

# **Impact of Conflict on Poverty Reduction: A case of Cambodia**

## **1. Introduction**

Cambodia experienced the destruction of education system as well as economy and society by the civil war and communist policies during the late 1970s. It is reported that the Khmer Rouge regime turned the country into poverty and led to the hardest period of the country's history (Royal Government of Cambodia). The regime destroyed human capital and physical capital, which contributed to delay the economic recovery and poverty reduction of the country after the conflict. In particular, reconstructing the educational sector was urgently needed because the regime devastated the education system and infrastructure, since they tried to install completely new communist education systems for educating 'new people' for constructing a perfect communist society. Moreover, people with knowledge or skills were particularly targeted for execution. Therefore, the country needed to start with creating human capitals when the conflict became over. In this process, educational reconstruction was significantly important.

The study attempts to discuss the impact of conflict on poverty reduction in Cambodia over the reconstruction period: what the country achieved; what the constraining factors were; and how the conflict affected the reconstruction process in terms of economic growth and poverty elimination. Furthermore, in this study, the conflict in Cambodia indicates its conflict between the 1970s and the beginning of the 1990s, which include invasion of the Vietnamese army.

## **2. Framework**

Human development seems to be one of the major bases of economic growth and poverty reduction, especially in the context of post-conflict nations. Drawing previous literatures, I will construct a theoretical framework for this paper.

Connecting previous literatures, it may be logically possible to hypothesise the relationship between human development, economic development and poverty reduction (Figure 1). Firstly, there is a hypothesis that human development leads to economic growth. Supporting the hypothesis, McKay (2008, p26) emphasises that

the focus on human development is essential especially at a relatively poor income country. In this statement, human development can often refer to education and health as Human Development Report and its index adopt. A country with more educated or healthier populations can gain more benefits because higher skills and knowledge are liable to let people work for more productive business, and healthy people can work more regularly and productively. Therefore, it does make sense that human development boosts economic growth. Secondly, there is another theory that economic growth results in poverty reduction. Dollar and Kraay (2001, p.9) argue that 1 percent growth of mean income raises the mean income of the poorest 20 percent by 1 percent. Moreover, Chen and Ravallion (2007, p.2) also believe that positive economic growth reduces absolute poverty. As both literatures are favour of economic growth for poverty reduction, it appears to be broadly accepted that economic growth decrease poverty. Thus, these previous literatures may imply that human development can exacerbate poverty by enhancing economic growth, which decreases poverty; in other words, constructing good education and health service seem to be an initial condition effectively to achieve poverty reduction.

When it comes to the application of this framework to the context of conflict-affected regions, the importance of human development for poverty reduction may be more exaggerated to show up. That is because violent conflicts more often devastate basic infrastructure and social system including: educational institutions and health centres, as well as road or economic markets, as it go longer.

### **3. Impact of conflict on poverty reduction**

Justino (2008) argues that armed civil conflicts have both indirect and direct effects, which have the negative impact on the living circumstances of households for the longer time; in other words, the internal conflicts devastate 'infrastructure', 'services', 'assets and livelihoods', 'displace populations', 'break social cohesion', 'institutions and norms', and 'create fear and distrust', as well as injure people and deprive of those lives. Considering poverty reduction in Cambodia during the post-conflict period, it seems to be crucial to focus on loss of two major elements: human

capital and physical capital. There were a large number of highly educated people killed. They were supposed to play an important role to reconstruct the country after the conflict. Moreover, the internal war destroyed a great deal of infrastructure. In particular, enormous damage of basic infrastructure became a constraining factor for the country to recover in the early stage of the post-conflict era.

### *Background*

Collier and Hoeffler (2004, p.563) argue that rebellion is motivated to lead revolution by severe grievances comprising: large disparity, too limited political rights, or ethnic and religious groups in society. In accordance with their categories, the motivation of the Khmer Rouge might be closely related to large disparity. It is reported that Pol Pot, the leader of the Khmer Rouge, aimed to construct the perfect communist society, where all property and land were nationalised and people were perfectly equal in terms of economic and socio-economic sense (Kissi 2006).

