Cambodia’s Cash Transfer Program during COVID-19

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Introduction

“My husband used to make about $100 to $200 per month, depending on his work,” said Yir Yean, a 24-year-old mother of 18-month-old Rajit. “But now he makes less money because of the coronavirus.” UNICEF Cambodia met Yean in the Chhouk Ksach commune, where she and her husband had registered for the government’s coronavirus disease (COVID-19) Cash Transfer Program. Yean’s husband had been working in construction in Sihanoukville, a town on the southwest coast of Cambodia, but after the Cambodian government imposed travel restrictions to minimize the spread of COVID-19, Sihanoukville emptied, leaving its many workers struggling to survive. For Yean and her family, food was a top priority. “All the money we receive today is spent on food—we need food for our family,” she said (UNICEF Cambodia 2020).

COVID-19 first hit Cambodia on 15 February 2020, and by the end of the month, the number of new cases each day began to rise. Within 4 months, the country recorded more than 30,000 confirmed cases and nearly 500 deaths from the disease.¹ In response to

the alarming spread of COVID-19, the government needed to minimize transmission of the virus while also sustaining the economy. Some common preventive measures were taken, including travel restrictions, restrictions on mass gatherings, and strict lockdowns to limit the movement of residents in “red zones,” areas where the number of cases was particularly high. While these measures helped contain the spread of the virus, they also severely restricted economic activities. Many businesses were forced to close, resulting in a loss of jobs and livelihoods.

On 6 April 2020, the Economic and Finance Policy Committee (EFPC)\(^2\) convened a meeting with key ministries to consider and formulate measures to protect public health, support businesses and workers in hard-hit sectors, and maintain the income of poor and vulnerable households. The Cash Transfer Program (CTP) was also on the agenda of the meeting, and the EFPC requested statistics on poor and vulnerable households. In response to the EFPC’s request, the Ministry of Planning pledged to update data for poor and vulnerable households in rural areas by the end of May and poor and vulnerable households in urban areas by the end of June.

On 24 June, Prime Minister Samdech Hun Sen launched the CTP to reach 560,000 poor and vulnerable households nationwide. “This is the first time in Cambodia’s history that a social protection scheme of this magnitude has been introduced,” he said in announcing the program. “It is based on the principles of equity, equality, and efficiency... the objective of the CTP is to improve the livelihoods of the poor and vulnerable people affected by COVID-19, including unemployed or marginalized people who have fallen into poverty” (Office of the Council of Ministers 2020).

Background

The increasing and persistent uncertainty COVID-19 is putting the country in economic distress and the people in a livelihood crisis as of March 2020. The EFPC, chaired by the Deputy Prime Minister and Minister of the Ministry of Economy and Finance, convened a high-level meeting to discuss measures to support the economic and social sectors in the fight against infectious disease. It was not easy to formulating appropriate measures in the face of the unpredictable and uncertain pandemic that has affected the economy and society. Following the meeting, the government announced that it would reserve about $200 million to support nearly 1 million poor and vulnerable households affected by COVID-19 through the CTP, which aims to improve the livelihoods of poor and vulnerable households and channel cash into the economy. The CTP builds on the successful implementation of a cash transfer program for pregnant women from families with an IDPoor Equity Card since 2016, and the IDPoor Equity Card, a poverty identification and registration system, has since been implemented.

Cambodia experienced a decline in economic growth from 7% in 2019 to –3.1% in 2020, resulting in losses of 390,000–570,000 jobs and income (ADB 2021). The World Bank’s high-frequency

\(^2\) The EFPC, an interministerial committee, chaired by Deputy Prime Minister, Minister of Ministry of Economy and Finance. This committee is tasked to lead, draft, facilitate, monitor, and evaluate government policies, strategies, and other tasks concerning socioeconomic and financial reform, financial sector development, and private sector development.
phone survey of households (HFPS)\(^3\) round 1, which was conducted from 11 to 26 May 2020 prior to the launch of the CTP, showed that more than 80% of respondents reported a decline in total household income. The most affected households were those that depended on nonfarm family business, with 82% reporting a decrease in income. Urban households experienced larger losses in income from properties, while rural households experienced larger losses in remittances. At the time of the survey, few households (5%) had received assistance from the government, as the planned expansion of the social assistance program was still in the design stage (Karamba, Salcher, and Tong 2020). The United Nations Development Programme (UNDP) estimated that the poverty rate would increase from 13.5% in 2014 to 17.6% in 2020, meaning that 1.34 million people would fall into poverty and debt (UNDP 2020). The cash transfer program was considered extremely important to meet the daily needs of the poor and vulnerable in a timely manner during a critical and unstable period.

