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Master's Thesis of Public Administration

**The Impact of Corruption on Poverty
in Cambodia**

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Abstract

The Impact of Corruption on Poverty in Cambodia

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This thesis has been set out to examine the impact of corruption on poverty in the social context of Cambodia based on two questions. First, what is a serious type of corruption in Cambodia? Second, how does corruption aggravate poverty?

All types of corruption are a serious kind of virus weakening the social and economic development system. It infiltrates and attacks both mind and brain of state operation mechanism. First, it encourages people to involve unconsciously, and then automatically enjoy it. Second, it pushes people to create a system to protect them, and persuade others to participate. Finally, this activity will become a system known as a serious level of corruption harming the society as a whole. Small number of people who are involved will get wealth in an amount depending on the size of corruption, but it will create a very serious impact, and millions of poor people will become the beneficiary from that worse matter.

However, corruption has no direct impact on poverty. Its impact can be explained based on two models, namely economic model and governance model. First, corruption has direct impact on economic growth and governance capacity, then it turn to aggravate poverty. Generally, if corruption is increased, economic growth or governance capacity will be reduced and then poverty will be increased. Quite the opposite, as the corruption decreases, it will also contribute to economic development and poverty reduction. Many case studies have shown the seriousness of corruption committed in Cambodia and especially the poor who live in the rural area are severely affected. Corruption has weakened the function of the government, reduced the access to public service, and polluted the investment environment. As declaration by Transparency International, Cambodia is a serious corrupt country in the world which is strongly affecting the poverty reduction strategy. However, TI found that in the last few years the score of corrupt commitment has increased showing corruption in Cambodia has been reduced. At the same time, World Bank also declared that Cambodia is enjoying sustainable economic development contributing to poverty reduction, and reaching the New Millennium Development Goals.

In a whole view, Cambodia is enjoying sustainable economic development and reaching poverty reduction goals because the government has considered corruption as an obstacle to economic development, rule of law, democracy, social stability and the main cause of poverty, and tried to fight against it. However, it still remains seriously, and millions of people still be affected.

Key Words: Corruption, Poverty, Economic Model, Governance Model

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Abbreviation

AIDS	:	Acquired Immunodeficiency Syndrome
CCHR	:	Cambodia Center for Human Right
CO	:	Certificate of Origin
CPI	:	Corruption Perception Index
CSD	:	Center for Social Development
EIC	:	Economic Institute of Cambodia
ELC	:	Economic Land Concession
HIV	:	Human Immunodeficiency Virus Infection
IFAD	:	International Fund for Agricultural Development
IT	:	Information technology
MDG	:	Millennium Development Goal
NGO	:	Non-Government Organization
NRPG	:	Natural Resource Protection Group
PP	:	PENH PAL
PPP	:	Purchasing Power Parity
PRIAD	:	Partnership for Research in International Affair and Development
TI	:	Transparency International
UNAFEI	:	United Nations Asia and Far East Institute
UNDP	:	United Nation Development Program
USAID	:	United States Agency for International Development
WB	:	World Bank
WE	:	World Express
WHO	:	World Health Organization

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Chapter I: Introduction

1.1. Research background

In the last decade of struggling against poverty, Cambodia has sacrificed and expended patiently the resource and time for insuring the political stability, developing human resource, constructing the structure supporting the economic development—Infrastructure, irrigation system and market system, and motivating the foreign direct investment. Thousands of projects have been implemented. The school, hospital, bridge, road, railway and irrigation system has been build and reconstructed and becoming an instrument insuring the growth of economic. Inevitably, the process of creating the base for growing the economic also provides an opportunity for corrupt commitment. Corruption has spreaded and grown the same as the growth of economic. It has become a hot topic which has been discussed broadly in Cambodia.

Civil society, NGO, donors and development partner have criticized that corruption is a bad activity committed by government officer affecting the economic growth and then turning to produce poverty. In 2012, the Transparency International has ranked Cambodian in number 157 of 176 a very serious corrupt country in the world. But, does corruption always be the sand in the wheel of growth? In the same time, World Bank declared that Cambodia is enjoying a decade of macroeconomic stability and growth which contributed to the decline in poverty from 34.7 percent in 2004 to 20 percent in 2011. However, Cambodia government also considers corruption as

an obstacle for economic development, rule of law, democracy, social stability as well as the main cause of poverty.

Generally, it is not strength that corruption merge in the most of developing country, and it is widely accepted that corruption produce poverty. According to research by the United States Agency for International Development (USAID) it is difficult to say that corruption itself produces poverty, instead it has direct consequences on other factors, which in turn produce poverty. These factors – such as service delivery and access to justice – therefore become proxy indicators of the effects of corruption on poverty. The higher level of corruption associated with the low level of economic grow and lower income per capita. It was a threat to development, democracy and stability. It distorts markets, curbs economic growth and discourages foreign investment. It erodes public services and trust in officials, and it contributes to environmental damage and endangers public health by enabling the illegal dumping of hazardous waste and the production and distribution of counterfeit medicines (Ban Ki Moon, 2010).

Corruption is an important development issue that undoubtedly cannot be ignored (M. Sohelliqbal, Jin-Wan Seo, 2008). Therefore, corruption has become an importance topic beingdiscussed commonly in the civil society. Not only me but also other people, NGO, and government himself are trying to describe, analyst and discuss about corruption to revealits bad impact and try to give recommendation to eliminate corruption in order to develop economy and reduce poverty.

1.2. Research objective and research question

Cambodia is a developing country with a high rate of poverty caused by many factors such as political situation, low education, less access to health care, low income and other factors. Corruption has also been considered as a main cause of poverty, affecting the social mechanism for development, by weakening the function of government and twisting the process of economic growth. The government has done many activities to fight against it as a key part in a plan to bring good governance supporting the others policy in poverty reduction strategy implementation. The government has established an Anti-Corruption Unit playing a key role in providing education, preventing and obstruction and law enforcement to fight a gain corruption, and also taken many strong measurements such as suspension customs official and other officers who involving in bribe taking. However, corruption is still seriously committed and poverty rate is still high. The main objective of this thesis is to understand the characteristic of corrupt commitment and its impact on poverty in Cambodia in attempting to help improving the policy to fight against corruption and reduce poverty in the same time. It will rely on two questions. First, what is a serious type of corruption in Cambodia? Second, how does corruption aggravate poverty?

1.3. Research outline

The paper consists of five chapters and will be organized as follows:

Chapter I give an introduction contains research background, objective and research question.

Chapter II will provide the definition of corruption, and its classification as well as the answer of the first question: what is a serious type of corruption in Cambodia?

First, corruption will be defined based on many distinguish ideas that also include the negative thinking considering corruption as grease in the wheel of development.

Second, corruption is explained following three different perspectives that classified it depend on three different basics include participation (Mark Robinson, 1998), the act of commitment (Byong, SK, 2012) and its transaction (Stephen D. Morris, 2002). Corruption commitment in Cambodia will also be presented in this chapter.

Chapter III will identify the concept of poverty in general and will also illustrate the factors that affect poverty such as, number of population, people character, unemployment rate, low income, low education, health status and low economic growth. The real status and cause of poverty in Cambodia will be explained.

The purpose of this chapter is to connect chapter II to chapter IV. To answer the second question "How does corruption produce poverty?" we also have to know how poverty was produced. Poverty was produced by many factors. Does it also include corruption? Do all that factors were affected by corruption then turn to produce poverty, or just some factors?

Can we assume that poverty is produced by corruption alone? That why this chapter is also very importance.

Chapter IV will explain how corruption produces poverty. Two models on the relationship between corruption and poverty are provided include economic model and governance model.

Economic model explain that corruption firstly impact on economic growth and income inequality then turn to produce poverty.

Governance model also explain in the same way. Corruption can't produce poverty directly. First, it influences on governance capacity then it will affect the people living standard.

The relationship between corruption and poverty in Cambodia will also be provided in this chapter showing its trend and contextual analysis.

Chapter IV will conclude and discuss on the finding as well as the implication of these finding in the context of Cambodia.

Chapter II: Corruption

2.1. Definition of corruption

Corruption is a worldwide problem, and a very famous topic that has been studied and defined differently by many researchers. They defined base on culture, social and economic context, politic or characteristic of commitment, and its advantage and disadvantage. There are two different ideas relate to the term corruption that includes:

First idea reveals that corruption is very bad. It affect the industrialize economic as well as developing economic, market economic as well as economic control by government and also affect the democracy. Some people said that involving in corruption is the most resented because bureaucrats are servants of the people and not rulers, but people have to bribe while it should be free. Many developed countries consider corruption as a disease of the developing world.

Williams Robert (2000) defined the term corruption by asking the question: under what circumstance are action called corrupt? What is being called corrupt and does it really happen? Who reared the purpose which is being perverted as proper or official purpose?

Stephen Kotkin and ArdrasSajo (2002) addressed corruption refers to degradation of agent's ethical sense to their lack of moral integrity or even to their depravity. Certain motive or character traits of an agent can thus be called corrupt in this sense and corrupting may be called the negative effect that derive from the action prompted by these motive and characters on

other's people's motive and characters, And indirect on their social customs or institution.

Wdword L. Glaeser and Claudia Goldin (2006) said that corruption has three central elements includes, the payment to public official beyond their salary, an action associate with these payment that violate either explicit laws or implicit social norms, and losses to the public either from that action or from a system that render is necessary for action to arise only from such payment.

Byong S.K (2012) defined the term corruption as the use of public office for private gains. It includes bribe, embezzlement, nepotism, extortion, influence peddling and fraud. Corruption was an obstacle in develop economic, destroy democracy and cause instability. It limits the market and discourages foreign investment. That why the world has tried to take measurement for long time ago to fight corruption.

Second idea shows that corruption also has its own advantage. Corruption can reduce time and speed up the slow administration. Corruption can create honesty and can also be used as an instrument for strengthening the capacity in competition in the free market and something else. As some businessmen consider corrupt official as a very close friend who are honest, agreeable, amenable and potentially usable for their business activity, and happily invest to keep them on their side.

Ley (1965) and Bailey (1996) said that corruption also has benefit. He stressed that bribes could give bureaucrats an incentive to speed up the establishment of new firms in an otherwise sluggish administration, and claims

that this may be true if the ability to offer a bribe is correlated with talent. Someone may argue that awarding a license through corrupt methods is very similar to competitive auction.

However, corruption creates an advantage only in autocratic country but not in democracy regime. Many autocratic countries are developing country with a high rate of economic growth, but serious corruption is also found in such that counties. As a whole view, corruption has no bad impact on economic growth, or sometime it may increase the speed of development. But, if the law is implemented, and everything becomes equal, corruption will be clearly seen as affect the social and economic development as well as democracy that will be considered as bad. Corruption will provide benefit to a small group of people, but hurt other millions.

