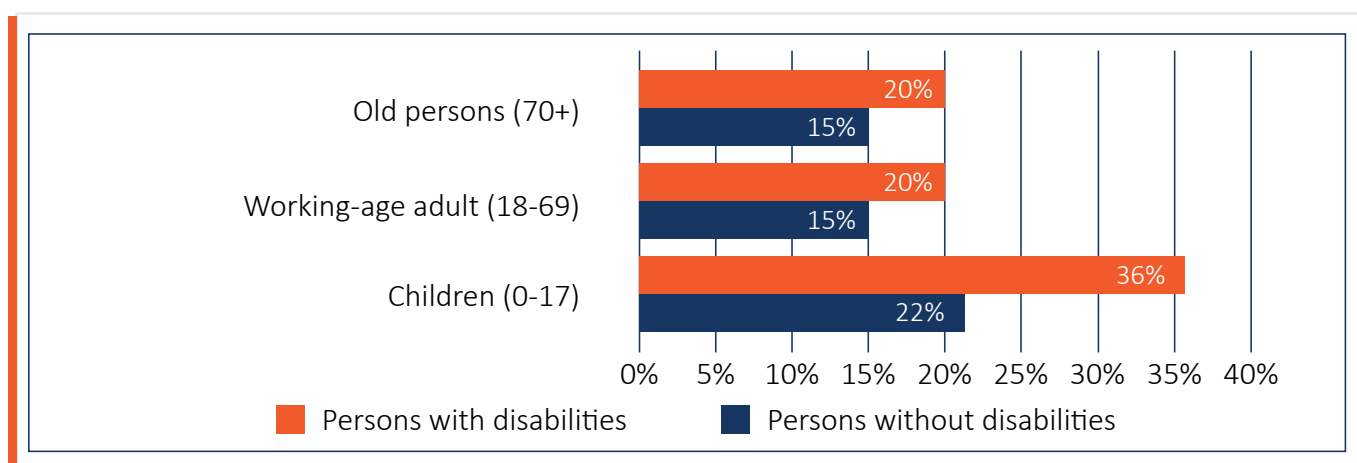


# The additional costs of disability in Cambodia: implications for the design of social protection schemes

## 1. Introduction

**Persons with disabilities are disproportionately represented amongst the poorest members of Cambodia's population.** Overall, the national poverty rate (2021) among persons without disabilities is 17.5 per cent while it is 21.1 per cent among persons with disabilities . The Cambodia Socio-Economic Survey (CSES, 2019) established that 26 per cent of persons with disabilities are in the poorest quintile of the population, while only 13 per cent are in the richest quintile. The greatest difference in poverty rates between persons with and without disabilities is amongst children aged between 0 and 17 years.

**Figure 1: Proportion of persons with and without disabilities living below the national poverty line, by age groups**



Source: CSES 2019

<sup>1</sup> This is based on then national poverty rate produced by the RGC in 2021, refer World Bank <https://www.worldbank.org/en/country/cambodia/overview> (accessed 10th September 2022)

<sup>2</sup> CSES, 2019.

<sup>3</sup> CSES, 2019.



**Households that include persons with disabilities in Cambodia experience lower standards of living, on average compared to other households.** The average per capita daily consumption of households including persons with disabilities was KHR 14,900 (US\$3.70) in 2019, compared to KHR19,300 (US\$4.80) of households without persons with disabilities.<sup>3</sup>

**However, because of additional ‘disability related expenses’ the actual economic situation for persons with disabilities and their households in reality is much lower** than is suggested by the consumption figure and poverty rates.

**When designing disability-inclusive social protection systems, it is important to take into account the additional costs of disability** so that persons with disabilities enjoy equal opportunities with other members of society.

## 2. The concept of disability-related costs

**Persons with disabilities experience two main forms of additional costs:**

- i. **They are often required to purchase items and services that are specific to their disabilities** for example, assistive devices, rehabilitation, care needs and medicines
- ii. **When purchasing goods and services which are also used by persons without disabilities, persons with disabilities can incur extra costs**, for example, a person in a wheelchair may find it impossible to travel by public transport and, as a result, may have to use a more expensive taxi, and /or pay for an assistant to accompany them.