**Challenges**

Ministries involved in the CTP were required to create a plan for the entire process with their efforts and responsibilities, including cash distribution, defining poverty categories, and assessing and managing cash transfer transparency. “Responsible officials would be punished if there were abnormal cases in every village or commune,” Prime Minister Hun Sen said (Office of the Council of Ministers 2020). The design and implementation of the CTP presented a challenge for inter-ministries, as this program was the first cash transfer of its kind in the entire country, without the opportunity to learn from previous experiences or access to IDPoor registration systems. Despite the incomplete assessment of poverty groups, the pandemic proved to be a critical issue that forced the government to take immediate action.

(i) **Enormous coverage.** The program was designed at the national scale, which meant that all poor and vulnerable people were eligible for cash transfers. The national poverty rate was calculated to be 13.5% based on data collected from the 2014 Cambodia Socio-Economic Survey\(^4\). This data showed that the vulnerability threshold increased by 1.5 times compared to the national poverty line and that 55% of all households were either poor or vulnerable in 2014. This result could be interpreted to mean that a large proportion of non-poor households were at risk of falling back into poverty in the event of an economic shock (OECD 2017). Before program implementation, the government estimated that approximately 15.3% of total households (550,000 households out of 3.58 million households) were eligible for the program.

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\(^3\) The HFPS sample is drawn from the nationally representative Living Standard Measurement Study Plus (LSMS+) conducted from October 2019 to December 2019 by the National Institute of Statistics (NIS) with technical and financial support from the World Bank. The HFPS surveyed 1,364 households in the LSMS+ using a telephone. The telephone survey was successfully completed among 700 households, for a response rate of 51%. Sampling weights were adjusted to ensure that the sample remained representative at the national and subnational levels (urban and rural areas).

\(^4\) The Royal Government of Cambodia has set a new poverty line based on the Cambodia Socio-Economic Survey Data 2019–2020. The national poverty line in Cambodia is currently KR10,951 ($2.7) per person per day. Therefore, 17.8% of the population lives below this poverty line in 2021.
(ii) **Out of Date IDPoor database.** Under the IDPoor program, poverty thresholds were available to determine household eligibility (Box 1). Starting in 2006, poor households were identified in 8 to 9 provinces per year. The system maintained a list of the poor that was updated every 3 years. In 2016, IDPoor was extended to urban areas and the system attained national coverage. In addition, in 2017, the Ministry of Planning piloted a new “on-demand” mechanism in selected communes that included digital data collection. However, some households lacked continuous updates since many households kept slipping into poverty. For this reason, the government received only not fully up to date data and had to rely on it to create the program of direct assistance to the poor in rural and urban areas.

**Box 1: IDPoor Program Poverty Threshold (National Level, Government of Cambodia)**

The IDPoor Program, established in 2006 at the Ministry of Planning, aimed to reduce the duplication of efforts and resources among different institutions and organizations in identifying target groups for various poverty reduction interventions and to ensure that assistance reaches the households that need it most. The IDPoor Program was supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Australian Department of Foreign Affairs and Trade and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The IDPoor Program’s poverty thresholds (national, Government of Cambodia) were as follows. The identification of Poor Households Program (IDPoor) classifies a household’s income level using a proxy means test that assigns a “poverty score” to the household based on a range of information, including demographic data, number of children in the household, and debt.

- **Non-poor:** Households classified as “non-poor” are assigned a proxy mean test (PMT) with scores ranging from 0 to 44.
- **Poor (“IDPoor 2”):** Households classified as “poor” fall within a PMT score range of 45 to 58 points.
- **Very poor (“IDPoor 1”):** Households classified as “very poor” have a PMT score greater than 58.

