the closures of international travel. Therefore, the revenue was down because of 3,000 business suspensions which caused 45,000 employments. Lastly, the informal sector, the most vulnerable sector, faced 6,000,000 job losses due to pandemic impacts. Despite the critical COVID-19 impact on other sectors, the agriculture sector grows due to rising export by 30.3 percent in 2021's first half (Dahles 2022).

On livelihood, the impacts are on employment, income and coping strategies. UNICEF et al. (2021) demonstrated the dynamics of impacts on employment from six rounds of survey from August 2020 to March 2021. Job loss is one among other impacts. Job loss fluctuated from 10 to 18 percent while wage reduction was between 35 to 50 percent. The captured significant improvement of livelihood in February 2021 resulted in only 10 percent compared to 18 percent of job loss and 33 percent compared to 50 percent of wage reduction in August 2020. Then, the income reduction was at a peak of around 80 percent in October 2020 and down to 68 percent in March 2021 resulting from the February 20 incident. In general coping strategies, the two main options include the selling of goods and assets and borrowing money. The latter was chosen mostly by different groups such as urban, rural, non-IDPoor, IDPoor 1, and IDPoor 2. Gender impacts are also worth mentioning. In Mekong Sub-Region, both garment and informal sectors are female-dominated and vulnerable due to less entitlement to social benefits. Due to movement restrictions, women struggled to meet basic needs, faced mental deterioration, experienced Gender-Based Violence (GBV), and received more care burden in the households (CARE, UN Women, and UNICEF 2020).

2.3.Fiscal and monetary responses

Even with budget constraints, as of May 2021, Cambodia Government has allocated a package worth USD 60 million for virus testing, containment, and treatment and increased social assistance fund to more than USD 760 million (USD 502 million for a new monthly cash transfer program for poor and vulnerable households and USD 260 million cash for a work program to absorb the labor force who have lost employment from the factories/enterprises and returned home from the foreign countries, to support the local people's living standards, and to bring about socioeconomic achievements through the construction of small local physical infrastructures to enhance the agricultural and economic sectors), compared just USD 400 million in August 2020. Cambodia Government will continue to provide financial support (USD 40 per month for each worker) in the garment/textile, footwear, travel accessory, bag,

and tourism industries (e.g., hotels, guesthouses, restaurants, and travel agents) until March 2021. USD 123 million has been allocated for wage subsidies and skill training programs for suspended workers/employees in the garments and tourism industries. Several tax reliefs measures, worth around USD 200 million, have been introduced (IMF 2022). Over two years, Cambodia government spent more than USD 2,3 billion to ease economic burdens.

The government has allocated USD 600 million as special low-interest loans to specialized banks ((USD 200 million in Credit Guarantee Fund and USD 270 million in the Additional Financing Facility), in addition to packages issued to SMEs in manufacturing (USD 50 million) and SMEs in the agricultural sector (USD 80 million)). Deferral of payment as of (i) February 2020, Deferral of comprehensive tax audits for the entire 2020 for hotels and guesthouse businesses in Siem Reap Province; (ii) 23 December 2020, The government announced the deferral of compulsory payment of Social Security Fund in occupational risk and healthcare sector during the period of business suspension; (iii) 23 December 2020, The government announced to delay the payment of the owed amount of the civil aviation fees until March 2021 while permitting those airlines companies to pay the owed amount in installments after the delayed period. Cambodia government has extended until the end of June 2021 for: i) allowance subsidy for garment and tourism sectors; ii) tax exemption for tourism and aviation sector, and iii) cash relief program for poor and vulnerable families (IMF 2022). Financial institutions in Cambodia restructured some USD 4.2 billion in loans for 285,074 borrowers as of December 31, 2020. In the first half of 2021, Cambodia's banking and financial institutions have restructured USD 5.5 billion in loans for 367,239 borrowers.

2.4. Policy responses

The government's support for social assistance has reached 700,000 poor and vulnerable households (USD 714.9 million) by June 25, 2022 (Dara 2022). COVID-19 and its impacts have brought the nascent social protection into the spotlight for expansion beyond pandemic time. Before the COVID-19 pandemic, the IDPoor system was created to identify poor households using proxy means by the Ministry of Planning Cambodia in 2005 which was used as a mandatory tool to reach beneficiaries by governmental and non-government organizations. Equity card holders received three main benefits including (1) Healthcare support under Health Equity Fund, (2) cash transfer for children and poor pregnant women, and (3) scholarships for primary and secondary students (Theng, Cerceau, and Riel 2021). The government launched the National Social Protection Policy Framework (NSPPF) in 2017 which consist of the social security and social assistance (Theng, Cerceau, and Riel 2021). Since the pandemic, through Emergency Relief Package, IDPoor has been targeted as a mechanism for social assistance under NSPPF and implemented by the Ministry of Planning (MoP) and the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY). MoP identifies the beneficiaries, and MoSVY facilitates the registration and calculation of benefits and provides a payment (Ministry of Planning 2020). Major driving forces for the successful expansion of cash transfer are the inclusive on-demand IDPoor (OD-IDPoor) identification methods at commune level and its rapid speed of households' identification which has been supported mainly by UNDP,

UNICEF, and GIZ on behalf of German and Australian governments who sponsored two tablets for each commune. Therefore, OD-IDPoor identified the new COVID-19 impacted households on time in addition to the original poor and vulnerable households before the pandemic (Theng, Cerceau, and Riel 2021). On the beneficiaries' side, based on Garment Workers Survey (2021) with 2,000 respondents, government support programs are the third most common coping mechanisms for garment workers to mitigate COVID-19 impacts and stay afloat (Bossba and Socheata 2022).

