

COVID-19: An Opportunity for the Cambodian Government to Earn Trust

Written by Len Ang and Kimkong Heng

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LEN ANG AND KIMKONG HENG, JUL 21 2020

The COVID-19 pandemic provides an opportunity for the Cambodian government, led by Prime Minister Hun Sen's ruling Cambodian People's Party (CPP), to earn more trust from its citizens. This trust-building effort is pivotal as the current government needs a good level of legitimacy to continue its leadership of Cambodia. According to a recent survey of Cambodian citizens aged 16 and older conducted by a leading Cambodian research institute, the CPP-led government received a good rating from its people as regards Cambodia's general direction of economic growth and prosperity. However, it suffered from a trust deficit when it comes to supports for the poor and youth. Specifically, the report noted that 70 per cent of the 1,600 people surveyed were pleased with the country's general direction but less than 40 per cent were convinced by the government's performance in creating jobs for youth and supporting poor Cambodians.

For background context, Cambodia confirmed its first COVID-19 case in late January in a Chinese national flying from China's Wuhan city to Cambodia's coastal province of Sihanoukville. Confirmed cases rose to more than 100 by mid-April. As of July 20, despite suspicion on the ability of Cambodian doctors and nurses to diagnose the virus, the country has confirmed a total of 171 cases, 136 of which (roughly 80%) have recovered, with no deaths. Since January, more than 52,000 tests for COVID-19 have been performed. It is important to note that most of the confirmed cases are imported cases as Cambodians studying and working abroad seek to return to Cambodia amid the pandemic. For example, within a span of three days between July 11 and 13, Cambodia confirmed 24 new cases in Cambodians returning from Saudi Arabia via Malaysia. Since there has so far been no deaths caused by COVID-19 and the country appears to be able to keep the spread of the virus under control, some analysts have argued that the Cambodian government should be praised for its COVID-19 success and other positive performance during the pandemic. Despite all these, Cambodia is set to face economic fallout caused by COVID-19, while the government's performance in supporting the poor and youth seems not to be well-received.

This year, Cambodia will experience the slowest growth rate since 1994, contracting between -1.0 and -2.9 per cent in the worst-case scenario, according to a World Bank report. This slowdown is the result of the closure of many businesses in the tourism, entertainment, and garment industries, resulting in up to 390,000 job losses. For example, by the end of March, 80,000 workers in the entertainment industry have lost their jobs. Travel restrictions have affected more than 600,000 workers employed in the tourism sector and some 200,000 employed in the construction work. At the start of this month, 400 factories have suspended their operations leaving over 150,000 workers jobless. The World Bank has predicted that Cambodia's poverty rate could increase between 3 to 11 percentage points as workers in the garment, tourism, construction, and other sectors may face prolonged income losses.

As a developing country, Cambodia is fortunate to receive generous support from both foreign partners and local donors to help it fight COVID-19. The country planned to cut up to half of its ministerial budgets to save around \$400 million to tackle the COVID-19 crisis, especially to support the most affected poor and vulnerable families. While badly hit by COVID-19, Cambodia, albeit being a poor country, seeks to provide stimulus economic support package to poor households impacted by the pandemic. In the face of the trust deficit and criticism for its performance in other areas, during the COVID-19 crisis, the Cambodian government may be able to earn some trust from its citizens if it can show them that transparency, accountability, and fairness can be strictly observed as regards the cash relief

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program and other COVID-19 interventions.

So far, there have been at least three types of interventions the government has initiated to support the most affected Cambodians. For instance, Prime Minister Hun Sen has appealed to micro-finance institutions (MFIs) across the country to consider loan holidays to support borrowers in the most affected sectors, including garment factories, construction, transportation, and tourism sectors. His calls have resulted in approvals for delayed loan repayments for over 118,000 debtors by June 25. Despite this, for political reasons, Hun Sen said that he would support any banks or MFIs that confiscate property of any borrowers if they refuse to pay off loans by following Sam Rainsy's propaganda.