The monetary poverty line is KR10,951 per person per day. The basic national poverty line is divided into regions as follows:

- KR10,951 per person per day in Phnom Penh City;
- KR9,571 per person per day in other urban areas; and
- KR8,908 per person per day in rural areas.


(iii) **Limited knowledge of project formulation and implementation.** The social protection system in Cambodia was limited at that time. In 2016, the government introduced the IDPoor Cash Relief Program—the social assistance program to help the poor, which focused primarily on poor children and pregnant women, but on a small scale. In the critical phase of the pandemic, the government had to formulate policy for a large-scale
implementation of the CTP and to ensure efficiency in implementation. Due to the time constraints of only 2 months to formulate a nationwide CTP program, the government was able to design both the framework and the implementation and action plan, and led of the CTP with the collaboration with the development partners or nongovernment organizations.

(iv) **Limited coordination.** The project also presented significant communication and coordination problems. Given the large scale of implementation, the program required effective coordination among the various key stakeholders involved, from national governments to local governments, which together had to act strictly according to the principles of efficiency, equity, and equality. Representatives of the central government, the National Social Protection Council, the Ministry of Economy and Finance, the Ministry of Interior, the Ministry of Planning, and the Ministry of Social Affairs, Veterans and Youth Rehabilitation were necessarily involved. Given the scale of operations at the national level, there was a need for coordination and communication between these ministries. In addition to these government agencies, this program also required local governments at the provincial and commune levels to work together to identify the poor and vulnerable households in their community. Because many key stakeholders were involved, it was difficult for the central government to coordinate effectively to ensure that fraud was not committed at the local level.

(v) **Cash transfer security risks.** Transferring cash to a large number of beneficiaries across the country resulted in many difficulties for the government in choosing a transfer method so that the cash transfer could be made in an expeditious and timely manner. Less than 20% of the total population had an account with a financial institution or mobile money provider. In addition, the level of financial literacy is very low, and basic financial needs are met through cash and cash-based services such as person-to-person payments (World Bank Group 2021). In this regard, the government faced the challenge of using digital tools to transfer cash to the poor.

## Overcoming the Challenges

The government solved the challenges by focusing on the following solutions:

(a) formulating the CTP based on the principles of equity, equality, and efficiency;
(b) improving the readiness of the IDPoor database;
(c) capacity building for local government staff;
(d) strengthening coordination among implementing agencies under strong leadership from top management; and
(e) implementing the digital payment system for beneficiaries.

## Formulating the Cash Transfer Program

The EFPC was charged with formulating the economic and social programs during the pandemic because the pandemic was uncertain, unpredictable, and knowledge of how to manage the pandemic was limited. The EFPC predicted that this shock would severely affect the livelihood of poor and vulnerable households.
To ensure that the programs would work well, a technical working group was established under the leadership of the EFPC to assist in program formulation. The technical working group consisted of representatives from the National Social Protection Council, the Ministry of Planning, Ministry of Economy and Finance, Ministry of Social Affairs Veterans and Youth Rehabilitation, and other relevant ministries and institutions. The working group discussed with the development partners, including the World Bank, the United Nations Development Programme, GIZ, and other international organizations, to design an appropriate program to improve the livelihoods of poor and vulnerable households during the COVID-19 pandemic and prevent the migration of people from rural to urban areas. The reason was that the benefit structure for households in urban areas was higher than in rural areas. In addition, the working group had determined that the pandemic would also severely affect workers in the construction, manufacturing, and entertainment industries in urban areas, resulting in job losses and income losses. Therefore, these workers would return home from urban areas to rural areas. To address these issues, the best method to identify, register, and provide IDPoor equity cards was carried out “at the local areas” and “covered all beneficiaries, especially poor and vulnerable households,” as pointed out by Theng Panhathon, director general of the Planning Ministry’s General Department of Planning. In this way, duplication and confusion were reduced.

Along with the formulated program, the government had to have an adequate budget to support the program. By streamlining government spending and using government savings, the amount of up to $1 billion from government savings could be used to support cash payouts during the fight against COVID-19. For the CTP, the government has “allocated the amount of $125 million” for the temporary CTP to vulnerable and poor households.