In post-pandemic economic recovery effort, the Cambodian government launched the “*Strategic framework and programs for economic recovery and to promote Cambodia's economic growth in living with COVID-19 in the new normal for 2021-2023*” in December 2021. The strategic framework focuses on 3Rs including Recovery, Reform, and Resilience. Firstly, in Recovery, the government focuses on solving the structural issues, boosting the socio-economic activities to normal conditions, and stabilize macroeconomic and work conditions for employers and employees. Four sectors are prioritized including the agriculture and agro-industry, tourism, garment, and manufacturing (non-garment) fields (Royal Government of Cambodia 2021). In each sector, policies measures, roadmaps, strategic plans, and strategies have been created to facilitate the recovery effort. In the tourism sector, three main documents facilitate the recovery phases including (1) Roadmap for Recovery of Cambodia Tourism During and Post COVID-19, (2) Policy Measures to Encourage Local Tourism 2021-2023, and (3) Strategic Plan about the Vaccination Tourism. In the garment sector, one fundamental document is the Cambodia Garment, Footwear and Travel Goods Sector Development Strategy 2022-2027 which aims to develop resilience in this sector with high-added value products and competition. Secondly, in Reform, the government focuses on the reform of systematic structure to enable friendly trade and investment to maximize trade benefits which contribute to growth, diversification, and competitiveness of the economy. In Resilience, the government aims to prepare and create a sustainable and inclusive socio-economic environment through social protection, a green economy, human development and productivity, SMEs development, and climate change resilience (Royal Government of Cambodia 2021).

In the recovery outlook, Cambodia's economic growth remains uncertain and is highly associated with a number of infection cases. Therefore, the government's ability to control the spread in line with the economic recovery effort is very significant on Cambodia's path toward post-pandemic recovery. Despite how Cambodia recovers, its economic growth is expected to be 5.3 percent in 2022 and 6.5 percent in 2023 which are boosted by an increase in merchandise exports and Foreign Direct Investment.

III. Research design and methodology

Delphi technic is used to explore the recover pathways for Cambodia during and post Covid-19. The Delphi method was developed by Olaf Helmer and Norman Dalkey of the Rand Corporation in the 1950s. Delphi plays a role in constructing the policy agenda: with an approach that is (1) based on open-ended consultations that exploits the decentralized

intelligence of the group “from the bottom up” (through the direct contributions to the Policy Delphi from a specific group of stakeholders, such as civil society, private sector foundations and academia), while (2) assuring the legitimacy of the process “from top down” (through democratically legitimized bodies and their selected technocrats, such as national governments and their intergovernmental institutions, such as the United Nations system) (Hilbert, Miles & Othmer 2009).

For the purpose of this study, the Delphi method is used to form consensus evaluation of the recovery pathways/policies from a group of experts in a structured iterative manner as follows:

- **Identifying and forming an expert panel:** creating a list of key experts from the government, NGOs and civil society organizations, development partners, academia, private-sector in Cambodia.
- **Reviewing and compiling possible policies.** We will review literature, policy documents, and reports in order to identify a number of potential recovery pathways/policies that are suitable for Cambodia. These recovery pathways/policies will be used to design questionnaire which will be used to conduct online expert’s opinion survey and key informant interview with individual key experts face to face and via online tools such as ZOOM, Team Meeting, and the likes.
- **Online survey.** The research team will use the questionnaire to conduct two round of online expert’s opinion survey with expert to obtain their evaluations of the compile pathways/polices. Each recovery policy will be used as a Likert-scale item. The key experts will be asked to provide their evaluation of the items on a scale of 5, in term of the importance, viability (political, economic, and social), and relevance (relevant to beneficiaries’ needs, country’s development strategy, and development partner’s agenda). Additionally, the preliminary results of the preceding analysis will also be shown to the experts to get their feedback on these results.
- **Analysis and feedback to expert panel.** the research team will conduct preliminary analysis of the data collected and provide feedback to each key expert and re-evaluate the policies, via online methods. After this round of evaluation, the research team will conduct the analysis again using descriptive statistics to choose the policies that have the highest scores regarding the three criteria.
- **Key informant interviews.** This consists of interviews with 15 experts. KII purposively select business associations, policymakers and practitioners from the government, NGOs and civil society organizations, development partners, academia, private sector and credit institutions in Cambodia.
- **Policy dialogue.** This comprises different stakeholders from public and private sectors.
- **Data Collection Tool.** Kobo Toolbox was used to conduct online survey.
- **Statistical software for data management and analysis.** Microsoft Excel and SPSS or STATA will be used to manage and analyse survey data, while QSR NVivo is used to code and analyse qualitative information. Descriptive statistics in the form of tables or graphics will be used to show and analyse the survey data.

IV. Findings and discussion

For the first round of expert opinion survey from April to June 2021, the response rate was less than 10 percent. Total respondents were 51 and 10 were women, including 18 experts with Ph.D./post-doctoral and 27 experts with master's degree.

4.1. Risks and Economic Support Measures in The Fight Against COVID-19

Experts rated high likelihood of occurrence and severity on the economy, society and geopolitics in risks related to household debt crisis, youth unemployment, a partial lockdown due to another wave of COVID-19 outbreak, healthcare breakdown in health facilities, overburden of education responsibilities to households, increase in education disparity, overburden of healthcare to households and erosion of social cohesion (See table 1).