Based on these concepts, we can confirm that corruption issue is a very common topic discussed broadly. This discussion plays an importance role in considering preparing strategy for development and poverty reduction. In the real implementation, everybody can define, explain and discuss about corrupt commitment easily, but how to proof is a big challenge. However, corruption commitment has always been done in a secret place without or less remains document. So, it is too difficult to determine which individual or group committed corruption and in which level, and it is impossible to come up with precise objective measure of it.

2.2. Type of corruption

There are many forms of corrupt commitment differing from each other base on time, place, individual characteristic, culture, political an

opportunity. It is also different from each other depend on who classify it. We can classify it base on the question “who, why and how they commit corruption?” There are three ideas classifying corruption into three different waybase on participation, act of commitment and transaction. These three ideas cover all the ideas and also being able to answer the above question clearly.

2.2.1. Type of corruption base on participation

Mark Robinson (1998) categorized corruption into three main forms base on participation in corrupt commitment that include incidental (individual), institutional and systemic (societal).

Mark Robinson has argued that incidental Corruption is committed individually by a part of politicians or public officials and is episodic rather than systemic. Other researchers reveal that incidental corruption is committed in a small scale. It involves junior public officials, such as customs officers or policemen. It occurs irregularly and has no strong impact on decision making system. Thus, incidental corruption has little macro-economic cost and can't be the sand in the wheel of development, but it produces profound public alienation, often hard to curb and can seriously influence on morality and shape of economic.

Institutional corruption refers to certain institutions that may be riddled with corruption due to the absence of controls. It pervades particular institutions or sectors of activity. For example, certain line ministries may be riddled with corrupt officials, whereas in others the practice is much less

pervasive, reflecting differential opportunities and controls. Corruption may also feature more routinely in sectors where it is easier for public officials to extract rents due to weaknesses in the prevailing system of controls and regulations. It influences on economic development resulted from weakening the efficiency of institution and weakening the public trust of institution.

While corruption is entrenched and pervasive throughout society, we call it systemic corruption. It is a kind of corruption which is primarily due to the weaknesses of an organization or process. It pervades the entire society and in the process becomes routinize and accepted as a means of conducting everyday transactions. Not like individual or institutional, system corruption is not in the category of specific corruption practice, but it can be seen in the situation in which the major of institution and process of state activities are dominated by individual or institutional corruption and general people have no choice to deal with corruption. It affects institution and influences individual behavior at all levels of a political and socio-economic system. Factors which encourage systemic corruption include conflicting incentives, discretionary powers, monopolistic powers, lacking of transparency, low pay and a culture of impunity.

2.2.2. Type of corruption base on action

Byon g, S.K (2012) specified that the main acts include bribery, embezzlement and information fraud was a main type of corruption.

Bribery is the improper use of gifts and favors offer to influence, persuade or lure a person to do something in exchanging for personal gain, usually dishonest. It is the act of giving or promising of giving and receiving money or some other item of value in the exchange for agreement aim of influencing a public official in the discharge of his or her official duties. When money or that value thing has been offered or promised in exchange for a corrupt act, the official involved need not actually accomplish that act for the offense of bribery to be complete.

The types of favors given are diverse and include money, gifts, sexual favors, company shares, entertainment, employment and political benefits or even if a simple thing such as clothing, personal arts & crafts, textiles, a fixing of damaged cloth, a plate of food or a glass of coffee.

It is the most common and talked form of corruption as it affects a very large number of citizens. Although bribery originally involved interference with judges and expanded to include actions by all sorts of government officials, from the local to the national.

It will affect the human right and create unfairness in the society by providing priority to the rich and withdraw the rate of deservedness and win from the poor. Sometime, however, people will do it in order to gain their benefit or catch up with what they want while there is a requirement, custom or good opportunity to do that with a low risk.

A repeatedly act of bribe in a long period will create a custom and will spread becoming a systemic corruption which will badly affect the whole society.

Embezzlement involves someone with access to funds or assets illegally taking control of them. It is the act of public official in the purpose of conversion the public asset in which they are entrusted to be held or used for other purposes. For example, financial manager may deposit the public fund in the bank for earning interest in one period in the purpose of personal benefit.

Embezzlement may involve ranking from small amounts to the immense of the asset and it is performed in a manner of high confidential prediction, clear plan, systematic and methodical, with the explicit intent to hide the activities from other individuals. Generally, it is being done without the others' knowledge or consent. However, embezzlement may be able to occur when there is a large amount of fund is needed at one time, or call for another use. For example, the fund for construction project, civil servant salary, social welfare fund, aid...etc.

In the embezzlement section, the act of corruption focus on the fraud of asset which is the process of conversion the entrusted asset into personal administers, but in this part, it focuses on the conversion of information. Information fraud is the process of fraud in the form of manipulating information to further public officials' personal goals, extortion and favoritism.

2.2.3. Type of corruption base on transaction

Not too far from Byon g, S.K (2012) and Mark Robinson (1998), Stephen D. Morris (2011) has classified type of corruption as an Institutional

location of the actor and norms, Systemic framework, the nature of the transaction and Motive or purpose.

He mentions that corruption can occur at any place within the government. It centers on the institutional location of the public official involved, such as, executive branch, the legislature or the judiciary, building inspectors, the local government, the police, and customs agents...etc. The type of corruption based on institutional location includes upper-level and lower-level. Upper-level Corruption involves especially the politician such as presidents, ministers, members of the legislature, governors and other high-ranking officials. As for lower-level corruption, the commitment is relevant to civil servants or bureaucrat who directly provides public service to people.

The upper and lower-level distinction largely parallels differences based on the distinct political roles or functions of the public officials and the norms governing their behavior. In each level, corruption can be committed by individual or group and sometime by linkage. If every location is corrupted, it is institutional corruption and will weakening the public trust of institution.

In systemic framework, Stephen D. Morris has differentiated corruption based on size and frequency and explained it in the three form as Mark Robinson categorized that include incidental, institutional and systemic corruption. Without controlling, individual corruption will develop to be an institutional and create a system framework of corrupt commitment.

In the nature of transaction, the type of corruption has been differentiated follow the simple approach relates to the direction of corrupt

influence, aspects of the corrupt transaction and characteristics of the transaction:

First, based on the direction of influence corruption has been distinguished between bribery and extortion:

Bribery influences the content of state policy and its implementation and can take on the characteristics of state capture. The direction of influence moves from society to state.

Extortion, by contrast, is the using of state power by public officials to earn extra-legal payments or rents in return for providing a legitimate or illegitimate service. The direction of influence moves from state to society, while bribery reverses the direction.

Second, based on aspects of transaction corruption has been categorized into seven forms.

Transaction involves the mutual willing between provider and receiver in corruption practice for individual interest. For example, corrupt businessmen are willing to pay bribe to corrupt officer for winning a certain contract.

Extortive implies some form of compulsion usually harming a party. As explain above, extortion relate to the usage of state power by government officer to ask for bribe in exchanging for public service that they are going to provide. It center around the use of threaten or what we call blackmail.

Defensive refers to the transaction that the participant is compelled to engage in the purpose of defending. For example, a man need pay a bribe in

order to accelerate the speed of delivery his passport on time. If he don't pay bribe, he may miss the fly. So, this case occurs in the purpose of self-defend.

Investing involves an act with no immediate payoff, but an understanding of a favor sometimes in the future. Bribe will be provided after service has been completed. But, investing is not always success. If there is no success, there will no payoff.

Nepotistic relates to family members or friend being appointed to positions in the government. It occurs when the position has been provided to the relative of powerful person without an appropriate qualification evaluation or violent the acceptable guideline. It is generally occurring in upper-level.

Autogenic is self-generating and entails one person acting alone with no official-citizen exchange. For instant, a person involving inside an industry may try gather information that influence the stock of that industry and sent it to the outsider. Then the outsider may use that information to buy or sell that stock before the consequence of that information occurs.

Supportive seems not relate to immediate money or gain, but relate to acts designed to protect and strengthen existing corruption. For example, corrupted regime may try to form a government that can insure safety for their corruption.

Third, base on characteristics of the transaction corruption has been classified based on the size and frequency of the acts expressed in the terms of grand versus petty.

Grand corruption relates to large sums of money, usually less frequent transactions and more likely to occur among high level government

officials who have limited interaction with the public. Sometime it is not focus on the number of money, but it is committed for sustaining power, status and wealth and involves political decision makers. It is call political corruption. Political or grand corruption is not only lead to misallocate resource but also affects the morality in decision-making.

Petty corruption involvesin smaller, more routine paymentsin everyday implementation and tends to take place among low-level or street level bureaucratic workers who regularly interact with the public. Petty corruption is more experience in public service providing like school, hospital, license providing authority, police, tax authority...etc.

Based on the motives and purpose, corruption has been identified into four types:

First, bribe/kickback is the act which are paid or demanded in return for being allowed to do legitimate business. It is a kind of negotiation between bribe taker and provider in the purpose of services render. It occurs between two parties and being an encouragement other parties to participate in illegal commitment.

Second, election/campaign corruption is interference in the process of an election in both campaign and vote counting. It affects the vote result by increasing the share of the vote to a candidate illegally. It is designed to ensure continuing influence. The participant should be the politicians and others that can be the private sectors who benefit from the illegal action during the term of one political group. So, they must try to do whatever in the

election process to remain that group in the power in order to maintain, protect, and continue to earn interest.

Third, protection corruption refers to the payments in exchanging for being allowed to engage in illegitimate business. It differs from kickback, the payment is for being allowed to do legitimate business, but purpose of protection corruption is to continue to engage in illegitimate business. Because it is an illegitimate action, it need continue protection.

Fourth, systemic top-down corruption occurs where the nation's wealth is systematically siphoned off by the ruling elites.

2.3. Serious type of corruption in Cambodia

Generally, all kinds of corruption are recognized as virus twisting the development, influencing the environment both social and economic and finally it will hurt the people. But, each kind of corruption has different manner. It has different level of impact and commitment. High level of impact and commitment will reflect the serious type of corruption, but it is really difficult to find the idea, theory or research to provide the evidence about its seriousness. The researchers may think all kinds of corruption are worse, so we don't need classify its level of seriousness. Normally, corruption has different impact base on its form, but it also involve with its dimension of commitment, for instant, grand corruption has impact on decisive mechanism and will affect the social and economic as a whole, but less frequency of commitment. For petty corruption, it is committed by low level bureaucrat in a small amount of money or gift, but occurs frequently, spread fastly and

strongly impact on general people especially the poor who strongly rely on public service. There is the same aspect for individual, institutional and systemic corruption. Systemic corruption occurs while there is weakness in law implementation, as a system and strongly affects every process of development, but it is the result of individual and institutional corruption. So, the idea “all kinds of corruption are worse, so we don’t need classify its level of seriousness” is correct. Seriousness of corrupt commitment will tell about seriousness of its impact.