The impact of their implementations may have existed in terms of poverty reduction. The method for their political achievement may have generated constraining factors for poverty reduction and development of the country later. Their policy seems to consist of three major parts: nationalising property and land; moving people to rural areas to work in communal agricultural land; and executing educated populations. The first two measures can be frequently seen in communist regimes. As other communist regimes are criticised, the regime also faced a problem of low productivity. Because the regime attempted to apply primitive farming methods without utilising modern technology, amount of agricultural production did not efficiently increase. This failure of the agricultural policy led to famine and a lot of starvations and deaths (Kissi 2006, p.66). The agricultural policy appeared to contribute to numerous demographic losses.

The third key policy have had significant impact on poverty reduction in the long term, by killed particularly educated people, as well as the number of executed populations. According to Haynes (2009, p.68), the regime had three main principle for the purpose of killing off such a lot of people. Firstly, modernised populations by Western culture such as French or other Western language speakers were regarded

to be killed. Secondly, Buddhist monks, the *sangha*, were also identified as an element of threat for the regime, due to their strong influence in education as well as religion in the civil society. Thirdly, traditional culture was also targeted as a risk element for the regime, which attempted to create the completely new society. From these three consciousnesses, it may be possible to read that the regime recognised education as one of the most important pillars for constructing their communist country by eliminating people with former educations and anti-communist thoughts, and also religious leaders for those people. Moreover, the fact that schools were often used as so-called 'killing field' for execution or other types of military purposes forced the post-conflict regime to rebuild those schools. Thus, the methods of the regime to convert their country into the perfect communist society appear to have devastated the fundamental capitals of the post-conflict regime to recover their economy and reduce poverty. There were a number of losses in productive-aged populations, and also damages of infrastructure. Furthermore, significant losses of educated people may be one of the largest constraining factors for efficient reconstruction.

To sum up, the implementations of the Khmer Rouge may have affected the economic recovery and poverty alleviation by damaging quality of human capital as well as quantity of human capital and physical capital.

### *Education*

As discussed, the impact of the conflict on education may be significant losses of human capital and physical capital. Regarding human capital, people with a variety of professions were killed during the conflict and needed for the reconstruction period. For example, doctors were essential for improving health status, and business people with high skills and knowledge were needed for increasing the economy. In order to reproduce those necessary human capitals for development, it seems to be convincing for the new government to put a lot of effort on educational sectors. In this section, it will be discussed the achievement of the post-conflict regimes in education and the impact of the conflict.

There may be two major achievements in education: infrastructure reconstruction and some improvement in primary education. The progress of reconstruction shows a dramatic increase in the number of primary schools from 4665 units in 1990 to 5274 in 2000 and 6277 in 2006 (Dy & Ninomiya 2003). Moreover, the primary school enrolment rates of the country reach at the relatively high standard, averages of 93 per cent of male and 90 per cent of female children enrolling from 2000 to 2006 (UNICEF). From the view of this significant infrastructural progress, the education environment in Cambodia might be described to have significantly improved.

However, the country may not have been able to deal with disparity in education between regions because they efficiently had to reconstruct the country. Concerning the educational situation in the rural areas, they may not effectively gain benefits from the dramatic rise in the number of schools. According to the United Nations Development Programme (2007, p.28), the average years of education in Phnom Penh are 6.4 while those in rural areas show 3.2, lower than an average of 3.7 in the whole country. This survey illustrates that pupils in the capital learn at school for twice as long as those in the rural areas. Moreover, another figure shows the continuously high level of primary school drop-out rate between approximate 36 and 52 per cent from 1998 to 2005 (World Bank). Through pondering on those statistics and the fact that there is a population of approximate 90 per cent living in rural areas (Royal Government of Cambodia), it is presumed that many of Cambodian children who cannot complete their 5 years of primary education live in the rural areas. In addition, in order to accomplish the Cambodian Millennium Development Goals (CMDGs), the country increase a completion rate of primary education from 51% to 100% by 2010 and nine-year basic education from 33% to 100% by 2015 (Cambodian Ministry of Planning). For the achievement, the focus on establishing better environment for rural children to study should be at the centre of the policy. Therefore, providing environment for pupils in the rural areas to complete primary education has not sufficiently been achieved although the post-conflict project on education sector has successfully contributed to the increase in the number of schools: namely, the major problem on educational issues in Cambodia

may be found at the relatively low rate of primary education completion in the rural areas.