### Box 1: Additional costs to access essential health and other services – the experience of women and children with disabilities in Cambodia

A qualitative enquiry undertaken by ACCESS (2022) established that most (22 of 29 interviewed) women with disabilities have to ask for money from either their husband, parent, or siblings to visit health care or other services. The women reported that if they had their own money, they would be able to access healthcare more readily.

*“It is difficult to find someone to accompany me to the Physical Rehabilitation Centre (PRC). I have brothers and sisters, but I have to pay them money [to take me there].” (Interview with a woman with disability)*

*“Family members are happy to send their children to the hospital the first or second time. But when they realise how much money they have to spend, they won’t refer them again.” (OPD representative)*

**These additional expenses that are incurred reduce the standard of living** when compared to other households with equivalent incomes and consumption.

**Women in the household and particularly women with disabilities often experience additional barriers to accessing income and in making decisions on household expenditures.** This reduces the agency they hold to make decisions about prioritising services and purchasing items that they and/ or their children may need.

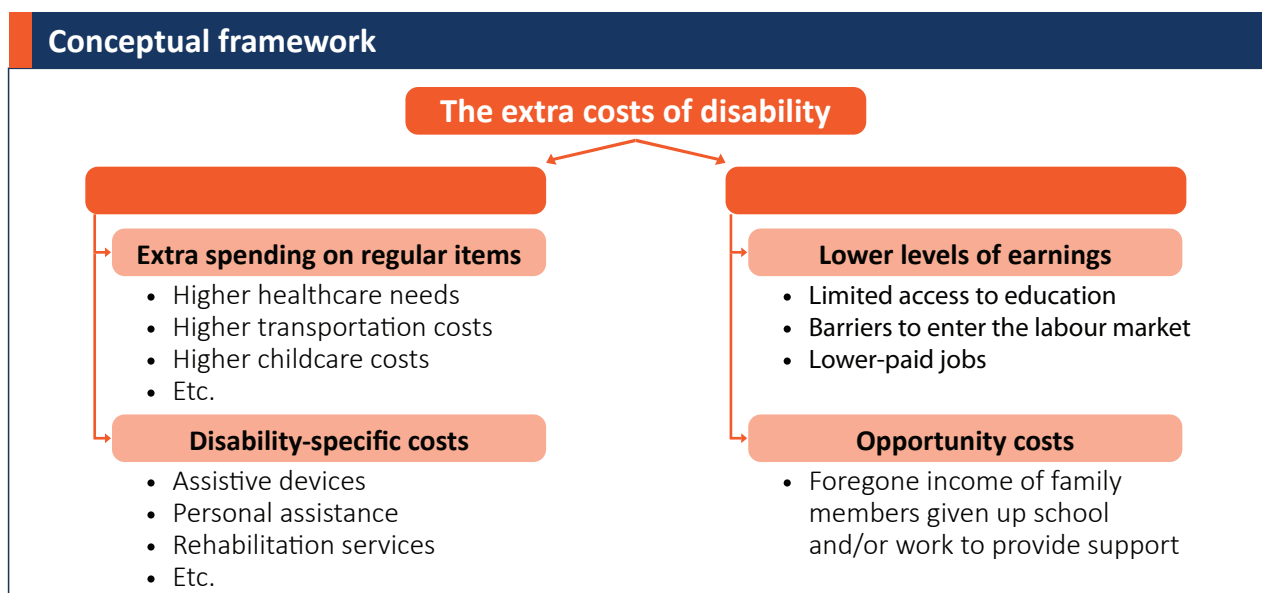
*“Of course, in the family, women and children with disabilities are not treated very well. They’re often discriminated against. And other family members feel that they are a burden. Because of them, they lose an opportunity to make a living, have a business, and work, because they must care for family members with disabilities.” (OPD representative)*

**The conceptual framework** (Figure 2.) shows the types of costs incurred by persons with disabilities and households where persons with disabilities live, compared with individuals and households without disabilities.





**Figure 2: Conceptual framework - the extra costs of disability**



**International evidence indicates that these additional costs can be considerable.** In some countries, the additional costs have been estimated at an additional 10 per cent of household consumption while in others, they have been estimated at more than 50 per cent.<sup>4</sup> Further, these are average costs: individual households may have disability-related costs that are much higher.

**To enjoy the same standard of living as other households, households with persons with disabilities require additional income.** Therefore, when two households have the same per capita consumption, the household including a person with disabilities will have a lower standard of living because a proportion of their consumption covers their disability-related additional costs. Additionally, many people on low incomes are unable to afford the additional costs associated with their own disability or that of a household member, which then adversely impacts on their quality of life.