For Cambodian, bribery is a very serious form of corruption, because people often met or heard and it affected their daily life. They may know the term bribery clearer than corruption. Many other forms of corruption were also found, but it has already been developed to be an automatic bribe and adopted by many people—they know that they have to give bribe; however, there is no extortion, but the extortion was already done and keep in people’s mind. Bribery is becoming a very common topic discussed wildly while people talking about corruption. It is occurring, spreading and giving a birth to another type of corruption. It was started from a very small form of gift as thing or money or promising of providing that gift. Both provider and receiver may do it happily because it just a gift. Gradually, it becomes a habit and bigger to gain more enjoyable. The more enjoyable the more participation and the more form of corruption are committed. First, general people may provide bribe to public officer in exchanging for benefit from public service providing. Second, both parties may have an automatic mutual arrangement. Third, public officer may use state power to ask for bribe, and other form of

corruption will occur. Then they will try to design the act to protect and strengthen existing corruption and finally, it will develop from individual to institutional, from lower-level to upper-level or in contrast, or they may commit together to form a systematic corruption that occur in every transaction and everywhere in the entire society and will influence in every level of government and economic system.

Many researches, especially conducted by nongovernment organization, reveal that almost all types of corruption are committed in Cambodia. It occurs in every level of government hierarchy; in every field such as public health, education, employment, juridical, private property right, doing business, the process of import and export and even in tax system; it continue to systemic, and link to the access to valuable natural resources and human rights abuses.

Many people in every level of hierarchy of institution, upper or lower-level, are involving. In some place, lower ranking officers are required to give money to their superior in order to maintain their position becoming a bad habit. Some people compare the corruption situation to a proverb “a big ox eats grass in the big field and a small ox eats grass in the small one”. Sometime, they have no other choice besides committing corruption to support their family. According to a micro-entrepreneur in Kampong Cham “They have a low salary, so they have to demand unofficial fees to support their living”(Sok, Hach.,Nuth, Monyrath., Chan, Vuthy., Neou, Seiha., and Jessica, Frommer. 2006). In the primary schools, the teachers are paid a very low salary. It is not enough for them to live. So, they have to charge something to the students. They need it just to get by (THEARFUND. 2010).

Grand corruption is a big challenging. High-level politician or official may accept bribe from private company or contractor in periods of economic growth when there are opportunity for investment in infrastructure, natural resource or construction. BHP Billiton, one of the world's largest mining conglomerates is investigated by the U.S Securities and Australian Authorities relate to possible payments, known locally as tea money or facilitations payments, worth approximately USD 2.5 million to finance social and community programs for displaced communities. BHP Billiton has also been enmeshed in another facilitation payment two years ago total reportedly paid USD 28 million to the government, of which USD 8 million to a social fund(PRIAD. 2012).

Nepotistic is also often found and becoming a moral dilemma faced by many Cambodian. The one who has opportunity to commit that kind of bad activity often ask a question "If you had to hire new staff and choose between a relative and a stranger, who would you go for? Nepotistic do affect feeling of thousands of people especially the youth as BunrithSoriya, an economics student, said that "What I hate the most about nepotism is that it will make qualified people lose chances to get jobs, and render the country weak and uncivilized without progress or development, while it diminishes the confidence of youth to embark on their own careers"(The Phnom Penh Post. 2010).

Some people are force to provide bribe, in the form of extortion, in exchange for public services while it should be free. Force can be made into two way include direct order-asking directly for bribe and silent extortion-

ignoring to provide public service on time or as usual, but inform or give the sign to the people to know that if you don't give the bribe the service will not be provided. Such information or sign is called blackmail. A woman in Kandal province said that "When I was alone as a widower, many different public officials regularly came to my place to solicit me for bribes, but after I got married to my current husband, they don't dare to ask me for money anymore"(Sok, Hach., Nuth, Monyrath., Chan, Vuthy., Neou, Seiha., and Jessica, Frommer. 2006).

In public health sector, corruption can occur within health services at all levels, from grand corruption to petty corruption. Connect with this abuse of power was a secret transactions taking place behind closed door. This hidden action included acts of nepotism, exploiting influence or embezzlement as fund are siphoned off during the construction of new hospitals or health centers, and many acts of petty corruption as health workers or administrators demand bribes just to perform their routine duties. Mrs. Panny used to work for a public hospital and now has her and now has her own private clinic. She explains how she experienced the practice of corruption in the public hospital. When you enter the hospital you pay a formal fee. When you get a bed you pay an informal fee to the doctor, registrar doctor, and nurses, the doctor usually gets more than the others. It is very secret, just done individually. When you ask the doctor to take care of a relative you put payment into the doctor's pockets. The amount depends on how much you have. If you give something to the doctor he will not share with the others. If you give the nurse the nurse will keep it. The problem

arises if you only pay to the doctor because then the nurse will not take care of you and the doctor is not always in the hospital but the nurses are. So if there are five people you have to pay all five people. For poor citizens this is difficult. They try to collect 5000riel for the doctor but when the rich come, many doctors come and visit and nurses take care of the rich instead of the poor(Nissen, Cristine J. 2005).

Table1: Corruption practice in Cambodia describe by people

Sector	Description
Public Health	<ul style="list-style-type: none"> ● Treatment from doctor, registrar, or nurse: corrupt payments requested or expected before treatment begins. ● Medicine: extra corrupt payment is demanded. ● Treatments which are supposed to be free, for example tuberculosis treatments: corruption paid to receive treatment.
Education sector	<p>Corruption in the education sector is not only between students and teachers. Teachers also report they experience a demand for paying corruption for:</p> <ul style="list-style-type: none"> ● Enrolment and exams at the teacher training schools: corrupt payment to enroll and pass exams. ● Getting a good position after finalizing the teacher's trainings school: corrupt deal is made to ensure a teaching position close to the family, especially if this is in an urban or semi-urban area. ● Transfer to another school with higher demand: corrupt practices are involved to change school if the new school is perceived as more lucrative than the former, often urban or semi-urban areas. ● Receive positions of trust: corrupt payment to receive positions of trust.

Official Contact	<ul style="list-style-type: none"> ● Procurement of documents: extra corrupt payment is paid for paper, stamps, copying, transportation, food, and cigarettes, etc. ● Conflict resolution: corruption is paid to win a case. ● License, business agreement, and permissions: corrupt payment to speed up the procedure and receive the right papers. ● Illegal activities: citizens report they pay corruption to prevent officials reporting them if they commit illegal activities.
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Source: Center for Social Development (2005).

As above brief description, many form of corruption are really seriously committed in Cambodia. However, corruption is not committed and showed publicly. It is always committed in a secret place without remain document and proof. So, it is generally informal to say that person or institution is involving in corruption. Even some survey conducted by civil society, NGO or government is depending only on the status people believe there is corruption and the speech sent from one people to another. Thus, the serious type of corruption described above is just an informal one. But, the question: “what is a serious type of corruption in Cambodia?” is already answered. And “how does corruption aggravate poverty?” is becoming the next step in this paper.

To answer the question “How does corruption aggravate poverty?”, first we have to know what poverty is and how it is produced.

Chapter III: Poverty Perception

3.1. Concept of Poverty

It is difficult to define the word poverty because of the world has divided into many parts and each part always has different level of characteristic of rich and poor. However, to define the word poverty we have to think about the distinction between voluntary and forced poverty. The renunciation made by the saint or the wise man is voluntary; the deprivation of those who case we are to consider is forced. We have choice between rich and poor, self-indulgence and self-discipline, comfortable living and actual suffering. Everything has to be under our decision. Except someone that has not chosen poverty, but poverty has marked them for their own from birth. For those who have choice, they can choose whatever they like, but force poverty not allows them. One of the most unfavorable is that they have to shut up to an inappropriate expense. It should be nothing, but they have to pay indirectly.

Some researchers stress that poverty is one of the greatest disease of the state. It goes to the heart of the matter. It is not a question of money, but of life, and therefore is not measure by money, except in so far as money is measure at any given time of the material means of life.

Poverty is a complex phenomenon (Eric,Chetwynd., Frances,Chetwynd., and Bertram, Spector. 2003) It is usually defined in relation to income, often measured in terms of per capita gross domestic product (GDP). Extreme poverty is often defined as an income of less than \$1

per person per day in terms of purchasing power parity (PPP). Poverty is as the lowest income quintile in a referenced population. Critics argue that measuring poverty in terms of GDP or PPP does not fully capture the phenomenon of poverty.

A broader definition treats poverty as multidimensional, including low income, low levels of education and health, vulnerability and voicelessness and powerlessness (feeling discrimination, lacking income earning possibilities, mistreatment by state institutions, and lacking status under the law) (World Bank, 2001). Many other indicators such as caloric intake and female literacy are also used. While measuring poverty in terms of income level may seem relatively straightforward, the multidimensional approach is more complex and involves factors that are difficult to quantify. To manage this complexity, researchers have developed indices, such as the UNDP and Human Poverty Index, which conceives of poverty in terms of longevity, knowledge, and economic provisioning.

3.2. Cause of poverty

As having discussed in the last session, there are two types of poverty that include volunteer and force poverty. If poverty voluntarily occurs, we will have no much word for our speech, but if it is created by force, we will have to talk, discuss and analyze to find the reason and the fact, and also has to push to create a good solution. In a society, if someone has a chance to escape from poverty, but they can't do it cause by an unacceptable reason,

they will have reaction or at least showing unfavorableness toward the person responsible for that society.

In this paper, the main purpose is focusing on poverty affected by corruption. So, it should be only mentioned on the relationship between corruption and poverty. However, we should also understand some other factor which also influence on poverty. It will reveal that poverty is created not only by corruption but also other factors because in some circumstance, poverty is still increasing when corruption are reduced and in contrast.

Many researchers found that poverty are affected by many factors such as increasing number of population, bad characteristic of individual or group, health status, low education, low income, unemployment, low rate of economic growth...etc.

Increasing number of population has a close relationship to the increasing of poverty while there is not an appropriate solution on time. Increasing number of population will increase the demand for job that is a base for supporting the family expenditure. It increase the number of job finding and also increase the number of jobless people. In the same time this increasing will also increase the other demand such as food, cloths, shelter, health care service, social welfare, education, and other daily expense...etc. It also increase the impact on other field such as environment, security, safety and social order that under responsible by the government, or we can say it will increase the government's expense on such field. What will happen if the income of each family or government are unparalleled the demand for

spending while the number of population are increasing. This situation will inevitably bring people the poverty.