Budgetary problems were addressed by withdrawing government savings and rationalizing the budget to ensure that the government had sufficient funds to support all government programs. However, to ensure the principle of equity and equality of the CTP, a benefit structure was established based on location, poverty status, household demographic characteristics, and level of vulnerability (Box 2). According to Uy Chan Nimol, deputy secretary-general of the General Secretariat of the National Social Protection Council, the benefit structure is based on “the difference in cost of living in each area and the spending behavior of each family.” On average, each household received about $45 per month.

Prime Minister Hun Sen added, “I think people wanted to see the program’s cash to come to them as soon as possible. It is urgent thereafter for concerned institutions and authorities to get the cash assistance into their hands....” (Office of the Council of Ministers 2020). The principle of efficiency is further elaborated in the following solutions.

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5 Fresh News, interview on 2 July 2020 with Theng Panhathon.
6 BTV News, interview on 10 July 2020 with Uy Chan Nimol.
### Box 2: Benefit Structure Design

<table>
<thead>
<tr>
<th>Areas</th>
<th>Urban Households in Phnom Penh ($)</th>
<th>Urban Households Outside Phnom Penh ($)</th>
<th>Rural Households ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IDPoor 1</td>
<td>IDPoor 2</td>
<td>IDPoor 1</td>
</tr>
<tr>
<td>Family with IDPoor</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Each family member</td>
<td>13</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Children, 0–5 years old</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Disability person (per person)</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Aged person above 60 years</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Family member with HIV (per person)</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: Exchange rate: $1 = KR4,000.

### Improving the readiness of the IDPoor database

For the entire process, IDPoor identification was a crucial stage in which the poor and vulnerable households must have an IDPoor card to be eligible for the CTP. “Some of our people may not be poor at this time, but months later they may be because they could not find jobs ... we need to ensure equity and transparency in the collection of poverty data,” Prime Minister Hun Sen said (Office of the Council of Ministers 2020).

The formalities of identifying poor households required additional time and procedures. The Ministry of Planning, together with provincial departments of planning, took control of updating the IDPoor database across the country. Meanwhile, provincial and district coordination teams provided training and technical assistance to implement the IDPoor process in each commune. At the commune level, the Planning and Budgeting Committee Representative Group was responsible for process oversight. At the village level, the Village Representative Group was directly responsible for beneficiary identification.

To ensure a transparent identification process, a final list of poor households was prepared and publicly announced by the Planning and Budgeting Committee Representative Group and Village Representative Group together with villagers in each village. Villagers were then invited to participate in a village consultation meeting to review and comment on the first draft of the poor household list. Villagers had the opportunity to submit comments and complaints directly to the Commune Council.
To speed up the identification process due to the urgent needs of poor families, the Ministry of Planning shortened “the mechanism by notifying the local government to declare to the local people who are poor,” said Theng Panhathon, director general of the Planning Ministry’s General Department of Planning. Using the “on-demand” approach (Box 3) allowed households to self-assess whether they were poor. Initially, households approached the Commune Council to apply for the IDPoor Program. After receiving an application from the households, the Commune Council reviewed the application and determined whether households were eligible for an interview. If households are eligible for an interview, the Commune Council would go to their homes and conduct an interview. The interview uses the four main criteria for evaluation: family status, type of house, amenities of the home, and income level. The result of the interview is calculated and indicates whether the household is eligible or not.

**Box 3: Procedure for the Application of IDPoor during COVID-19**

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Households
Self-Declaration
Self-Evaluation

Commune Council
Review Application

Applicant’s House Interview
Family Size and Member
Type of House
Equipment in House
Income Status

IDPoor Card
Tablet devices calculate the score, applicant who are eligible will get IDPoor Card
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Source: Authors.

**Capacity building for local government staff**

To build the capacity of local governments, especially members of the community councils, to identify vulnerable and poor households upon request, the Ministry of Planning conducted a training program in each province in May 2020. The training program aimed to provide technical assistance to identify and solve various problems during the IDPoor identification process.

To ensure a smooth registration process, the Ministry of Planning suggested that each district or commune follow basic protocols. First, each district or commune should hire at least one
information technology staff member who can resolve technical issues related to the tablet. Second, each district or commune should design a clear action plan and responsibilities. Third, each local government should direct commune officials to monitor the household interview and select households for the survey. Fourth, each local government should ensure that all household profiles, family members with HIV, disabilities, elderly members, and children are properly recorded and reported daily at 5 p.m. via the Telegram group OD-IDPoor-Covid-19.