**Box 2: The Standard of Living (SOL) approach for calculating additional costs of disability**

The SOL approach is based on the concept of compensating variation, and estimates the additional resources required for a household with a member with disabilities to reach the same standard of living as an otherwise similar household without a member with disability. The additional cost of disability is then expressed essentially as the additional income required in relative terms for households with members with disabilities in comparison to similar households without members with disabilities to attain the same standard of living.

**One consequence of disability-related additional costs is that the poverty rates for households including persons with disabilities are underestimated** unless they are adjusted to take into account the extra costs.

### 3. The additional costs of disability in Cambodia

**Secondary analysis of demographic and socio-economic data in Cambodia provides evidence of significant direct and indirect costs for persons with disabilities and their households.**

#### Evidence of direct costs:

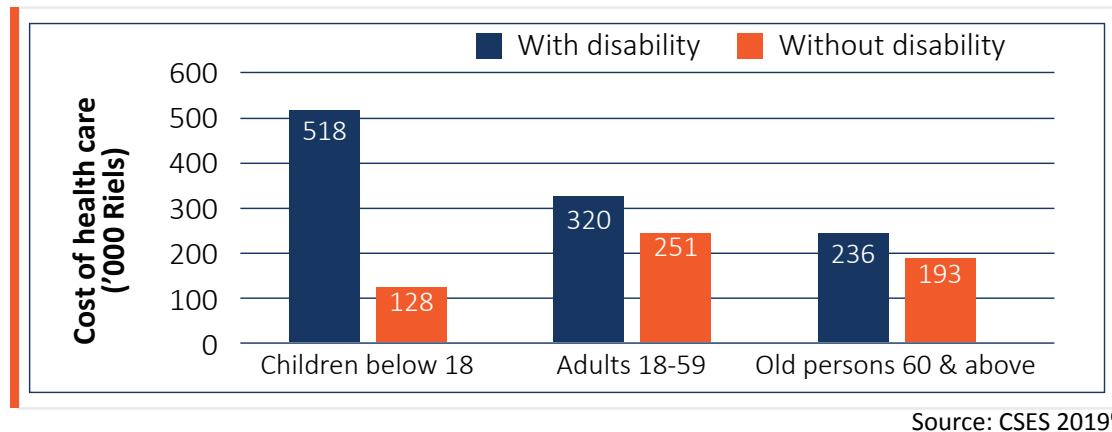
**Children with disabilities in Cambodia are more likely (16 per cent) to be ill than their peers without disabilities (8 per cent).** The type of illness or injury is likely to be more serious – for example only 1 per cent of children without disabilities experienced a severe illness or injury compared to 7 per cent of children with disabilities. (DHS, 2014)



**Persons with disabilities spend on average 39 per cent more on healthcare** (treatment and transport) than persons without disabilities (Figure 5).

**Persons with disabilities of working age are more likely to be ill**, which can also affect their ability to earn an income: in 2019, 41 per cent of working-age adults with disabilities had experienced disease or injury in the past 30 days compared to 12 per cent of adults without disabilities. Women, at 47 per cent, were more likely to be ill than men, at 36 per cent. (Census 2019)