Bad characteristic is also a reason bringing poverty. If a person is a kind of laziness, daily drunk, shiftless, does that person can earn or increase revenue enough for supporting their family expense? All this factors is disadvantage for employment, but it can be reduce or eliminated. The government should responsible that by developing education field and use media to promote to change bad characteristic, but it also need participation and ambitious to change by that individual. Reaching this point, we found that we still need talking about expenditure.

Health status is also an importance reason pushing poverty forward. The strong people often get a good result from what they have done rather than the weak one. Good health people are usually clever, capable, high ambitious, struggle and have strong willing to reach their goal. While the sick people are always weak, passive, no ambitious, no ability or less ability, less productive intensity, or in sort, it is a disadvantage for employment. So, health care service providing is the most importance in the process of poverty reducing strategy.

Education is a basic force determining or changing people's characteristic, and providing them the knowledge, initial, and struggling which will become a main capital for using in the employment field. It will become their tool for earning money and go forward the end of objective of poverty reduction. Anyway, education is a place for growing the morality and decorate them the positive ideology. These will change them to be order

people or non-poverty attitude people. As Stopford B mention “poverty is not a question of money, but of life, and therefore is not measure by money”. Developed and developing countries are always trying to modernize their education system in order to push their people to be a strong person with cleverness, having initiative and good vision. Most of The state with a good education system is the high progressive countries and low rate of poverty. As for, the country with the weak one is usually a poor country with the high rate of poverty.

Low income is also considered as a direct cause of poverty. Poverty is a complex phenomenon. It is usually defined in relation to income (Eric, Chetwynd., Frances, Chetwynd., and Bertram Spector. 2003). Low income and high expense will absolutely bring people toward poverty. It is just a simple norm. If it is a simple norm, why do we have to discuss about it? The fact, it is really not importance to talk about that, but the real purpose is to specify the reason why there is a low income issue. Can we solve it? Or can we improve it to be better than before? Who will responsible in solving this problem? And how do we do to solve it? In order to know how to solve, we have to know why. The reason cause low income include some factor such as increasing number of population, bad characteristic of individual or group, health status and low education that we have already discussed, unemployment, low rate of economic growth and it may also include corruption.

Unemployment issue is a hot topic which has been debated frequently in the society. The people always suggest a stable employment,

environmental thinking, health care service providing, appropriate salary and other motivation factors. The government has to think the way to solve the problem and fix the break by improving own administration, motivating foreign and local investment, increasing export and thinking the social welfare. Will it be able to solve the problem? Does all government do that? In the democratic country, unemployment issue is combined process between job providers and job receiver, but the government should work as a main actor in this combination and make it better. However, the unemployment context is relating to some factors that we used to talk above and strongly affected by the low rate of economic growth.

The low rate of economic growth is also a main issue having been raised while people talking about poverty. Poverty is often measured in terms of per capita gross domestic product (GDP) as an income of less than 1\$ per person per day in term of purchasing power parity (PPP) (Eric,Chetwynd., Frances Chetwynd., and Bertram, Spector. 2003). In actual activity, the economic issue is depending on many factors such as agriculture, industry, market, finance, labor force, human resource, investment, infrastructure, state's measure in private sector, law and other regulation...etc. If the government paying much attention on economic health by improving more structure for supporting economic growth and social welfare, strengthening law implementation, motivating investment, the economic will be in progressive. So, government is absolutely a main actor in the process of growing economic and poverty reduction.

3.3. Poverty in Cambodia

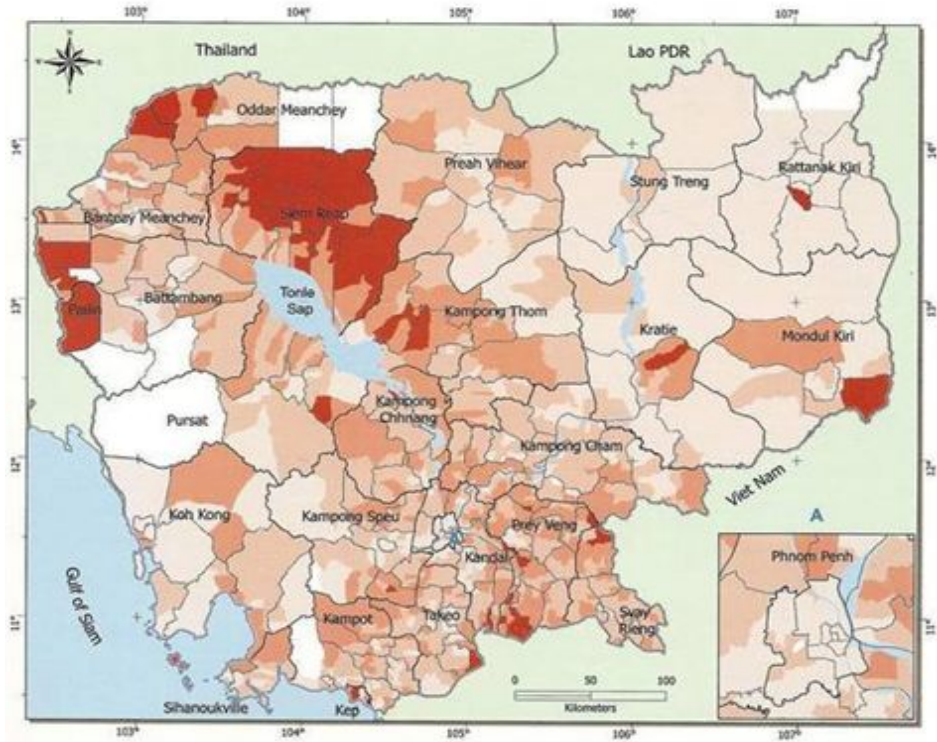
Cambodia is rich in natural resources, but also be one of the poorest countries in the world. There are 4.8 million of total people are poor, and 90% of them live in countryside relying on agriculture, 12% are landless and small amount is using the traditional ways in agricultural practicing with a low productivity. Two over tree of 1.6 million households face seasonal food shortages every year. They are also trying to look for work or other ways to earn more money but that way are usually temporary and poorly paid (IFAD. 2007).

The poor people include subsistence farmers, members of poor fishing communities, landless people and rural children, as well as internally displaced persons and mine victims.

The highest rate of the poorest people lives in rural communities in upper land areas. Most of them are insulated. They live in remote villages and communities far away from basic social services and facilities center. Many people have to travel more than 10 km to reach a health clinic, market and school, and others live more than 5 km from the road.

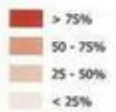
As review above, in general, poverty cause by many reasons and it is the same for Cambodia case. But, the result of poverty of Cambodia people in this last decade is not only a production of this age. We can review its cause from 1975, the year that the world called year zero, and so on.

Cambodia poverty Map



Legende

Armut in Prozent



Wasser

— Province Grenze

— Internationale Grenze

Province	Armutrate in %	Zahl der Armen in tausende (.000)
Banteay Meanchey	40,9	228,8
Battambang	26,4	198,7
Kampong Cham	12,1	190,1
Kampong Chhnang	44,6	179,9
Kampong Speu	18,2	105,3
Kampong Thom	29,1	158,9
Kampot	18,7	97,3
Kandal	18,4	192,3
Koh Kong	8,2	8,7
Kratie	38,6	97,8
Mondul Kiri	19,9	6,2
Phnom Penh	11,9	109,4
Preah Vihear	29,1	32,9
Prey Veng	53,1	493,6
Pursat	40,7	140,2
Rattanak Kiri	8,8	8,1
Siem Reap	53,7	356,8
Sihanoukville	34,1	50,4
Stung Treng	16,4	12,6
Svay Rieng	43,5	205,5
Takeo	15,2	117,9
Oddar Meanchey	39,1	24,5
Kep	49,0	9,6
Pailin	97,2	6,0

Source: SCW. Atlas of Cambodia: National Poverty and Environment Maps. (2006).

Cambodia have met the war many years ago remain a lot of problem such as less education, homeless, low economic growth, inflation and less investment and so on. All the problems cause Cambodia becoming a third world country. During the pol pot regime, a lot of high educated people were killed. Next, passing nearly 20 years of civil war remained millions of land mines throughout the country side, hidden and unexploded such as Siem Reap, Odor Meanchy, Battam Bong, Bontey Meanchy, Preas Vihea ...etc. Many Cambodian live in this areas, and it has become an obstacle to agricultural development.

After war, the percentage of Cambodia population growths is high contributes to poverty. This is because of lack of the understanding of birth control and the link of poverty. Too much population growth was increasing the percentage of unemployment. It makes the poor family become poorer.

Low education is also a cause of poverty. Education in Cambodia is still worst because of the lack of teacher, school, some school is too far away from the villager, and by the way, some family let their children working.

Since the majority of Cambodian people are destitute, they are not able to access to private healthcare frequently. So, they have to rely on the public healthcare, but the public health service is very limited. Based on WHO, Cambodian public health is among the worst in the world. The mortality rate of children under five was a lot higher than the rate in East Asia region. The primary causes of death for the general population are malaria, acute respiratory infection, tuberculosis, diarrhea and dengue fever. HIV/AIDS is also a main factor that contributes to low life expectancy among

Cambodian citizens. Life expectancy at birth is estimated at only 57 years, about 13 years less than the life expectancy average in the region.

Local saving and investment is a direct cause of poverty. Because Cambodian people are poor, it is hard for them to generate the savings that are needed for investment. This low rate of investment contributes to the low rate of economic growth. In other words, less investment leads to less employment opportunities and low income and will bring to poverty. But, if local investment is a direct cause of poverty, we can settle by just pushing foreign direct investment.

Reaching this point, we saw the most of the poor in Cambodia live in rural area and rely on traditional agricultural practicing with low productivity, and characterized by many factors such as high population growth rate, less access to public services including school and health services, and less access to economic opportunities and it also include war. The war create poverty is always true. However, the war is ended, but political instability is still a big challenging. This will result in poverty. So, if we talk about the cause of poverty in Cambodia, we also have to consider about the instability and war which has just ended and will be able to occur easily. War creates poverty directly and may be able to create opportunity for corrupt commitment which will impact on poverty in another way. So, we can assume that corruption is not the only cause of poverty. That must include war factor.

For the other factors beside the war, whether it is affected firstly by corruption then it turns to produce poverty or how, the next chapter will explain about that.

Chapter IV:

The Relation between Corruption and Poverty

The main purpose of this chapter is showing the relationship between corruption and poverty to answer the question: how does corruption aggravate poverty? To explain its relation, we have to put the variable “economic growth and governance capacity” in the middle. So, there are four variables in this thesis that include corruption, economic growth and governance capacity and poverty.