Over 50 percent of responses from experts on Cambodia's control of Covid-19 and Cambodia's contribution to the international fight against Covid-19 are somewhat well and very well. 60 percent and 70 percent of experts considered Cambodia's current economic development level and Cambodia's household indebtedness is somewhat bad and very bad. Public donation and fundraising in the fight against COVID-19 by the government or private entities and Cambodia's record on gender equality (e.g., closing wage gaps, ensuring equal access to opportunities and resources) got the positive views from experts (See figure 3).

75 percent of experts rated the conditions of the economy as somewhat bad and very bad. Only 2 percent of experts think the year 2021 is the likeliest year of Cambodia's economic recovery to pre-pandemic levels, 27 percent - in year 2022, and around 70 percent - in year 2023 and after 2023 (See figure 4). World Bank (2021) presents the growth trends using two scenarios. The baseline scenario points to growth in the economy which is supported by effective COVID-19 containment policies, inclusive mass distribution of vaccines, and capital flow. In contrast, the downside scenario predicts slow economic growth due to uncontrollable spread of infection, intensive movement restriction, and border closing, and disrupted economic activities which lower Foreign Direct investment, enable fiscal deficit, and increase public debt (World Bank 2021).

Regarding the government intervention to support the economy since the COVID-19 outbreak, 59 percent of experts believed that somewhat more can be done, whereas only 18 percent of them mentioned that the intervention from the government is sufficient. 70 percent of experts considered that Cambodia's fiscal stimulus packages was too small (See figure 5).

Cambodia Government has implemented some key policy responses to deal with COVID-19 economic impacts as shown in table 2. Most experts viewed those policies are important and relevant, but optimistic regarding viability. Policies on cash transfers, low-interest loans, and loan restructuring are crucial in supporting the recovery effort in the long-term perspective.

On monetary measures in response to COVID-19, experts rated high on loan restructuring, lowering required reserves that banking and financial institutions must maintain at the National Bank of Cambodia both for local (riel) and foreign currencies, and cutting the interest rate in its Liquidity Providing Collateralized Operations (LPCOs) as well as the policy to keep the reserve requirement on hold at 7 percent both for Riel and USD until the end of March 2021 (See table 3).

From table 4, most experts rated high in all sectors of economy for the post-COVID-19 recovery. In sub-sector of agriculture, including crops, livestock and poultry, and fishery should be the potential in generating growth. Manufacturing is by far the most important industrial subsector including textile, wearing apparel & footwear, food, beverages & tobacco, and electricity, gas, and water. Whereas in services like trade, finance, transport, and communication got rated high by experts.

4.2. Social Protection and Gender-Sensitive Policy Measures

Covid-19 social protection responses by Cambodia government increased two time in budget allocations including: 2.8 million ID Poor protected for the period of 2 years, 108,000 households protected post-Lockdown, additional 5,576 laid off workers protected as of February 2022. From table 5, 6 and 7, experts rated high importance, relevance and viability for all the identified policies responses.

While countries have adopted policy measures with unprecedented speed and scope, the ILO Monitor (ILO 2020a, 2020b) highlights some key challenges ahead: Finding the right balance of interventions (health, economic and social policies) to produce optimal sustainable labour market outcomes; Implementing and sustaining policy interventions at the necessary scale when resources are likely to be increasingly constrained; Protecting and promoting the conditions of vulnerable, disadvantaged and hard-hit groups to make labour markets fairer and more equitable; Securing international solidarity and support, especially for emerging and developing countries and Strengthening social dialogue and respect for rights.

V. Conclusion and recommendation

Successful vaccination campaign with 15.1 million vaccinated and 249.42 doses per 100 people by 08 July 2022, is a good sign for public health resiliency. Key reforms are needed for Cambodia to sustain pro-poor growth by introducing effective social protection policy, improving the coverage and adequacy of social protection, protecting and promoting the conditions of vulnerable, disadvantaged and hard-hit groups to make labour markets fairer and more equitable. Enhancing competitiveness through efficiency and effectiveness of resource allocation and wealth redistribution by improving the quality of public services. Further diversification of the economy will require more greater connectivity and investments in rural and urban infrastructure, fostering entrepreneurship, expanding the use of technology and

building new skills to address emerging labour market needs. The following recommendations to support recovery and resiliency:

1. Managing risks efficiently and effectively related to household debt crisis, youth unemployment, a partial lockdown due to another wave of COVID-19 outbreak, healthcare breakdown in health facilities, overburden of healthcare to households and erosion of social cohesion.
2. Continue fiscal and monetary policies on cash transfers, low-interest loans, and loan restructuring.
3. Focusing on priorities of potential sector in generating growth are in manufacturing (textile, wearing apparel & footwear, food, beverages & tobacco, and electricity, gas, and water), crops, livestock and poultry, and fishery, whereas in services like trade, finance, transport, and communication. These subsectors are crucial in supporting the recovery effort in the long-term perspective.
4. Urgent policy actions for gender-responsive policy.
 - Ensure adequate investment in health care in general, and promote quality and affordable sexual and reproductive health for all women.
 - Implement measures to reduce: occupational segregation, gender pay gaps, inadequate access to affordable childcare.
 - Close glaring gaps in social protection. (Long-term investments in social protection systems that reach all women and girls are key to economic recovery and future resilience. Especially, social protection systems that help families and businesses restore income, preserve livelihoods, and compensate for price hikes).
 - Prioritize prevention and redress of violence against women and girls in COVID-19 responses. (Ensure that services for survivors are deemed essential and remain accessible and adequately funded).