The major impact of the conflict on education seems to be to have generated educational disparity between regions. As discussed, the post conflict policy had to spend a lot of budget on educational infrastructure construction and human capital development since the country particularly lost these two important elements for its development, and the funds for these constructions mainly came from donor organisations (Prescott & Pradhan 1997). Considering the situation that the country urged to rebuild basic infrastructure and social system during post-conflict period and a lot of funds invited from aid agencies, it may be possible to argue that the projects of reconstruction concentrated on locations with good access or economic centres such as: the capital and the other capitals in rural areas. Thus, education disparity seems to be identified as an impact of the conflict.

### *Economy*

The Cambodian economy may have been largely affected by the conflict which destroyed human capital and physical capital. At the macro level, as argued, millions of population losses meant losses of precious human capitals to recover the country by lowering productivity of the country. Also, the destruction of public facilities, including road, hospital and schools, delayed the reconstruction process. In addition, a large number of landmines became another reason for the destruction of reconstruction. These series of negative effects of the conflict seems to delay the process. The statistical data shows the significant impact of the thirty-year conflict on economy. There was a rapid growth in GDP per capita from 228 US dollar in 1993 to 448 US dollar in 2005. The fact that such dramatic growth in a short term has been practised may imply the crucial impact of the conflict on the economy.

Furthermore, at the household level, there may be a significant effect of the conflict on its livelihoods. Households which lack able-bodied family members tend to face more workers for their finances so might send their children to work instead of studying, which causes lack of education for children. In longer term, this vicious circle may contribute to chronic poverty on households. Furthermore, losses of

children and other members of those relatives appear to have a negative impact on livelihoods of the elderly. In Cambodia, social capital such as kinship is extremely important when households face shocks such as economic crisis, loss of employment and so on. Zimmer et al. (2006) argue that the elderly who lost their children or relatives during the conflict might encounter lack of financial sources now.

Thus, the conflict has been affecting the macro and micro economy in Cambodia.

### *Poverty*

The process of poverty reduction may have been affected by lack of education caused by the conflict. As a reason of remaining poverty in Cambodia, it is likely to be argued that the sectoral patterns of growth were not pro-poor enough to reduce poverty especially in rural areas. Following this idea, Engvall and Kokko (2007) argue that low levels of agricultural development limited economic growth and poverty alleviation in Cambodia. This argument is sound. In fact, it is seen that poverty head count rates decrease as closer to Phnom Penh: rural areas 34 per cent, rural urban areas 21 per cent and the capital 5 per cent in 2004 (CSES 2004). However, there may be a fundamental reason why the growth patterns were not pro-poor. One of the possible answers may be because there is significant disparity in education between regions. In fact, the degree of poverty correlates to education levels. As inequality in education levels has been shown between regions, in Cambodia, the link between education and poverty is fairly tight. According to a figure entitled 'contribution to total poverty', 47.1 per cent of uneducated heads of households face poverty while households with primary, lower secondary or high secondary education demonstrate lower poverty rates: 40.6, 31.7 and 30.1 points (Prescott & Pradhan 1997, p.29). Thus, it may be possible to conclude that education disparity affects poverty levels, since lack of human capital is one of the major constraining factors of economic growth and poverty reduction in Cambodia. Moreover, education disparity may be caused by lack of access to those poor regions for donors, because they often need to gain good outcomes or high cost-performance from their project in reality. Considering this critical problem, it seems



to be the single most important challenge for donors and the government to improve access to those poor regions, and reduce educational inequality for achievement of equal levels of poverty reduction.

#### **4. Conclusion: Impact of conflict on the reconstruction process**

For the past decades of the post civil war, the country has hailed a great deal of aids from the whole world in order to rebuild the education system, and this policy has provided a great degree of improvement in educational infrastructure, such as school buildings or facilities, to the nation. However, there is still educational inequality unsolved between rural areas and Phnom Penh, the capital city. As education plays one of the most important roles for economic development, providing equal education over the country is likely to reduce poverty. Therefore, now that the improvement in infrastructural environment of education has shown success, the construction of equal environment for children to concentrate on their study between the rural areas and the capital may be the single most challenging issue in Cambodia.

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Figure 1: Framework