4.1. Model on the Relationship between Corruption and Poverty

Corruption, by itself, does not produce poverty. It has direct impact on economic and governance factors that in turn produce poverty (Eric, Chetwynd., Frances, Chetwynd., and Bertram Spector. 2003). The relationship between corruption and poverty is positive and indirect one, while economic growth and governance capacity has a negative correlation with corruption and poverty. It means the increasing of corruption will decrease economic growth and governance capacity and will increase poverty. Totally, this idea has provided two models for explaining the relationship between corruption and poverty that include economic model and governance model.

These two models are quite detail enough to answer the question

“How does corruption aggravate poverty?” As describe in chapter III, the poverty are affected by many factors such as low education, less access to health care, the growth rate of population, low household income, unemployment rate and other factors. Corruption impacts on such that factors first then it turn to produce poverty, but these factors are part of economic and governance context. Anyway, these models showing the indirect relationship between corruption and poverty by putting variable “economic growth and governance capacity” in the middle. This structure is very importance. It tell that, in order to reduce poverty, improving good governance and economic development, and fighting against corruption must be made in the same time. For further understanding, we have to study more on how these models translate and explain the answer of the question.

4.1.1. Economic Model

This model explains that corruption affects economic growth by increasing the entrepreneurs’ expenditure, distorting the rule of competition and discouraging foreign and domestic investment, and in the same time it also increases income inequality then turn to produce poverty.

It increases the entrepreneurs’ expenditure into two ways. First way, entrepreneurs and innovators require licenses and permission for starting and processing their business, or for import and export. The money paid for bribes will be count in the entrepreneurs’ expenditure. Second way, bribery also increases other entrepreneurs’ expenditure that also include entrepreneurs which support the other entrepreneurs, for instant, petroleum

company, electric firm, material producer for another production and transportation company. This cost will also be count in entrepreneurs' expenditure. In the business principal, the more expenditure the easier the firm is going to fail.

Corruption distorts the rule of competition. It narrows the access to the market, limits the number of suppliers and competitors, and may not treat the firm equally. For instant, corruption may create monopoly, allows some firms to produce or import goods without or low tax that will create an unfair price competition chance, give right to a firm to hold a public project without considering about each firms' action and expenditure plan, or sometime corruption allows one firm use the state power to limit the other firms' transaction.

It discourages foreign and domestic investment. Corruption automatically increases the cost of entrepreneurships, and creates an unfair competition environment. The serious and continuous corruption will distort the market perception then it will discourage investment from both foreign and domestic investors. The investors are thinking about net income. Net income involves in entrepreneurships' expenditure and number of goods been sold, or services been served. If the expenditure is high, the cost of goods or services will also be high becoming disadvantage in competition. Furthermore, if the competition environment is unfair, the sale expectation will be worst, the honest firm will be weaken and the new investor will be scared to joint or invest in such that market situation.

During such situation, income inequality is also a big issue. In simple word, income inequality means one person earn more or less than another. One person earns more or less than another based on their resource, knowledge, talent and also opportunity. These factors will create a general income distance, but what will happen if the distance is created by corruption.

Many tests found that corruption can also create income inequality. The tests reveal that countries with high income inequality have high levels of corruption, while the countries with high levels of secondary educated people and a high proportion of women in government positions have experienced low levels of corruption. Corruption creates permanent distortion from which some groups or individuals can persistently benefit more than others by using state capture and using government function in allocating and financing scarce goods and services.

Some researchers have argued that due to corruption, it will reduce economic growth and increase income inequality then aggravate poverty. It is parallel to a finding by a World Bank study in 2000 that lower levels of corruption are statistically correlated with lower levels of income inequality and in contrast, and the costs of corruption place more burden on smaller firms and this burden will be finally held by general people.

4.1.2. Governance Model

Some study uses the governance model for explaining the correlation between corruption and poverty. The governance model explains that corruption firstly influences governance factors, in turn, it conducts poverty levels.

Rhodes, R. (2006) defines the term governance focus on the extent and form of public intervention and the use of markets and quasi-market to deliver public services. So, governance model reveals that corruption has created state capture influencing all the factors relate to public service providing includes state income, government expenditure and narrow the access to public service. The outcome of this challenging will affect the poverty.

First, corruption influence state income: Government earns from many sources include fiscal income, government investment, public enterprise, government property renting or concession, allocating scarce resource, loan and other services. Corruption will reduce government revenue, for instant, corruption in tax collection department. As explaining in economic model, corruption will create an unfair price competition environment via allowing some firm to produce or import product with low or without tax. This challenging will not only influence on market atmosphere, but also the government's revenue. In government property renting or concession, the empowered person may give the right to hold economic concessive land with a simple bind, or rent public property in a very low price to their relative or to the person who can honestly give them bribe. The other sectors may also face to face with such that problem influencing the government revenue as a whole.

Government revenue is a main force maintaining the movement of state function or governance. If the government revenue is attacked, the state function will also be attacked and be also in contrast. Because the state function is sticky with government expense, while, government expense is relying on government revenue. This point is explained in the purpose of

showing the influence of corruption in the involvement of converting government revenue into public expenditure. World widely, general people are beneficiary from that public expenditure. If the government revenue mechanism is infiltrated, the general people will be affected the most. This is the characteristic of relationship between corruption and poverty explained firstly in governance model.

Second, corruption influences the process of public expenditure sharing. Corruption influences the process of public construction project on infrastructure system, irrigation system, school, hospital and other public construction, and other services providing such as education, health care, safety, justice, and other services in government revenue department described above.

Governance model explain that corruption attacks the capacity of government to deliver quality public services, and national stability by undermining the legitimacy of the political process. It distorts decision-making, resulting in the wrong projects, prices and contractors, substandard delivery, and promoting of corruption at lower levels. It diverts public investment away from major public needs into capital projects, lowers compliance with safety and health regulations, and increases budgetary pressures on government.

Officials who would be engaged in productive activity may divert talent into rent seeking, in which increasing returns encourage more rent taking. Rent seekers will pursue those projects for which rent seeking is easiest and best disguised, diverting funding from other sectors such as education and health. This relentless process will distort the composition of

public expenditure. Corruption will increase the cost of construction and lowers the quality of public infrastructure. In order to earn profit, the only way that the private sector will do is reduce the quality of public infrastructure. Funds for operations and maintenance are diverted in favor of more rent seeking activity.

Third, corruption will narrow the access to public service that includes education service, health care, safety, justice and other services. It is talking about corruption occurs especially in low-level bureaucracy who directly provide such that service to all the people. The bureaucrat who serves that service may create some trouble to ask for fee while it should be free. It will change the quality of measuring the education achievement. The poor won't be able to send their children to school, or their children won't be able to get a good result as their trying. It will distort the students' heart and believe. Some people may have to pay more money for private school for their kids and go to private clinic when they are ill instead of public institute that should be free. The poor will be faced with health problem, can't get a good education and can't find a good job. Furthermore, corruption will weaken the law implementation, and the poor will be affected the most and won't be able to get a juridical service. The more corrupt is the more poor people.

However, these two models just present the indirect positive relationship between corruption and poverty by putting other variables, economic growth and governance capacity, in the middle. Corruption doesn't have impact on all sections of economy or governance, but just some parts then it turn to affect poverty. Corruption doesn't have impact on all sections of economy or governance, but we can't discuss about relationship between

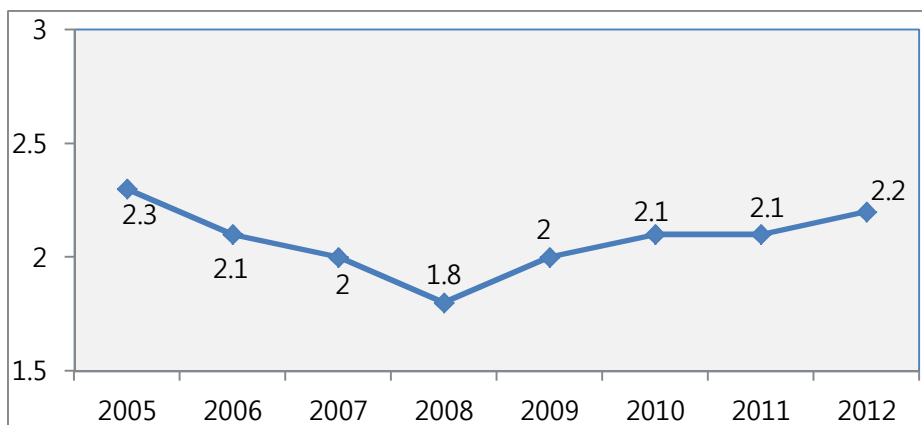
corruption and poverty without talking about economy or governance. We can shortly say corruption is a main cause of poverty, but we can explain it relate to economic growth or governance capacity.

4.2. Corruption and poverty in Cambodia

4.2.1. Trend of Corruption and Poverty

On Transparency International (TI)'s annual Corruption Perceptions, Cambodia is a very serious corrupt country in the world. In 2005 TI put Cambodia in the ranks 130 out of 158 and get 2.3 point and the score decrease every year to 1.8 in 2008 ranks 166 out of 180 country and increase from the point of 1.8 in 2008 to 2.2 in 2012 rank 157 out of 176 country. The higher score present the low level of corruption and the lower score present the high corruption. Cambodia has gotten the increasing score since 2008; however, TI still considers Cambodia as a very serious corrupt country because the score is still low and the rank is still high.

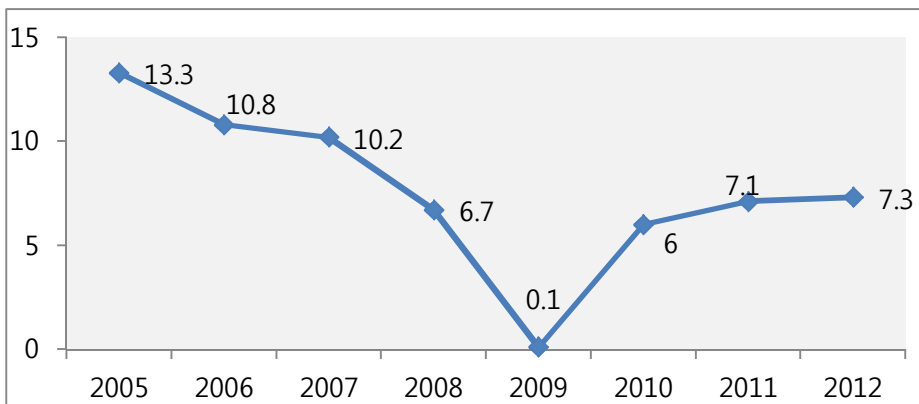
Figure 1: Corruption Perceptions for Cambodia



Source: Transparency International (2013).