**Figure 3: Comparison of average monthly health costs between persons with and without disabilities by age group**



#### Evidence of indirect costs:

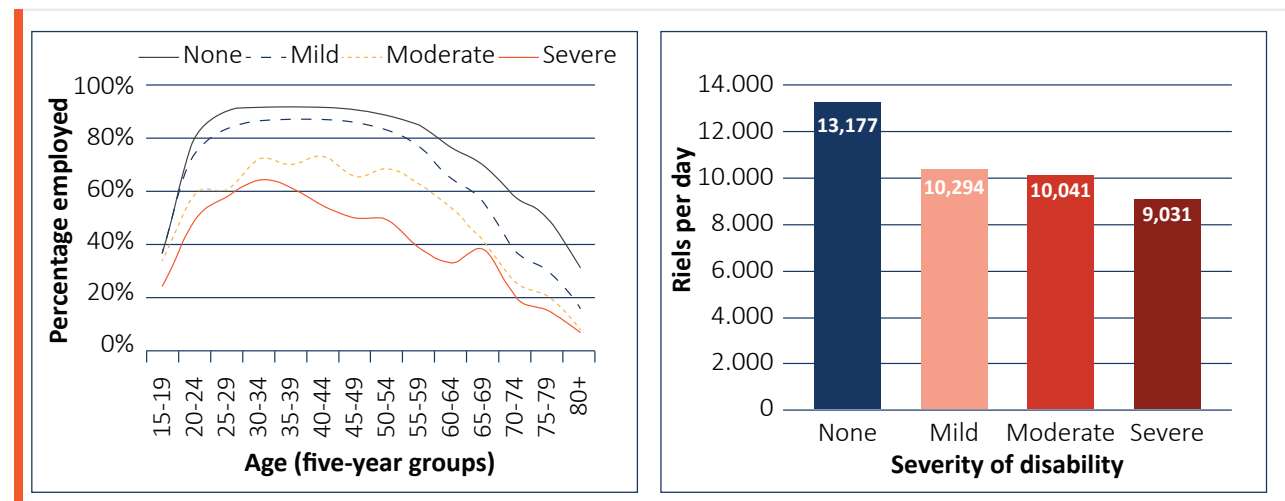
**37 per cent of children above the age of 5 with disabilities have never attended school** compared to 6 per cent of children without disabilities. While there are many reasons for not attending school, costs are likely to be one reason. (Census 2019)

**Children with disabilities are almost twice as likely to drop out of school** (15 per cent versus 8 per cent) compared to children without disabilities and absence from school by children with disabilities is higher in rural areas (40 per cent) than urban areas (32 per cent). (Census 2019)

**The COVID-19 pandemic** further contributed to many children with disabilities from poorer and more rural families being unable to access education provided through remote learning modalities. (OPD representative)

**Persons with disabilities are less likely to access employment across their life cycle.**

**Figures 4 and 5: Employment across the lifecycle by disability status and median per capita household income by presence of member with disability (CSES 2019)**





**The differences in employment opportunities between persons with and without disabilities translate into differential incomes:** average incomes among persons without disabilities in employment are KHR1,080,100 (US\$267) per month compared to KHR715,000 (US\$177) per month among those with disabilities.

**48 per cent of working age women with disabilities are not in any form of employment while 11 per cent are in unpaid family work** (Census 2019). These unpaid tasks likely consist of housework and other domestic activities. In the absence of an independent source of cash, many women with disabilities may have limited decision-making power within their households. In addition, they will accumulate fewer assets than men.

### The estimated costs

A comprehensive study undertaken in 2019 found that households including persons with disabilities in Cambodia require, on average, **an additional 18.6 per cent of income (proxied by expenditure) to reach the same standard of living as an otherwise similar household with no members with disabilities.**<sup>7</sup>

This study also shows that the additional cost associated with disability varies across the life cycle. **The impact of the additional costs of disability on standards of living** is illustrated in Figure.<sup>6</sup>

Based on a mean income in Cambodia of KHR75,400 (US\$19) per day, (from the 2019 CSES), the household with a member with disabilities would require an additional KHR14,000 (US\$3.50) per day to maintain the same standard of living as the household without a member with disability.<sup>8</sup>

<b>Box 3: Percentage of household consumption expenditure for persons with disabilities</b>	
	<b>As % of household consumption expenditure</b>
Any member(s) with disability	18.6
Child < 20 years with disability	21.7
Working age adult 20-59 years with disability	15.4
Older person 60+ years with disability	18.2