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VII. Tables and figures

Table 1 *How would you rate the following risks for Cambodia’s economy in 2021?*

(1.0-1.8 – very low, 1.81-2.6 – low, 2.61-3.4 – medium, 3.41-4.2 – high, 4.21-5.0 – very high)

N	Risks	Likelihood of occurrence	Severity on the economy, society and geopolitics
1	A complete lockdown due to another wave of COVID-19 outbreak	3.65	4.14
2	A partial lockdown due to another wave of COVID-19 outbreak	4.04	3.84
3	Household debt crisis	4.16	4.22
4	Sovereign debt crisis	3.53	3.75
5	Increased overall prices due to expansionary fiscal and monetary policy measures	3.47	3.47
6	Property bubble	3.18	3.41
7	Commodity shocks	3.24	3.22
8	Youth unemployment	4.10	4.10
9	Erosion of social cohesion	3.57	3.57

10	Gender inequalities on wage, employment and access to other opportunities and services	3.39	3.33
11	Digital inequalities	3.47	3.33
12	Cybersecurity failure	3.10	3.14
13	Climate change and extreme weather conditions	3.12	3.27
14	Growing practices of protectionism (inward-looking policy agenda)	3.14	3.25
15	Healthcare breakdown in health facilities	3.92	3.86
16	Overburden of healthcare to households	3.88	3.86
17	Increase in education disparity	3.90	3.82
18	Overburden of education responsibilities to households	3.92	3.76

Source: Author's calculation based on Expert Opinion Survey (2021)

Table 2 key policy responses to deal with COVID-19 economic impacts

Policy responses		Mean	Median	Std. Deviation	Range	Average
1. Cash transfers	Importance	4.06	4.00	.904	3	3.86
	Relevance	4.06	4.00	.904	3	
	Viability	3.45	3.00	.945	4	
2. Cash-for-work programs	Importance	3.86	4.00	1.077	4	3.70
	Relevance	3.88	4.00	1.107	4	
	Viability	3.35	4.00	1.036	4	
3. Subsidies to business	Importance	3.84	4.00	.925	3	3.59
	Relevance	3.69	4.00	.948	3	
	Viability	3.24	3.00	.839	4	
4. Wage subsidies	Importance	3.86	4.00	.917	3	3.65
	Relevance	3.78	4.00	.923	3	
	Viability	3.29	3.00	.879	4	
5. Skills training programs	Importance	3.65	4.00	1.180	4	3.47
	Relevance	3.51	4.00	1.102	4	
	Viability	3.25	3.00	1.036	4	
6. Tax relief measures	Importance	3.92	4.00	.821	3	3.62
	Relevance	3.67	4.00	.931	3	
	Viability	3.27	3.00	.981	4	
7. Low-interest loans	Importance	4.08	4.00	1.055	4	3.76
	Relevance	3.80	4.00	1.077	4	
	Viability	3.41	3.00	1.186	4	
8. Loan restructuring	Importance	3.98	4.00	1.029	4	3.73
	Relevance	3.75	4.00	.935	4	
	Viability	3.45	4.00	1.064	4	
9. Deferral of payment	Importance	3.76	4.00	.907	4	3.55
	Relevance	3.53	4.00	.902	4	
	Viability	3.35	3.00	.996	4	

Source: Author's calculation based on Expert Opinion Survey (2021)

Note: please rate on a scale of 1 to 5 of importance, relevance and viability (1 being least and 5 being most)

- Importance refers to the significance of the policy and sector to the economic recovery. - Relevance refers to the connection of beneficiaries' needs, country's development strategy, and development partner's agenda. - Viability (political, economic, and social) refers to the ability to operate or be sustained under certain condition of the COVID-19 pandemic crisis.

Table 3 Government's monetary policies

		Mean	Median	Std. Deviation	Range	Average
1. The National Bank of Cambodia has implemented four measures to improve liquidity in the banking system:						
A. delaying additional increases in the Capital Conservation Buffer	Importance	3.59	4.00	.898	4	3.46
	Relevance	3.63	4.00	.848	4	
	Viability	3.18	3.00	.974	4	
B. cutting the interest rate in its Liquidity Providing Collateralized Operations (LPCOs), decreasing banks' funding costs in domestic currency. LPCO's interest rate has been cut to 2.5 per cent a year (from three per cent); 2.3 per cent for six months (from 2.8 per cent), and 2.1 per cent for three months (from 2.6 per cent).	Importance	3.76	4.00	.790	3	3.55
	Relevance	3.55	4.00	.808	3	
	Viability	3.33	3.00	.993	4	
C. cutting the interest rate on Negotiable Certificates of Deposit (the collateral for LPCOs), to encourage banks to disburse loans	Importance	3.63	4.00	.894	4	3.46
	Relevance	3.43	3.00	.878	4	
	Viability	3.31	3.00	.905	4	
D. lowering required reserves that banking and financial institutions must maintain at the National Bank of Cambodia both for local (riel) and foreign currencies.	Importance	3.69	4.00	.927	3	3.56
	Relevance	3.57	4.00	.878	3	
	Viability	3.41	3.00	.920	4	
2. In November, NBC announced to keep the reserve requirement on hold at 7 percent both for Riel and USD until the end of March 2021.	Importance	3.71	4.00	.756	3	3.55
	Relevance	3.61	4.00	.802	3	
	Viability	3.33	3.00	.973	4	
3. NBC has also issued guidelines to allow financial institutions for loan restructuring for borrowers experiencing financial difficulties (but still performing) in priority sectors (tourism, garments, construction, transportation and logistics) temporarily by the end-June 2021.	Importance	3.96	4.00	.871	3	3.80
	Relevance	3.86	4.00	.917	3	
	Viability	3.57	4.00	.922	4	