Based on World Bank record, Cambodia economic growth rate has continually declined from 13.3% in 2005 to 0.1% in 2009 and increase to 7.3% in 2012. However, World Bank report that Cambodia's economy grew at almost 10 percent per year between 1998 and 2008. Although this remarkable growth was interrupted by the global economic downturn in 2008-09, Cambodia's GDP growth reached a four-year high of 7.1 percent. This growth momentum is expected to continue with projected growth rates of 6.7 percent in 2013 and 7.0 percent in 2014. It is driven by strong exports, private investment, agriculture, diversification, and a solid macroeconomic position.

Figure 2: Cambodia GDP Growth rate(%)

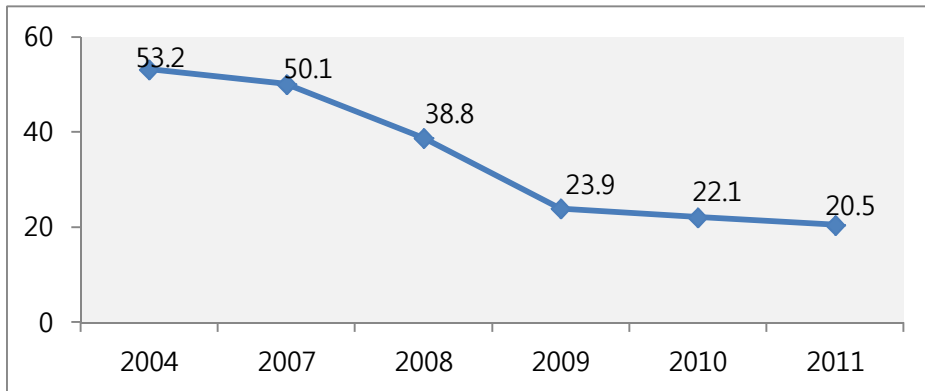


Source: World Bank (2013)

The rapid economic growth created employment opportunities which contributed to the decline in poverty headcount from 53.2 percent in 2004 to 20.5 percent in 2011. From 2004-09 Cambodia saw an even steeper decline in poverty rates. World Bank estimates suggest that Cambodia achieved the

Millennium Development Goal (MDG) of halving poverty by 2009. However, rural poverty remains a challenge, with 90 percent of the poor residing in the countryside.

Figure 3: Poverty headcount ratio at National Poverty Line (%)



Source: World Bank (2013)

Based on graph, corruption score is decreased every year from 2.3 in 2005 to 1.8 in 2008 and continuously increase to 2.2 in 2012. It shows that corruption status become worse and worse from 2005 to 2008 and get better and better from 2008 until 2012. It parallel to the changing of economic growth rate which is decrease from 13.3 in 2005 to 6.7 in 2008 and 0.1 in 2009 and continuously increase to 7.3 in 2012. While poverty is strongly decrease from 53.2 in 2004 to 23.9 in 2009 and slowly continuously decrease to 20.5 in 2011.

There is no record about the poverty ration in 2005, 2006 and 2012, but we still can calculate correlation by filling the blank with its average value.

After fill the blank, we found corruption has impact on poverty in the value 0.19 showing the positive relationship. Bases on data from 2004 to 2008, there are some confusing. The data show that, in the same time, corruption level had been increasing, but the poverty ratio had been strongly decreased while it should be a positive relation. The face, the trend during that period is not contrasts to ours discussion. Since the early 1990s, Cambodia has made progress in rebuilding its economy following more than two decades of war. Trade and investment flows have risen to unprecedented levels, supporting average annual growth of 6 percent. In 1997 and 1998 reconstruction and recovery were set back by renewed political instability and by the East Asia crisis; however, the renewed optimism that growth and recovery are resumed after the virtual end of the Khmer Rouge movement in early 1999 (World Bank, 1999). This recovery strongly contributes to poverty reduction. This is a reason explain about the strong decline of poverty rate before 2008. When the level of poverty become normal, the data clearly shows the relationship between economic growth and poverty follow the discussion. However, this data is just a notion and not yet enough to proof the discussion. To get clearer understanding, we go further into the deep of the society of Cambodia to see how corruption impact on poverty.

4.2.2. Corruption and Poverty Contextual Analysis

Based on global witness report, nearly 70 percent of the Cambodian people earn less than US\$2 a day and one in three children under five are

underweight for their age. International aid has propped up basic services in Cambodia for over 15 years and currently provides the equivalent of half the government budget. Yet Cambodia is rich in timber, minerals and petroleum and over the past 15 years, the Government has leased 45 percent of the country's land to private investors. What happened to these natural resources and where has all the money gone?

The most of civil society is trying to do study and research and proof that corruption in Cambodia is a systematic problem which has a very bad impact on the people's living standard especially the poor. There are some improvements on the actions against corruption, but corruption still stands in the tops of the list of new topics and it is the core problem in economic and social development for Cambodia. This is why fighting it should be a top priority for the country. The majority of the people fall into corruption as a receiver or as payer of a bribe. Corruption is systematic and it is a way of life. We don't need ask the question "who? Or how many people have participated?" because the most of the people are involved. If everyone is arrested and guilty according to the law, how many more prisons should be built in Cambodia? Unconsciously, this serious commitment will affect economic growth and governance capacity then turn to produce poverty.

As in theoretical view, corruption increases the entrepreneurs' expenditure, distort the rule of competition and discourage investment. Then it will affect employees' salary, increase unemployment, decrease the

households' consumptive ability, and finally it will create poverty. So, if corruption enters into the market, poverty will invisibly be reproduced.

As mentioned above, corruption increases the firms' expenditure, and the best way for the firm to fix this invisible expense is reduction employees' salary. In Cambodia, salary is a very hot topic bringing a very terrible problem to not only the employees but also employers and the government as well as the whole society. A good example for this point is garment industry representing 90% of all exports. At least 559 garment factories are operating in Cambodia, and employ more than 475,492 workers (CCHR. 2013). It is true that garment industry plays an importance role in international trade, strongly contributing to the growth of economy and bringing a huge number of job opportunities to Cambodian. But it may not be helpful because the workers receive only half of what they need to support their family. Garment workers often gather to protest to claim for an appropriate salary, but they rarely meet solution. There is no record, but civil society always believe that there is corruption—because garment factories' owners spend a lot for bribe, they can't increase salary for the workers; anyway, they don't need to care about or fear of protests because the bribe taker is their defenders. As a result, the workers are facing with losing their job, the factories' owners are facing with gain loss both honor and profit, and the government is facing with social and economic crisis, and the criticizing by the international community.

Table 2: List of garment factories operating in Cambodia

Location	Number of factory	Number of worker
Kampong Cham	5	3,453
Kampong Chhnang	7	12,946
Kampong Speu	28	36,097
Kampot	3	643
Kondal	82	81,719
Koh Kong	1	291
Phnom Penh	395	314,794
Siem Reap	2	68
Sihanoukville	16	11,255
SvayRieng	11	8,611
Takeo	9	5,615
Total	559	475,492

Source: CCHR. (2013)

Generally, corruption in business transaction is becoming a habit. Some people confirm that there is preparation for a norm of bribe. In doing business, the businessman needs to have licenses from different governmental branch and local authority. No one ask you for bribe, but you have to think yourself about the time spending in waiting because the process has to across many steps. So, you will have to pay for informal services or pay for private agency for just asking a license. The process of asking business license is becoming another business. Many people earn much money by serving this

service. The agencies who process the step faster will become the winner, and the more businessman who need business license will come to them. But, this advantage creates another corruption. To perform faster and cheaper the agencies have to provide a permanence bribe to their system or they have to bribe to cancel some step. It sound great for the one who earn from that situation, but it seriously affect the will of the businessmen who is in the process and will create a bad information polluting the investment environment.

In the process of import and export, the corruption is also seriously committed. The time and process of asking trade license and certificate of origin, goods inspection and cam-control, bill clearance are current involving corruption where the bribe are made.

The garment factories generally pay a lot of unofficial fee for these transactions. They additionally need to have Certificate of Origin (CO) from the trade preference department of Ministry of Commerce. Department needs to inspect goods before issuing the above certificate. During the inspections money regularly exchanges hands and half of which is hidden costs. Then they have to transport container full of finished garment back to the seaport where they have to pay more for additional inspection. All cargo that is neither sealed nor pre-inspected is submitted to a routine x-ray scan, after which a decision is made whether or not to inspect the shipment. All goods taken out of the port can be re-examined at the gate (World Bank. 2004). All of this activity is petty corruption. Grand corruption always includes in this transaction too. The businessmen sometime give bribe to keep the high rank

officer or politician in their-side to protect them. It always hides behind and empowers the bad businessmen.

This informal payment will increase the entrepreneurs' expenditure. No doubt, the entrepreneurs will sump this amount of payment into others expense account. To create balance in business traction, the firm may reduce other expense especially employees' salary or increase the cost of product or service which will bring the firm not only the terrible problem as protests in garment industry but also the competitive disadvantage. In the real situation, most of the firm can survive strongly, but the new comers may not wish to joint in such that atmosphere. Recently, the World Bank's report revealed that the pervasive corruption, a suffocating bureaucracy and weak law enforcement are crippling the growth of private business, rending them uncompetitive globally economy. Roughly, 80 percent of 800 firms surveyed in the report acknowledged that "the necessity of paying bribes," which eats up an averages of 5.2 percent of total sales revenue. The report is also mentioning "Trade facilitation practices in Cambodia stand out in having high official and unofficial costs, delays, uncertainty and discretion. In addition to corruption fees, the report found, firms also pay in time wasted through bureaucratic delays. The complaints of businesses regard overlapping and time-consuming government.

Companies with links to senior officials also always bring some problem in the business transaction. The problem was found when there is interference by the government into the business transaction especially when

there is a serious competition among private firm. Usually, this interference was critic by the people who benefit from that competition. The potential firm sometime was shocked and disappointed with that situation because it is unfair.

A majority of firms doing business in Cambodia identified unfair or informal competition. They confirm that some competitors are conspiring to make them in unfair and difficult situation in competitions, such as limit of their access to market and suppliers, competitors, some perceived that the government does not treat firms equally. Finally, corruption becomes focused on the highest bribe, thereby denying the public advantage of a competitive marketplace (UNAFEI. 2010).

Corruption distorts not only the local market but also pollutes the investment environment and becoming a big challenge for investors thinking before deciding to invest in Cambodia. The outlook survey of 475 senior US business executives in the region meanwhile was a mixed bag for Cambodia. Companies already operating here were generally optimistic, businesses considering a move here were less sanguine. However, 81% of respondents identified corruption as their key worry (PENH PAL. 2013).