<sup>5</sup> Differences are not statistically significant

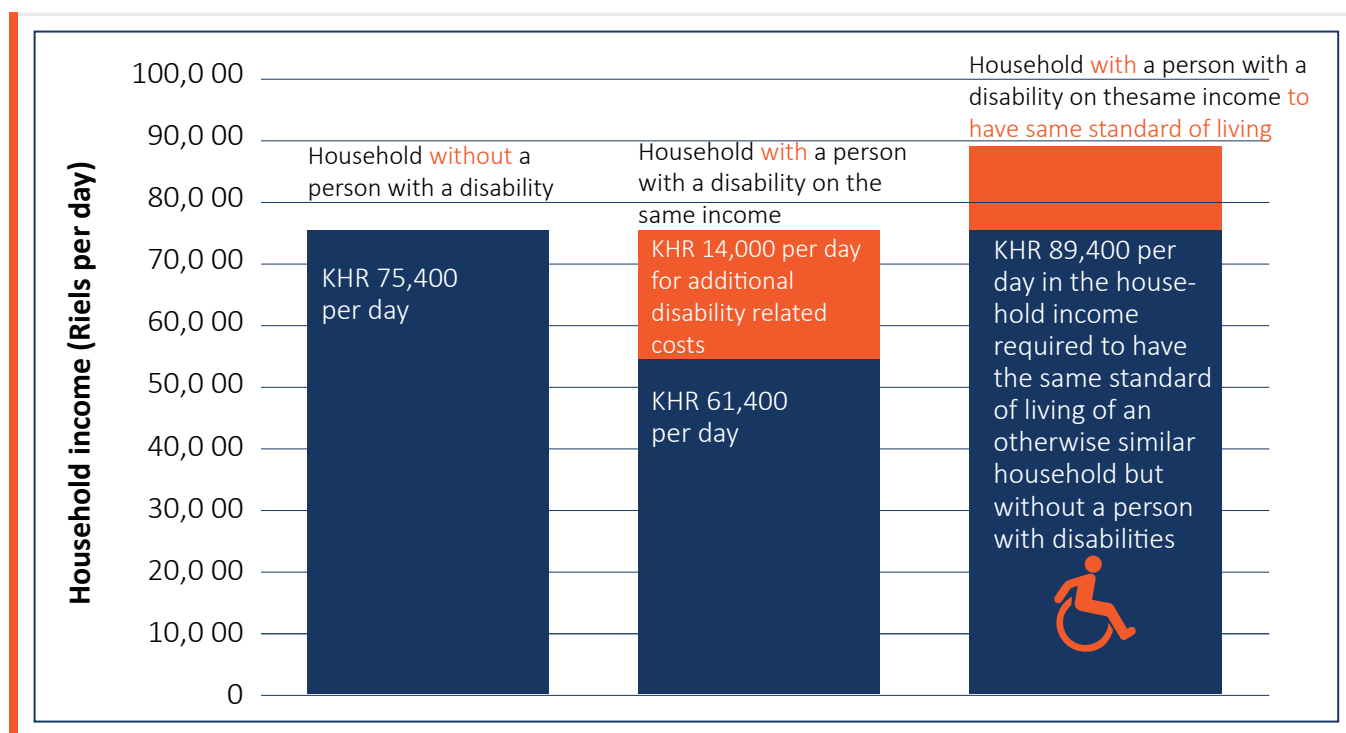
<sup>6</sup> Estimates especially for children should be treated with caution due to the small sample size and level of statistical significance.

<sup>7</sup> Palmer et al (2019) Journal of Development Studies, 2019, vol. 55, issue 11, 2382-2402

<sup>8</sup> If the median income were used, the additional costs would be KHR10,100 (US\$ 2.5) per day.



**Figure 6: Illustration of the additional income required by a household with a member with disabilities to maintain the same standard of living as a household with the same income and without a member with disabilities.**



Source: Development Pathways' analysis using CSES 2019 data

**The additional KHR14,000 per day is a substantial additional income requirement for an average household with persons with disabilities** that is required to maintain the same standard of living as households without persons with disabilities. For many persons with disabilities and their household members it creates a significant risk of income insecurity and ultimately of poverty.

If the average additional costs of KHR14,000 per day for disability is applied to the welfare distribution it shows that persons with disabilities living in the poorest quintile are unable to cover these additional costs. On average, the additional cost comprises 128 per cent of their daily household income.

#### **Box 4: Example of Additional Costs – healthcare and rehabilitation needs for persons with disabilities**

Across households with persons with disabilities, the average expenditure on health was KHR 270,100 per month compared to KHR 194,600 in other households where there are not persons with disabilities (refer Figure 4.). Our analysis shows that the largest difference is among children, where costs are much higher (although not statistically significant). Meeting the additional health costs can have negative impacts on the households' standards of living. If households are unable to meet these costs, the illnesses, and conditions of persons with disabilities may be exacerbated, and the cycle of poverty is likely to be further perpetuated.