Source: Author's calculation based on Expert Opinion Survey (2021)

Table 4 Importance, relevancy and viability of economic sectors and sub-sectors for the post-COVID-19 recovery

Economic Sectors / Subsectors	Mean			Average
	Importance	Relevance	Viability	
1. Agriculture	4.31	4.25	3.96	4.18
1.1 Crops	4.12	4.04	3.88	4.01
1.2 Livestock & poultry	4.10	3.92	3.67	3.89
1.3 Fisheries	4.02	3.94	3.67	3.87
1.4 Forestry & Logging	3.00	2.89	2.96	2.95
2. Industry	4.29	4.18	3.82	4.10
2.1 Mining	2.96	2.90	2.83	2.90
2.2 Manufacturing	4.24	4.17	3.69	4.03
2.3 Electricity, Gas & Water	4.10	4.02	3.66	3.93
2.4 Construction	3.79	3.66	3.47	3.64
3. Manufacturing	4.24	4.10	3.69	4.01
3.1 Food, Beverages & Tobacco	3.88	3.77	3.60	3.75
3.2 Textile, Wearing Apparel & Footwear	4.04	4.00	3.73	3.93
3.3 Wood, Paper & Publishing	3.27	3.11	3.11	3.16
3.4 Rubber Manufacturing	3.54	3.40	3.34	3.43
3.5 Non-Metallic Manufacturing	3.25	3.23	3.23	3.24
3.6 Basic Metal and Metal Products	3.31	3.27	3.08	3.22
3.7 Other manufacturing	3.44	3.41	3.12	3.32
4. Services	4.27	4.18	3.69	4.05
4.1 Trade	4.27	4.10	3.83	4.07
4.2 Hotel and Restaurant	3.84	3.69	3.40	3.64
4.3 Transportation and communication	4.08	3.94	3.60	3.87
4.4 Finance	4.20	4.08	3.79	4.03
4.5 Public Administration	3.92	3.79	3.44	3.72
4.6 Real Estate and Business services	3.67	3.58	3.34	3.53

Source: Author's calculation based on Expert Opinion Survey (2021)

Table 5 Urgent policy actions for Gender-responsive policy

N	Policy responses		Mean	SD	Average
1	Ensure adequate investment in health care in general, and promote quality and affordable sexual and reproductive health for all women.	Importance	4.04	.799	3.86
		Relevance	3.96	.848	
		Viability	3.57	.855	
2	Protect essential workers, and any worker exposed to health risk in their job, with special attention to those women who are in the most precarious forms of employment (i.e., informal domestic paid workers).	Importance	4.27	.777	3.99
		Relevance	4.08	.796	
		Viability	3.61	.981	
3	Introduce economic support packages for vulnerable women.	Importance	4.06	.947	3.84
		Relevance	4.00	.894	
		Viability	3.47	1.084	
4	Introduce measures to reduce and redistribute unpaid care work burdens, especially universal childcare to enable women to better combine work with family responsibilities.	Importance	3.92	.891	3.75
		Relevance	3.82	.842	
		Viability	3.51	1.027	
5	Implement measures to reduce:				
5.1	occupational segregation	Importance	3.69	.905	3.52
		Relevance	3.59	.829	
		Viability	3.27	.961	
5.2	gender pay gaps	Importance	3.82	.842	3.68
		Relevance	3.71	.923	
		Viability	3.51	.946	
5.3	inadequate access to affordable childcare	Importance	4.06	.858	3.86
		Relevance	3.88	.864	
		Viability	3.65	.976	
6	Close glaring gaps in social protection. (Long-term investments in social protection systems that reach all women and girls are key to economic recovery and future resilience. Especially, social protection systems that help families and businesses restore income, preserve livelihoods, and compensate for price hikes).	Importance	4.06	.858	3.81
		Relevance	3.90	.878	
		Viability	3.47	1.084	
7	Prioritize prevention and redress of violence against women and girls in COVID-19 responses. (Ensure that services for survivors are deemed essential and remain accessible and adequately funded).	Importance	3.92	.935	3.82
		Relevance	3.90	.878	
		Viability	3.65	.976	
8	Improve sex-disaggregated data collection and expand research on the gendered impacts of COVID-19, particularly on those most marginalized. (Sex-disaggregated data on socioeconomic effects and related policies are also crucial).	Importance	3.53	1.065	3.46
		Relevance	3.53	.924	
		Viability	3.31	.969	

Table 6 Critical investments to support women’s re-entry and continued participation in paid employment as economies recover

N	Policy responses		Mean	Median	Std. Deviation	Average
1	Paid leave for primary caregivers	Importance	3.78	4.00	1.119	3.58
		Relevance	3.65	4.00	1.146	
		Viability	3.31	3.00	1.086	
2	Reduced or flexible working arrangements	Importance	3.71	4.00	.965	3.63
		Relevance	3.69	4.00	1.029	
		Viability	3.49	3.00	.946	
3	Monetary compensation for parents in the face of school and day-care centre closures	Importance	3.67	4.00	1.071	3.48
		Relevance	3.57	4.00	1.118	
		Viability	3.20	3.00	1.040	
4	Childcare services for essential workers	Importance	3.78	4.00	1.137	3.64
		Relevance	3.78	4.00	1.172	
		Viability	3.35	3.00	1.128	