Another notable COVID-19 intervention rolled out by the Cambodian government is a provisional support of \$70 per month (\$40 from the government and \$30 from factories) provided to the garment factories workers who have been laid off by the closure of many factories. As of May 22, 126 garment factories and 53 hotels have registered their workers for wage support as their businesses are affected by the COVID-19 pandemic. So far, around 15,000 workers have received COVID-19 monthly entitlements of \$40 by the government. For the \$30 entitlement supposed to be paid by the factories, there have been issues with it. In late May, for example, about 600 factory workers staged a protest as they were not fully paid for the work they had done in the previous month.

The third intervention is the government's plan to support about 60,000 poor and vulnerable families through provisional cash handout interventions. As of July 13, the government has spent \$23 million to support 520,000 poor families and according to Prime Minister Hun Sen, the cash handout scheme will continue between two to four months depending on the situation of COVID-19. If the COVID-19 situation does not get better, the government may continue to support affected families up to 10 months.

Concerns surrounding the government's COVID-19 interventions to support the affected households have been raised. With regard to the loan holiday support, it should be noted that the number of the approval for delayed payments is even lower than the figure of the suspended garment workers, so it is clear that the loan holiday scheme has not reached all affected debtors across the country. Moreover, given that Cambodia has 2.6 million debtors with \$10 billion debt in total, it will remain a huge challenge for the government as well as the banks and MFIs to address this issue to provide much needed support to the most affected debtors. It has been reported that the implementation of the loan holiday mechanism to support debtors severely impacted by COVID-19 has been rather slow.

As to the shutting down of hundreds of garment factories, it is generally believed that the closure is the result of the cancellation of orders by buyers in the EU and the US as well as the lack of sufficient materials to support production after global supply chains have been disrupted amid the pandemic. However, it could be argued that the EU's partial withdrawal of its Everything But Arm (EBA) scheme from Cambodia may have contributed to factory closures as well. Thus, in the context of the COVID-19 crisis, it is hard to assess the extent to which the EBA suspension will affect the Cambodian economy when the EU's decision will take effect in August.

For the cash handouts provided to poor and vulnerable families, there are concerns with the transparency and accountability of the implementation. Considering Cambodia's modern patronage system, it is reasonable to doubt that the provisional support in the form of cash handouts will successfully reach the target groups, especially those who have been victim of economic land concession and forced urban resettlements. Although Hun Sen has warned local authorities that there will be punishment if the cash handout is not delivered in accordance with its purposes and expectations, the persisting patronage networks and collusive practices in Cambodian society might act as a barrier for the government to support the impacted vulnerable families, especially those outside the patronage network.

As mentioned above, prior to the pandemic, trust on public institutions and on how the government provide employment and support to the poor and vulnerable was relatively low. If all the government's intervention programs during the COVID-19 crisis are effectively and transparently implemented, many Cambodians may change their perceptions and attitudes to the government and state institutions. Thus, in a sense, the COVID-19 pandemic could be considered a blessing in disguise for the Cambodian government as it provides opportunities to garner trust, change perceptions, and gain more support from the citizens, especially the eligible voters.

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In Cambodia, youth make up about two-thirds of the country's 16.3 million population. These young people have different aspirations and expectations that may be very different from those of their parents and the older generation of Cambodians who have gone through the atrocities of the Khmer Rouge regime. For youth, they appear to be more forward looking and have higher expectations of the government. They tend to resort to social media, particularly Facebook to voice their concerns and dissatisfaction with the government's performance. Some become human rights advocates, while others are environmental activists. These youth and many other young Cambodians might not be easily convinced by political gifts and donations usually given before the commune and general elections as part of the reciprocal relationship between the ruling government and its supporters. If irregularities and abuses of power occurs, they can post and share such events on Facebook and other communication platforms such as Telegram, potentially resulting in more distrust in the government.

In short, the Cambodian government can work to improve trust and influence positive perceptions among Cambodians, particularly those who have been supporters of the now dissolved opposition party, the Cambodia National Rescue Party. The COVID-19 crisis therefore provides opportunities for the current leadership to pursue trust-earning endeavors. It is vital that the CPP-led government should seize these opportunities amid the pandemic to enhance and sustain its legitimacy, build trust, engage in further institutional reforms, and show to its supporters and all Cambodians that it has genuine willingness and commitment to look after its citizens beyond the established patronage networks and the politician-supporter reciprocal relationships.

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