**Strengthening coordination among implementing agencies under strong leadership of the Prime Minister**

In order to coordinate various stakeholders during the implementation process, “the implementation mechanism is designed to ensure checks and balances” and is “directly led and controlled by the EFPC and determines the role and function of each line ministry and agency,” according to Uy Chan Nimol, deputy secretary-general of the General Secretariat of the National Social Protection Council. The check and balance mechanism refers to the mechanism where all implementing ministries and agencies cooperate and check each other to ensure that all stages of implementation are efficient and transparent.

(a) **Three main agencies were assigned to implement the program and support local government.**

The EFPC has established three working groups of ministries and agencies: (1) the Ministry of Planning, which is responsible for the IDPoor database system, played a key role as the coordinator for updating, identifying, and registering vulnerable and poor households in the IDPoor database; (2) the Ministry of Social Affairs Veterans and Youth Rehabilitation was responsible for benefit calculation and cash payment based on the IDPoor database system; and (3) the task force of the General Secretariat of the National Social Protection Council was to monitor and evaluate the overall program implementation in the field. In addition to these task forces, the Ministry of Interior managed local governments and assisted these ministries and agencies in coordinating with local governments. This enabled close coordination for effective cooperation among the concerned ministries and agencies in nationwide implementation. These ministries and agencies reported their progress to the EFPC, and the EFPC summarized and reported directly to Prime Minister.

(b) **The Prime Minister used the media and social platforms to provide direction to all implementing agencies, local governments, and citizens.**

To provide consistent information and implementation guidelines to the public, the Prime Minister delivered messages directly to citizens. When the CTP was officially launched on 24 June 2020, Prime Minister Hun Sen held a press conference lasting more than an hour and explained detailed information about this cash transfer program, including the rationale, mechanism, and guidelines for implementing the program. This event was broadcast by almost all local channels including television, radio, and newspapers. Prime Minister Hun Sen’s official Facebook page, a popular social media channel that attracts citizens’ attention, was also used for the live broadcast. In the following days, local news and media outlets sought interviews with relevant ministries to gain a deeper understanding of the mechanism added to the official launch of the program.
Considering the scale of operations at the local level, the government also issued a circular to local governments asking them to promote the program to their citizens to raise awareness and prepare them to apply for it. In addition to local government announcements, national government groups—each ministry set up a working group to aid poor households in each province or district—went to each province to inform eligible poor and vulnerable households to apply for the program.

**(c) A complaint mechanism was established to ensure transparency at the local government level.**

As a matter of urgency, complaints and concerns arose during the implementation of the program. The government established a temporary complaint mechanism to quickly resolve the issues. The normal procedure was that the Commune Council would announce the final list of poor households in each commune for about 14 days, and villagers could complain to the Commune Council if they found the list inappropriate and fraudulent, and the Commune Council would resolve the issues. There were three main channels through which citizens could complain: (1) through the existing mechanism, when citizens learned of the fraud, they could complain to the Commune Council; (2) by reporting and complaining to the national government groups in each province, which then reported directly to the Ministry of Planning to investigate the complaints; and (3) by calling a hotline established by the Ministry of Planning, after which the Ministry of Planning established an ad hoc working group for each locality to resolve the problem. In this way, the process for resolving the complaints quickly was improved.

**Implementation of the digital payment system for beneficiaries**

To prevent the outflow of funds, fraud, and misuse of the fund, the government worked with Wing Limited Specialized Bank, a nationwide leading bank in Cambodia, and used Wing money transfer and payment services, which has a network of more than 9,000 payment agents throughout the country. This digital payment service played an important role in cash payout to ensure that the fund is allocated to vulnerable and poor households.