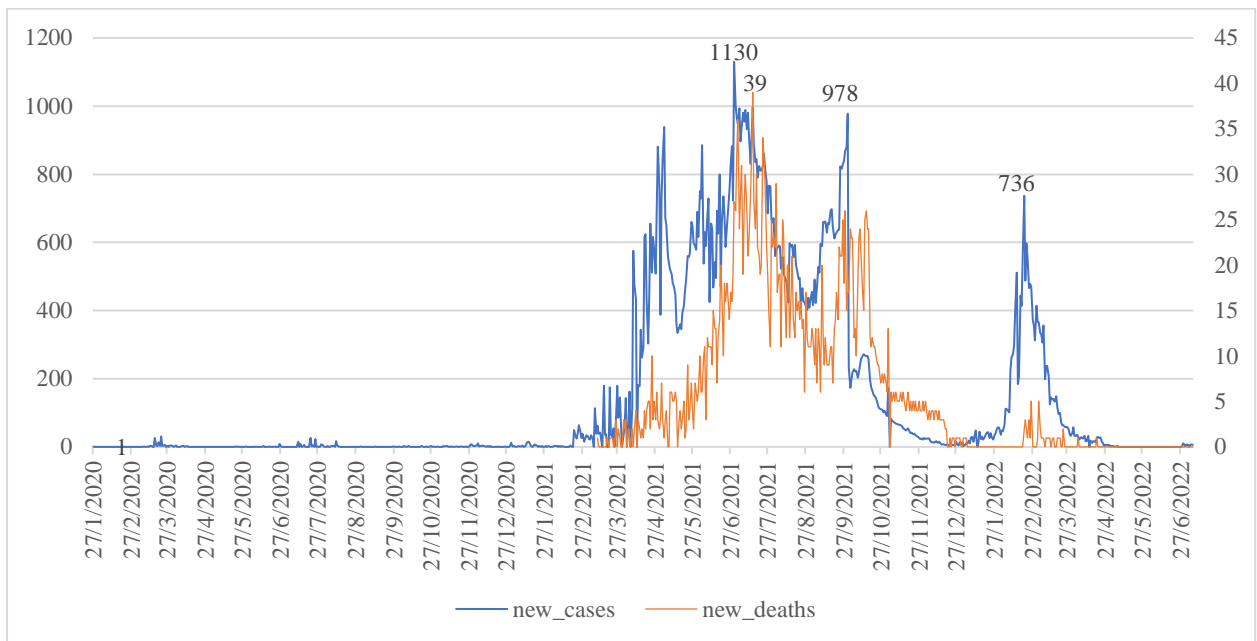
Source: Author’s calculation based on Expert Opinion Survey (2021)

Table 7 Support for women and girls experiencing violence during the pandemic

N	Policy responses		Mean	Median	Std. Deviation	Average
1	Make urgent and flexible funding available for women’s rights organizations and recognize their role as first responders	Importance	3.80	4.00	1.000	3.67
		Relevance	3.75	4.00	.997	
		Viability	3.45	3.00	1.026	
2	Ensure that services for survivors are regarded as essential, remain open, are adequately resourced and place a high priority on police and justice responses	Importance	4.02	4.00	.761	3.87
		Relevance	3.90	4.00	.781	
		Viability	3.69	4.00	.905	

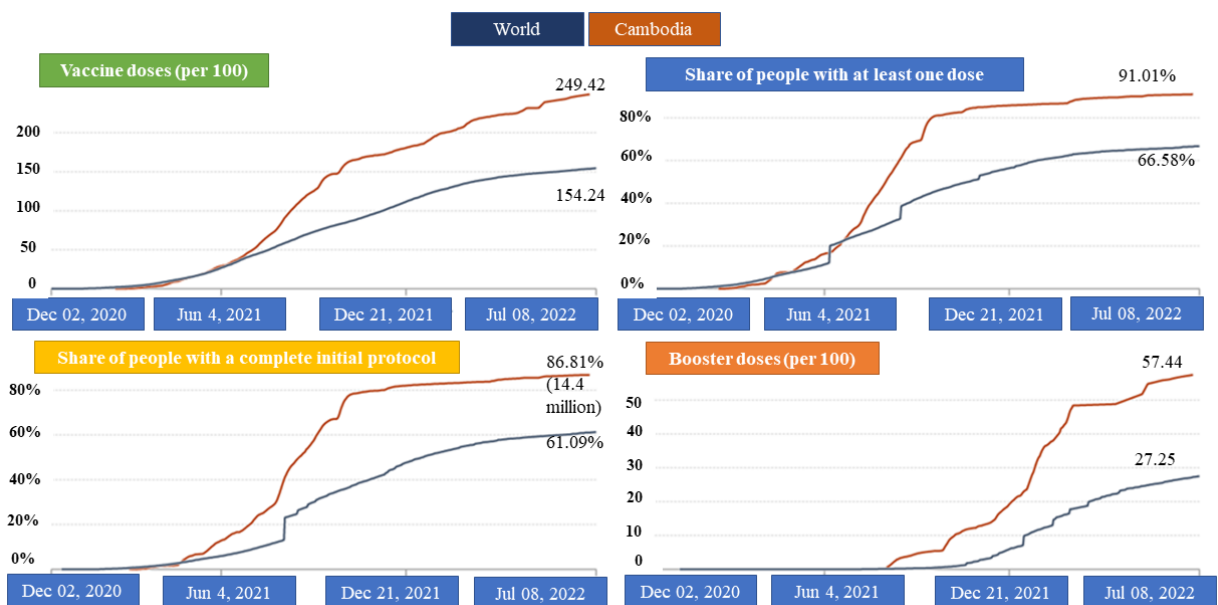
Source: Author’s calculation based on Expert Opinion Survey (2021)