Corruption also undermines the credibility of works against good governance. It creates significant losses of revenue for the state, causes major misallocation of scarce resources and narrows the entrance to public service.

It provides benefit to a few potential officials at the expense of million people. Very often the poor are the victim of the corruption.

In tax system especially in customs system, corruption are made in two different ways that include direct – convert the amount of customs to be bribe, and indirect way – using the step in customs clearance to create bribe. In direct way, the customs officer and the importer cooperate with each other to convert some amount of tax require to pay to be nothing and each parties is going to get the dividend from that amount generally the same percent (50% for each). Based on anonymous source, some kind of imported goods can be reported as donated goods with no need pay tax, for instant, shoe, t-shirt, glue, ball or some other supplies and equipment for using in the sport purpose(Civil Servant. 2011). Some goods are reported as second-hand goods with lower tax than the original goods, for instant, to import 1000 pairs of shoe the importer can import two times, each time they import one side of each pairs, with lower tax(Customs officer. 2011). Another strategy is that the importer report the amount of imported goods less than the real amount, for example, the number of imported goods is 1000 units but they report the goods for paying tax is only 500 units. The amount of the tax need pay for another 500 units, generally, has been clear and share between customs officer and the importer. Both parties can earn their own benefit and everything has been clear smoothly(Businessman. 2010).Indirect way is the use of the process of custom clearance to ask for or force to bribe. In the process of customs clearance could be imposed substantial delays and great variation, and hence

unpredictability. On average, firms report that import take 6.5 days and great variation, exports take 4.5 days. However, this timing is variable. For Customs purpose only, clearance at the port of Sihanouk Ville involves twelve steps which mainly consist in visiting, and sometimes repeatedly. During the clearance, importer must see customs headquarters once, the chief of customs at Sihanouk vile twice, the chief of port customs twice and his deputy twice; two different positions are responsible for affixing stamps on the declarations. Each step may involve long waits and negotiations (UNAFEI. 2010).Based on this two ways corruption, millions of government revenue was loss.

One of the most tangible ways in which poor people feel the impact of corruption at a local level relates to their ability to access essential social services, such as education, healthcare services and legal aid.

There were a lot of stories told about the prevalence of this petty corruption and the need to pay bribes for children to attend school, obtain a successful grade and progress to higher levels. This is seen as one of the most serious corruption's consequences, as it endangers the longer-term life opportunities of the younger generations. And so for, corruption frequently spells an end to the poorest families' education as students can't progress unless they can pay to secure good grades in their exams. Ability to pay becomes a measure for measuring the education achievements. Sothear, a high school student at grade 12 describe that "corrupt payment to receive better grades is very common especially in grade 9 and 12 where the students need good grades to continue their education. He explains that when we have a test

and finish the test, the teacher will ask us to put money inside the exams-paper. The amount depends on how good you want your marks. At the end of the year the teacher looks at all our monthly tests and gives us final grades. The teachers use different expressions to ask for money. Some say “if I do not get money from you then how can I live when I have such a low salary?” Some say “you need to pay money to me for the paper for your test otherwise you cannot take the test.” This is a big problem for students who has no money and for the one from rural areas (Nissen, Cristine J. 2005). The poor will drop out of school and will become poorer. “My children go to primary school, and they have to pay 5 Baht every day to the teacher. My oldest son was in Grade 6, but he has stopped going to the school now because I cannot support him”(UNAFE. 2010). One woman explains that the children often do not attend school because they can’t follow the class or because the family can’t afford to pay to have them in school, or pay for their snacks there (Nissen, Cristine J. 2004). This is common practice for the poor in Cambodia, Ms Mon explains, because then there is one less mouth to feed. The son is sixteen years old and studies in sixth grade. She has three other children, but they do not attend school. She says she cannot afford to send them to school because they would have to buy something to eat at the school, sold by the teachers. Her three children would each spend 200-300 Riel a day, a total of 700 Riel which she does not have.

In the public health service providing, corruption also seriously occurs and do hurt the poor. When the access to public health care has barrier, the life of the poor will meet trouble. General people argued that there is no

transparency and careless if there is no gift. This argument can be seen actually in the manner of a nurse or doctor in treatment and the quality of medicines the patient are likely to receive. Money or personal contacts will ensure much faster appointments. Consequently, without money to bribe, people may not be attended to at the local public hospital, or may have to wait in long queues for many hours. Those who are seen are frequently treated with contempt or disregard, and they may not receive the necessary medicines or attention that they need, having a detrimental effect on their health. Instead of public health center, people decide to go to private clinic where they have to pay more, but talk able. “Ms Mon who live in a poor family in Kompot province explained that she went to the referral hospital with the child, but since she only had 25,000 Riel she could not get him treated—the cost was 40,000 riel. At the hospital, they said that the child was difficult to treat. They said that because I did not have any money, they did not want to treat him. Instead, she consulted the private clinic where she did not need to pay the money up-front and could pay back little by little, or pay in kind by working there(Nissen, Cristine J. 2004).” For this reason, most of the patients choose to consult private clinics instead, but it is the same people in the private clinics that also work in the hospital.

In employment sector, generally, job are provided base on candidate qualification and job requirement. If the job is provided unfair or showing inappropriate, the people will think there is corruption or nepotistic. No one said that he or she used to give or receive bribe, and there is no one dare say that person is corrupt except the one who lost benefit from that bad manner.

The obstacle in employment sector is worst. It has direct relationship with household expenditure. One young woman explains that she wants to get a job to earn money for her family. But to get a job in the first place she needs money to pay a bribe. Money which she does not have, she explains “I cannot get a job because I have no money to get a job. I cannot get a job because I am a woman.” Another young woman adds “I cannot find a job; I have finished high school but need to pay bribes to become a teacher. I cannot afford that”(Nissen, Cristine J. 2004). This situation has created disappointed feeling for the poor. Some older women reveal that there is general agreement that there is no reason for the children to attend school, especially the girls, because they are poor and will not get a job anyway, even with an education. It is a reason weakening the institutional function because the staff who are selected is not the qualify staff, and also motivating the one who just get job willing to commit corruption because they give bribe to get a job. So, they have to ask for bribe to fill what they have spend. It has the same impact in the private sector, and the poor always be affected the most.

Another consequence of corruption concerns the ability of poor communities to access legal aid. In many of the communities, the reality reported was that there is little respect for the rule of law. A knock-on effect of the failures in the formal justice system is an escalation in the levels of crime and insecurity. With the absence of any official deterrent to crack-down on crime, local communities resort to their own methods for administering retribution and justice. As fear and suspicion become paramount, people lose trust in one another, including their own neighbors and kin. Some people are

adopted with this situation. There is witnessed at the police stations or in the courts explain that for those who pay their case will be guarantee to deal with favorably. In some cases, it even appeared as though police officers were out looking to create trouble, arresting people on the streets and demanding payment for their subsequent release. For women, the implications can be particularly threatening, as money may not be the only favor that is demanded of them.

One important area where corruption denies people access to justice is land ownership. This means poorer people may end up in a very precarious situation. This issue was particularly prevalent in Cambodia. The poor people with no money will lost their land to powerful and rich person and this perception are becoming a norm in people thinking, however, it is not always true. Between the poor and the rich, the bad and the good people are staying in both sides. But the number of the poor people is generally much more than the number of the rich people and there is the same number if we talk about the people who lost the land. Anyway, the poorer losing their land, the stronger they struggle to fight to get their land back. Furthermore, the weakness of juridical system leave the opportunity to the small amount of bad person to earn benefit from that sector and distort the society as a whole, make the people living in fear and remain a very appropriate reason for all kinds of people who lost their land to claim for justice. Ms Mon said that after the end of the Pol Pot regime in 1979 her family live with her mother who owned a land by the seaside in Kompot province. In 1990, her mother sold the land because they were afraid of losing it to powerful people “We were afraid

that if we did not sell the land, then they [district chief] would take the land for free. We are afraid because they have power. They, district chief, just said that if we did not sell, they would take the land anyway. However, if we agreed to sell we would get a small amount of money to buy things to eat. Also we would be able to stay here until they need the land.” Several of their neighbors lost their land without compensation and sometimes the army would intimidate a family into moving away from the land they owned. The family did not dare to take such a risk. They stayed on the land after it was sold, guarding it for the new owner without paying or being paid. Three months ago the new owner told them to move away. He had sold the land to someone else(Nissen, Cristine J. 2004). Sometimes the rich people will come here and purchase a small piece of land – but then they will take a bigger piece of land than is rightfully theirs. The poor people may dispute this, but if they go to the authorities, the people with more money will simply pay something to them – and so they get the land. The poor people cannot pay bribes, and so they cannot do anything about it(THEARFUND. 2010).

Even in the processes of making land certificates, there is also a proof of having corruption. The authorities will ask for much more money than is set out by the law. If you try to dispute this, you will have to wait for a long time, or they will not make a land certificate. The poorest people cannot pay this money, so they don't have any land documents and they live with uncertainty.

There are two sensitive issues emerge from this kind of corruption include the losing land of the farmer and natural disaster.

One of the most terrible issues is economic land concession (ELC). Cambodia government has transferred more than 3 million hectares of land to 367 private companies in the form of economic concession (Open Development, 2013). This concession strongly contributes to economic development. It has increased agricultural production such as rubber, sugarcane, rice and others, and also created thousands of jobs. However, it has disadvantage more than advantage. Working in such that field gets a very low salary. Furthermore, concession land proving, involving corruption, doesn't follow the procedure affecting a huge number of farmers. As record, it is affecting more than 700,000 people (The Wall Street Journal. 2013). 90 percent of poor people live in rural area relying on agriculture. So, land is their life. Without land, they can't survive. The farmers usually gather and demonstrate to get their land back. The most of such cases, the farmers are lost both land and time as well as facing with suppression. Because the company or individual who receive concession land and leave such bad story behind are relevant to corruption or have defenders as high rank government officers of politician. In blood sugar case, at least 75,000 hectares of land has been provided to a sugar company for the production of sugarcane. 12,000 people have been forced off their land to make way for this development (RUOM. 2013). Instead of losing their land, people can work with that company without another choice for only about \$1.5 per day. Living without land and with low income also force their children get out of school (Agence France-Presse. 2012). We can say economic land concession without following procedure or with corruption will hurt hundred thousand of poor people.