With regard to the current development of payment system infrastructure, a retail payment system was used to disburse cash to beneficiaries. After beneficiaries received IDPoor cards and their identities were verified by the Commune Council members, the commune council members would take pictures and activate an account for the beneficiaries. Thus, the account was not a full-fledged mobile money account that did not require a phone number and was not exclusive to the remittance transfer program. The next step was for beneficiaries to visit a Wing agent and set up a personal identification number (PIN) that they could use—along with their IDPoor card—to pick up cash from a Wing agent each month. For the first time, beneficiaries also had to take a photo at a Wing agent to verify with their IDPoor card. Because Wing Bank gained automated access to the relevant fields in the IDPoor database through an application programming interface, each account could be linked to the IDPoor number of its holder and directly received government funds for cash delivery to beneficiaries. If beneficiaries lost their PIN, they could contact the commune offices, which would then contact the Provincial Department of Social Affairs Veterans and Youth Rehabilitation to resolve the issue and send them a new PIN (Box 4) (World Bank Group 2021).
Other challenges

Although the government had successfully identified the poor and vulnerable households, there were some challenges in implementation such as the following:

- During the first week of implementation, citizens flocked to the Commune Office to apply for the IDPoor Card. To respond to this challenge, the Commune Office prepared an action plan, divided the working groups, and was responsible for the evaluation form, on-site interview, and IT management.
- Limited equipment and facilities such as tablet devices (each commune had only one device), which were needed for scoring. In addition, the internet infrastructure in rural areas was poor, causing delays in submitting data to the Ministry of Planning database. Furthermore, it took a long time to interview officials due to the long distances from one village to another. To solve these problems, the government provided new tablet devices and offered a training program for local government officials.
- After poor and vulnerable households received the PIN for cash withdrawal from WING agents, they crowded into the offices of WING agents, resulting in longer waiting times. Additionally, the funds were withdrawn at the same time, resulting in WING system errors, and some agents could not release the cash on the same time. To cope with the rush to the WING offices, the government worked with the WING Specialize Bank by defining problem areas, improving the WING agency system, and establishing more WING agents.

After some time, the government managed to improve the mechanism in response to the above challenges.
Results

On 24 June 2020, Prime Minister Hun Sen announced the implementation of the CTP for the poor and vulnerable families affected by the pandemic. This was a time-bound program, with the first round taking place in June and July 2020; however, due to the ongoing and uncertain nature of the pandemic, the government decided to continue it until the end of September 2022 (EuroCham Cambodia 2021). By September 2021, there were a total of six rounds, divided into 15 phases. Under the CTP, approximately $400 million was distributed to 673,487 families comprising 2.7 million people, representing 20% of the total population. Grants ranged from KR80,000 ($20) to KR120,000 ($30) per household per month.

When the number of beneficiaries was increased to about 700,000 households, the program had reached more than 90% of them. The majority of these were households in rural areas. However, about 10% of people did not apply for CTP in each round, as the government assessed the poor for each round. Figure 1 shows the number of beneficiary households at the end of the last program rounds.

The livelihoods of many beneficiary households have improved as a result of the program. A survey conducted by Nuppun Research and Consulting Co., Ltd. in 2020 to assess the performance of the CTP during COVID–19 gave the following results:

1. The program had restored IDPoor household spending to 87% of pre-pandemic levels.

Nuppun Research and Consulting Co., Ltd. (2021) surveyed and evaluated with the result as on overall, the cash transfer program increased the monthly income of the sample households by 20%
Cambodia’s Cash Transfer Program during COVID-19

(to $210) compared with the no-program period ($174), which is 95% of the pre-pandemic level ($221). Among households in the lower-income group, monthly income increased by about 25% (to $207) compared with the no-program period ($166). Thus, this group’s income increased to 87% of its pre-pandemic level ($239).

Figure 2a shows the distribution of expenditures for all sample households and for households with reduced incomes. All expenditure items included in the survey declined during the COVID-19 crisis and almost returned to their pre-pandemic levels as a result of the program. In general, food accounted for the largest share (about 50%) of household expenditures. The average monthly expenditure on food for all sample households is $107. They were reduced by $15 during the pandemic as households decided to borrow food and/or reduce the amount of food consumed or the number of meals per day, and were increased again to $100 through the cash transfer program (93% of pre-pandemic food expenditures). Similarly, average monthly food expenditures in the lower-income group decreased from $114 to $89. After participating in the program, average monthly food expenditures for this group increased to $99, which is 87% of pre-pandemic expenditures. Spending on other items followed the same trend as shown in Figure 2b.