Figure 1. Cambodia's Covid-19 daily new case and new death



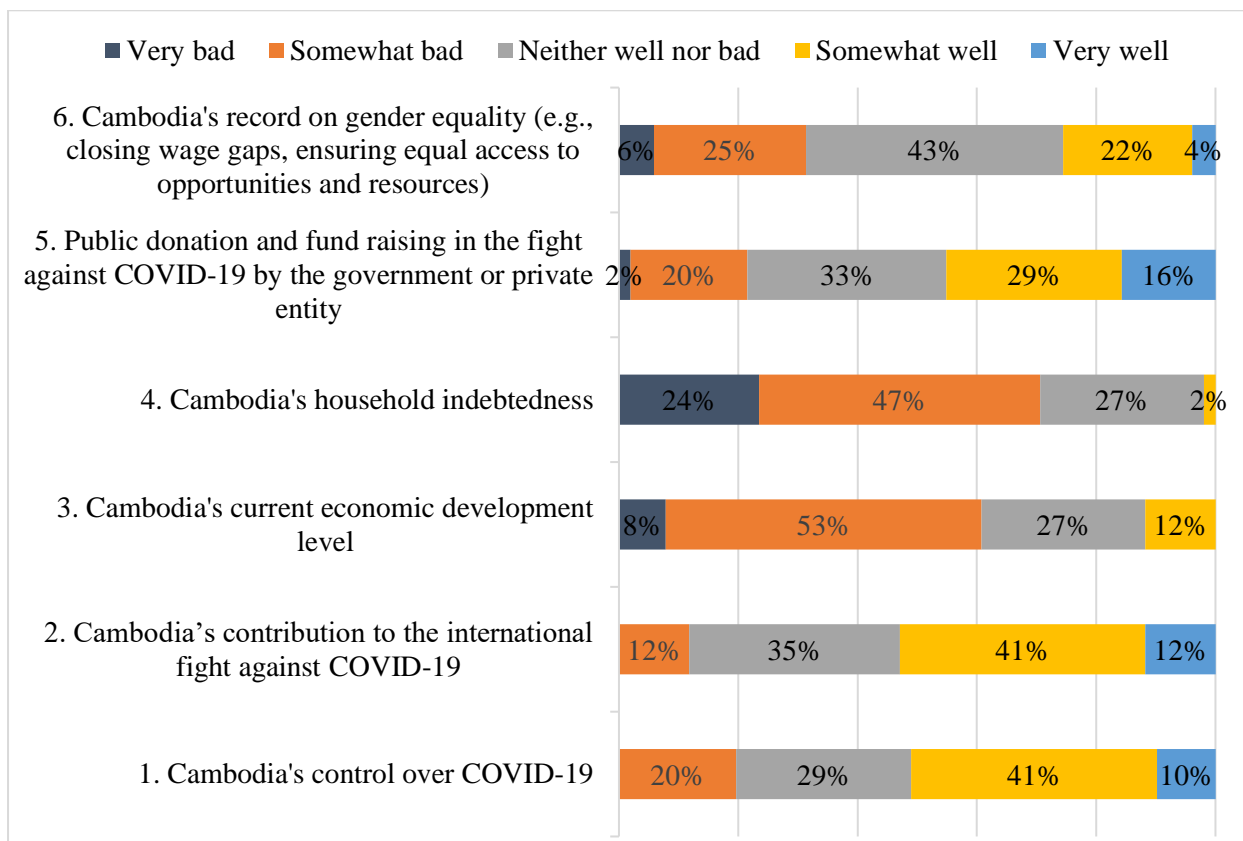
Source: Author's compilation (Our World in Data 2022)

Figure 2. COVID-19 vaccine doses, people with at least one dose, people with a full initial protocol, and boosters per 100 people