Table 3: List of Economic Concession Land

Location (Province)	Number of company (Concessionaire)	Land Area (Hectares)
BanteayMeanchey	3	309,000
Battambang	5	26,409
Kampong cham	5	9,134.6
Kampong speu	30	170,599
Kampong thom	28	129,756.1
Kampot	6	39,672
Kep	4	77
Koh Kong	25	184,515
Kratie	61	284,219.09
Mondulkiri	38	233,902
Oddarmeanchey	29	118,177.01
Phnom Penh	3	322.71
PheahVihea	25	188,738.38
Preah Sihanouk	23	42,628.15
Pursat	4	11,302
Ratanakiri	33	244,916.51
Siem Reap	10	46,210
Stung Treng	15	558,466
SvayReang	1	1,200
Kandal	1	2,572
Other	18	499,965
Total	367	3,101,781.55

Source: Opendevelopment.(2013)

Corruption in economic land concession and forest conservation has also given another opportunity and power to dealers to commit illegal logging. Some companies which get concession land from the government can firstly enjoy with wood business on the land without or less controlling. It rarely sees the government crackdown such that case. Such as the case of Hoang Anh Gia Lai Group and the Vietnam Rubber Group (VRG), the London-based environment watchdog Global Witness has accused these two Vietnam companies of being involved in deforestation activities on more than thousand hectares of land in Cambodia, but local authority has voiced their support for the companies (Tuoi tre news. 2013). Bribe taken by forest conservative agency (individual agency) is also a main cause of deforestation. Sometime, we can't accuse them of taking the bribe because of forcing. They are forced to think about their family's expenditure and risky in their career and safety. Chut Wutty director of the Natural Resource Protection Group (NRPT), was shot and killed in a car after he refused to hand over his camera's memory card to the policeman (The Diplomat. 2012). Whatever, deforestation is found as a very serious cause of natural disaster. The weather always changes from year to year. Cambodia was known as a very safe place with less strong natural disaster, but it is changing especially the flood. In these last several years, the flood always occurs and becomes more serious, and it affects especially the farmer. As this year (2013), the flood has brought the misery of losing of livestock, destruction of crops and property affected 1.5 million people and displaced 70,000 families (Live Wire. 2013). Corruption is the cause of this misery.

So, it is true that corruption aggravates poverty by weakening the state's function, narrow the access to public services, distort market, pollute the business atmosphere and discourage local and foreign investment.

Chapter V: Conclusion and Discussion

The main objective of this thesis is to understand the characteristic of corrupt commitment and its impact on poverty in Cambodia in attempting to help improving the policy to fight against corruption and reduce poverty in the same time.

As found in this thesis, corruption is truly a serious kind of virus twisting economic growth and weakening the governance capacity, and will affect general people especially the poor. Corruption is truly affecting the economic growth by polluting the investment environment, increasing some unexpected cost in business transaction and creating unfair competition which add more burden to the poor. Corruption has also swallowed government revenue creating more pressure to government budget especially the budget for public services. Furthermore, corruption has also reduced access to public services by creating more fees while it should be free, increasing time spending in waiting, and discrimination. Most of the poor can't access to public health care, get a good education and find a good job then the poor will become poorer. In 2012, TI ranked Cambodia as a very serious corruption country in the world, but in the same time World Bank declared about the harmony of economic growth contributing to the decline of poverty. It is the yearly report or report base on average value. If we compare year by year, we will see that poverty is decreasing while corruption has been reduced. So, corruption does have impact on poverty.

However, corruption occurs and spreads in the periods of economic

growth especially when there is opportunity for investment in natural resource, in intensity factor, infrastructure or construction, but this investment opportunity also contributes to poverty reduction. In whatever situation, investment will bring job opportunity playing an importance role as a mechanic makes the people living condition become well. This perspective doesn't mean the growth of economic will produce corruption. We can say the growth of economic will provide the opportunity for corrupt commitment then it becomes a barrier of economic development and the declining of poverty rate. When the economic is growing, ability to pay bribe also increase and if the bribe takers are willing to take it with low risk then corruption will fastly spread. This view points out this case occurs only especially in developing countries because developed countries strongly implemented the law and regulation creating a very high risk for bribe taking. So, law and others regulation implementation is a key policy for fighting against corruption in whatever countries. Furthermore, policy for supporting, creating and cleaning investment atmosphere also requires implementing simultaneously with the law and regulation enforcement.

Corruption is a main cause of poverty, but poverty is also affected by many other factors not relevant to corruption such as war, less potential for growth and less talent and struggling...etc. War is a main and very direct cause of poverty. It destroys everything such as infrastructure, human resource and as well as natural resource, and will bring people to be automatically poor. Lacking potential for growth, it refers especially to the lack of natural resource. But, natural resource is just a part for development happening

unavoidable. The talent and struggling is an important catalyst for growth; as Korean done to bring the country to reach a very high economic development without depending on natural resource. In this part, maintaining political stability is the first requirement to stabilize the progress of every sector, and provide an opportunity for using talent and struggling to develop, and it is better if there is a high potential for growth.

This thesis also proofs that corruption has direct impact on both governance capacity and economic growth then it turns to produce poverty, as describe in chapter IV. The face, the involvement of politician or civil servant in corruption is the main problem. We can explain that corruption increase the entrepreneurs' expenditure, distort the rule of competition, discourage foreign and domestic investment, swallow the government fund and reduce access to public service, but it is a result of corruption committed by civil servant or politician. So, it is enough to mention only on civil servant or politician when we are talking about how to set program to fight again corruption.

Stopping civil servant or politician from corruption is enough, but how to do that is not easy. The difficulty is not only the result of lacking of policy and implementation to fight a gain it, but also the recognizing and accepting. There are many experimental principal and policy successfully implemented in many countries in fighting against corruption such as Korea, Japan, and other Asian countries. The policy includes monitoring corruption in public service providing, catching a main player, reducing corruption in taxation, e-government and privatization.

Monitoring public service providing attempts to reduce incentive for corruption commitment by catching and punishing civil servants who take bribe or ask for bribe. The serious control and catching and punishing will remind the civil servant to see taking bribe as high-risk and low-incentive not low-risk and high-incentive.

However, this strategy must apply with merit base system by starting from recruiting and selecting a clean civil servant and promote them base on fairness and merit but not on patronage. Cash and non-cash benefits are also very importance for compensation. As we know, low salary is a main cause of corruption. So, raising salary is really very necessary. Raising salary is meaning less for fighting against grand corruption, but it really effective for reducing petty corruption. Anyway, raising salary also contribute to social and economic development.

The next step is catching the main player. Most of corruption activity, generally, can't be reduced cause by protection. The protector, senior officials or politicians, always interfere in corruption investigation. Thus, prosecuting the high rank officers or politician is the best way to fight against both petty and grand corruption. Furthermore, this strategy also adds more advantage by frightening others bureaucrat.

Corruption in taxation is the main cause of damaging the government budgeting resulted from interaction between taxpayer and tax official. The best solution for this issue is using information technology (IT). IT will reduce transaction costs and time, create transparency and trust and easy to control. Information technology is very effective not only for fight against

corruption in taxation but also for a whole government. The term e-government was often used. E-government creates efficiency and transparency in public transaction, raise strong partnership between government and private sector, central government and local government as well as erasing opportunity for corrupt commitment.

Privatization is also a good strategy for reducing opportunity for corruption. Private sector will operate in ethical way and less corruption. Anyway, government can also exercise power to defend interest.

The implementation of this policy should be inserted simultaneously and fairly. The e-government should be start while there is understandability about how to access and drive the system; civil servant will work hard without taking any bribe while there is strong law enforcement and also suitable salary, and so on. However, social participation is also importance. Freedom of information is an effective instrument encouraging a whole society to joint in fighting against corruption together. It will allow people dare speak about the seriousness and bad impact of corruption as well as report who commit it into the mass media. It can be a very effective system for observation and a court for society critic or blame individual or group who commit corruption.

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국문초록

캄보디아의 부패가 빈곤에 미치는 영향

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본 연구는 캄보디아의 사회적 맥락 속에서 부패가 빈곤에 미치는 영향에 대해 탐색해보고자 했다. 이를 위해 두 가지 연구질문을 제기하였다. 첫째, 캄보디아에서 가장 심각한 유형의 부패는 무엇인가? 둘째, 부패가 빈곤을 어떻게 양산하는가?

모든 유형의 부패는 사회와 경제발전을 위한 제도를 약화시키는 심각한 사회적 병폐이다. 부패는 국가운영 메커니즘에 스며들어 공격하는 나쁜 바이러스와 같다. 첫째, 부패는 사람들로 하여금 무의식적으로 그리고 나중에는 자동적으로 그것을 즐기도록 한다. 또한 둘째, 부패는 부정부패한 자들을 보호하기 위한 시스템을 만들도록 강요하고 나아가 다른 사람들을 관여시키도록 한다. 끝으로 부패행위는 사회전체에 해를 입히는 심각한 수준의 시스템으로까지 발전하게 된다. 비록 부패에 가담하고 그로부터 재산을 획득하게 되는 사람이 소수일지라도 이것이 심각한 영향을 미칠 수 있으며 그로 인해서 수많은 가난한 사람들이 부패의 영향을 받을 수 있다.

그러나 부패는 빈곤에 직접적인 영향이 있는 것은 아니다. 부패가 빈곤에 미치는 영향은 두 가지 모델로 설명할 수 있는데,

경제 모델과 거버넌스 모델이다. 첫째, 부패는 경제성장에 직접적인 영향을 미치며 또는 거버넌스 역량에 영향을 미치게 되고 이것이 빈곤을 양산하게 된다. 일반적으로 말하자면, 부패가 증가한다면 경제성장과 거버넌스 역량이 줄어들 것이고 부패가 증가할 것이다. 반대로 부패가 줄어들 때, 경제성장과 빈곤감소에 기여할 것이다. 많은 사례연구들이 캄보디아의 부패가 심각한 수준이라는 것을 지적했다. 이로 인해 특히 농촌지역에 사는 가난한 사람들이 많은 영향을 받았다. 부패는 정부의 기능을 약화시키고 공공서비스에 대한 접근을 어렵게 하며 투자환경이 악화시킨다. 국제투명성기구가 지적한 바와 같이 캄보디아는 심각한 부패국가이고 이것이 빈곤감소 전략에 강하게 영향을 미치고 있다. 그러나 최근 투명성기구의 부패지수를 보면 캄보디아의 부패가 줄어들고 있는 추세이다. 동시에 세계은행 역시 캄보디아가 지속적인 경제성장을 이루어서 빈곤이 감소하고 있으며 새천년개발계획 목표도 달성하고 있다고 밝혔다.

전체적으로 캄보디아는 경제성장과 빈곤감소를 이루고 있는 중인데 이는 캄보디아 정부가 부패는 경제발전과 법치주의, 민주주의, 사회안정의 장애물이며 빈곤의 주요한 원인이라는 점을 인식하고 부패를 줄이려고 노력했기 때문이다. 그렇지만 여전히 수백만 명의 사람들이 부패로 인해 어려움을 겪고 있다.

주요어: 부패, 빈곤, 경제 모델, 거버넌스 모델

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