2. The target recipients received the cash from the program in the correct amount.

To assess the correctness of the amount transferred to beneficiary households, the cash amount recorded by the official source was compared with the amount reported by the surveyed households. However, due to limited data availability, only 40% or 428 respondent households could be compared. Of the 428 households compared, 79% of respondents reported the correct amount of cash transferred to their Wing account and thus withdrawn. The remaining 21% showed a discrepancy. According to the survey team, the discrepancy was due to two factors. One was the inclusion of cash from other cash transfer programs. The other was misinformation from household members who were not recipients. The survey also found that beneficiary households received an average of $50 from the program (Nuppun Research and Consulting Co., Ltd. 2021).
3. Cash transfers were generally made on time.
The majority of households (88%) reported being able to withdraw the transferred cash from their Wing accounts within a month of eligibility check, which means a minority (12%) did not receive the cash until more than 1 month after eligibility check (Nuppun Research and Consulting Co., Ltd. 2021).

In addition, the program (i) was successfully implemented and recognized by development partners such as the World Bank, GIZ, and UNICEF; (ii) improved local government capacity; and (iii) accelerated the use of social media to communicate between the Prime Minister and the local government and population (AMRO 2021).

**Lessons**

(i) **Coordination and communication: The government needed a strong coordination framework chaired by the EFPC.** It was a top–down approach to program implementation. The Prime Minister took the lead in implementation, although many ministries and institutions were involved in the implementation process. The design of the program included three main agencies responsible for different areas such as IDPoor identification, cash transfer, and monitoring and evaluation to ensure transparency. However, there were additional indirect costs of implementation, as the government needed more civil servants to get the implementation mechanisms up and running. Modern social media and local broadcasting were quick mechanisms to communicate from the top to the local government and local people. Local authorities, especially village leaders, worked directly with local people to inform them about how to apply for IDPoor. Meanwhile, the national level provided technical support to local governments to overcome some challenges.

(ii) **Continuously updating existing IDPoor databases: The government strengthened the existing IDPoor verification and registration process rather than creating a new system.** The IDPoor database had been developed over more than a decade, and the relevant ministry had received much support from development partners. Without the IDPoor database system, it would be difficult to implement such a program. Therefore, each country would require a strong database record to ensure accurate data, which is crucial for developing social protection programs. In addition, digital infrastructure and capabilities formed the basis for system development and linkage between local government and national databases, for which the government should ensure that these data are stored, used, and protected.

(iii) **Application of the digital payment system: Expansion and development of the digital payment system improved the transparency of cash disbursement.** The payment system during COVID-19 was not fully digitized, as citizens had to go to a WING agent to withdraw cash. Therefore, the World Bank suggested that the government consider fully digitizing the payment process, which would require citizens to have a bank account, financial literacy, and digital literacy.
References


Study Questions

1. The Cash Transfer Program (CTP) amounted to $400 million, which was used to assist 673,487 poor and vulnerable households with 2.7 million people affected by COVID-19. Grants ranged from KR80,000 ($20) to KR120,000 ($30) per household. Do you think this reflects effectiveness and efficiency of public spending? From a macroeconomic perspective, what are the reasons and justification for this expenditure?

2. What are the advantages and disadvantages of cash subsidies from a social protection perspective and from a macroeconomic perspective for the CTP?

3. The IDPoor identification and verification was a crucial stage in identifying beneficiaries of social assistance during the COVID-19 pandemic. Discuss and explain the advantages and disadvantages of this approach. How could beneficiary identification and verification have been done better?

4. List and discuss the fiduciary and implementation risks of the CTP. Summarize the measures taken by implementers to mitigate each risk and explain what could have been done better.

5. What capacity building and training activities should be implemented for local government staff in the identification and verification process?

6. Discuss the relevance and role of other stakeholders (e.g., development financing from international financial institutions and/or the private sector) in addressing the adverse impacts of the COVID-19 pandemic, particularly on poor and vulnerable households. How could they best manage and leverage the stakeholders involved in CTP? Which stakeholders might be needed for leverage and how?

Note: In this publication, “$” refers to United States dollars.

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