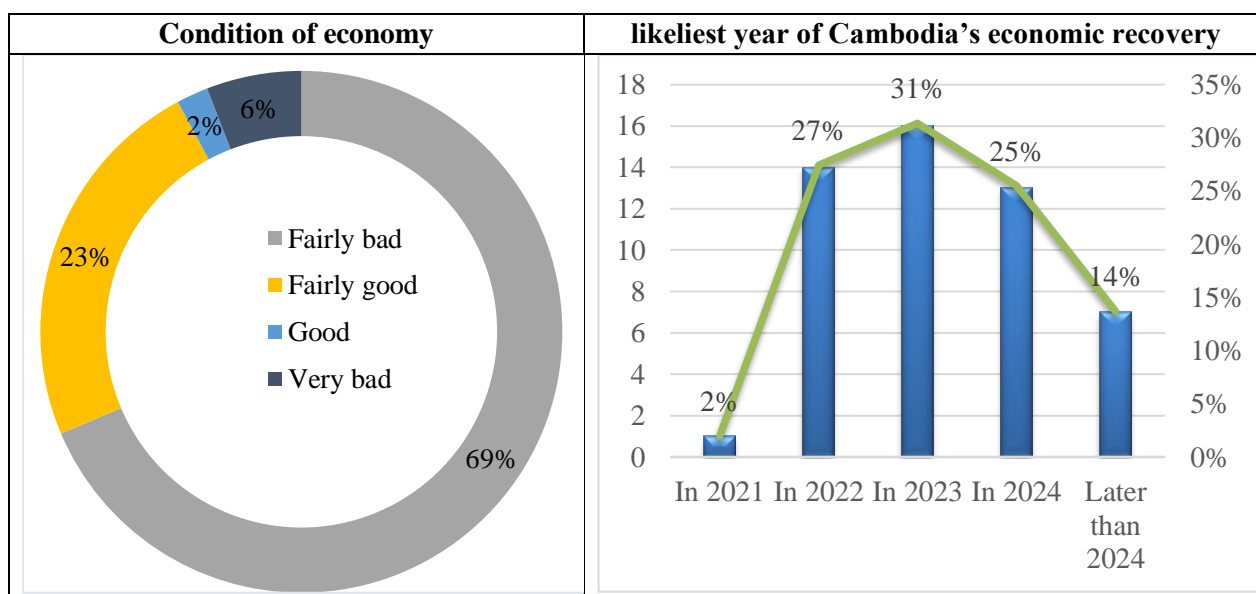
Source: Author's compilation (Our World in Data 2022)

Figure 3 How do you rate the following statements?



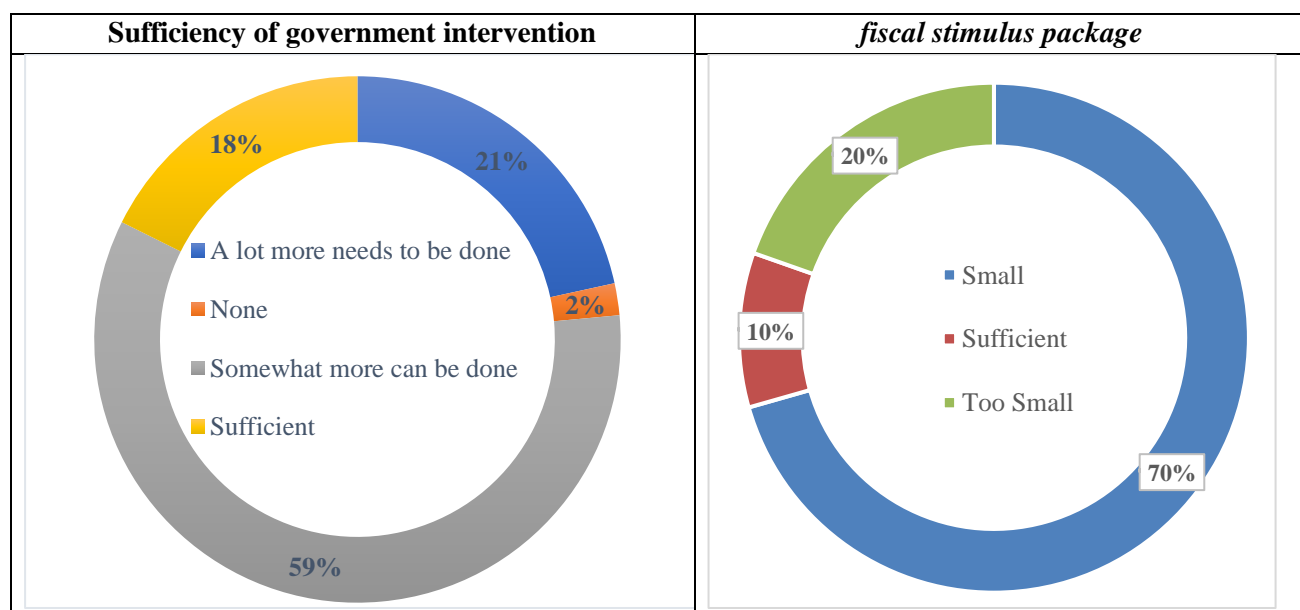
Source: Author's calculation based on Expert Opinion Survey (2021)

Figure 4 Condition of economy and likeliest year of Cambodia's economic recovery



Source: Author's calculation based on Expert Opinion Survey (2021)

Figure 5 Sufficiency of government intervention and fiscal stimulus package



Source: Author’s calculation based on Expert Opinion Survey (2021)

ⁱ Phnom Penh Post (13, July 2020) reported that the manufacturing sector shrank by 11 percent year-on-year, the growing over-supply of real estate and the absence of foreign buyers are also a big challenge. The tourism sector was the worst affected sector as international arrivals took a sharp 55 percent plunge in the first half of this year on a yearly basis. Only agricultural output increased by 21.7 percent year-on-year due to an ecologically questionable expansion of cultivated areas and the absence of major natural disasters. The garment, footwear and travel goods industry are Cambodia’s biggest export sector, employing about 750,000 people in approximately 1,100 factories and branches. Unemployed workers receive a stipend of 30 U.S. dollars from the factory and 40 dollars from the government per month. Tourism Minister Thong Khon said that nearly 3,000 tourism-related establishments such as hotels, guesthouses, restaurants, massage parlors, karaoke clubs, nightclubs and tour and travel companies had been either suspended or closed, affecting 45,405 workers) (Xinhua 08 July 2020).