**When the additional costs of disability in Cambodia are taken into account, the 'real' poverty rates of persons with disabilities markedly deteriorates.** Calculations undertaken based on the 2019 CSES data shows that the poverty rate of persons with disabilities increases from 21.1 per cent to 24.3 per cent when additional disability costs are taken into account.<sup>9</sup>

#### **ACCESS**

**Office Address: ANINA Building, 3rd Floor, No. 240, Street 271,**

Sangkat Boeung Tumpun, Khan Meanchey, Phnom Penh, Cambodia

**M :** (+855) 12 876 549

**E :** info@accesscambodia.org

**W :** www.accesscambodia.org



## 4. Implications of disability-related costs for the design of social protection systems

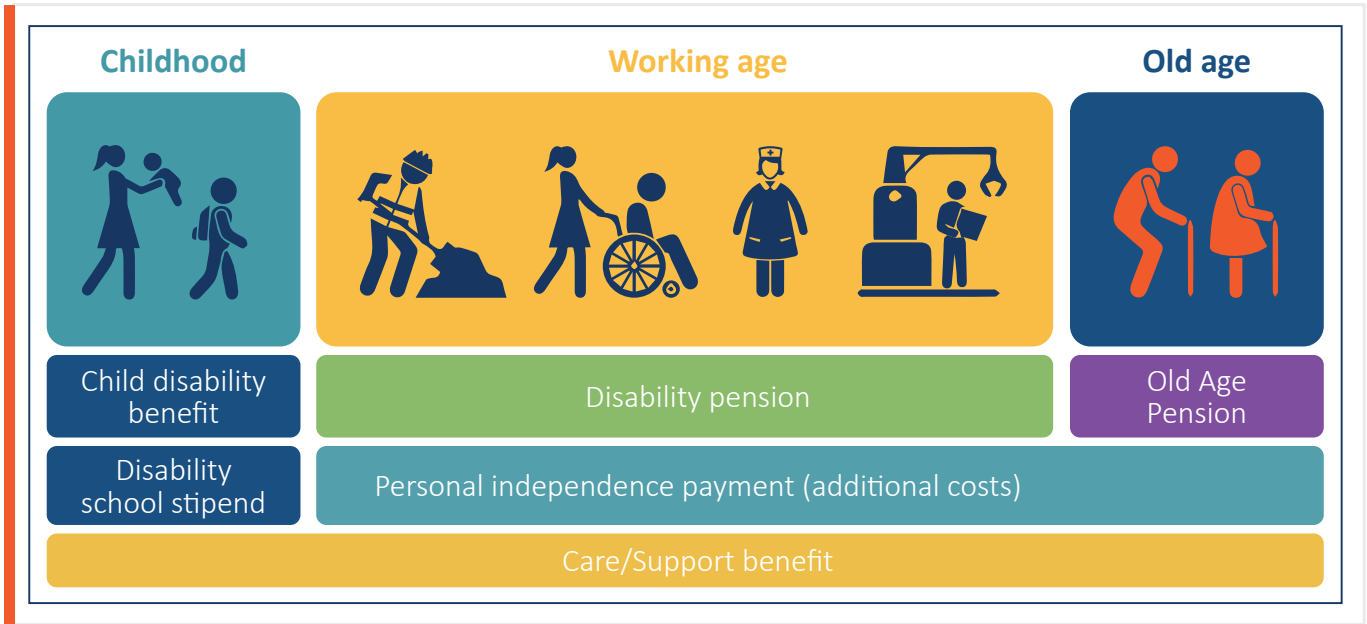
### International Experience

**An equitable disability-inclusive social protection system is one that takes account of the additional disability-related costs** to enable all persons with disabilities access to opportunities and standards of living that are equivalent to those experienced by persons without disabilities.

**The ideal disability-inclusive social protection system** based on global experience is illustrated in Figure 7. It would offer disability-specific benefits across the whole lifecycle from children to older aged persons with disabilities. It would comprise of:

- i. **Benefits that specifically address the disability-related costs:**
  - **A child disability benefit to cover the additional costs of families caring for children with disabilities** which may include an additional stipend for children with disabilities attending school
  - **A personal independence payment (PIP)**, which would cover the additional costs of disability experienced by adults with disabilities
- ii. **Benefits that provide an income to the individual and / or carer of a person with disabilities:**
  - **A disability pension**, offered to working age adults who are unable to work because of their disability
  - **An old age pension** for all older persons, including persons with disabilities
  - **A caregivers' benefit** for those who provide care to persons with severe levels of disabilities,

**Figures 7: The ideal disability-specific social protection system**



**The personal independence payment (PIP) to date has only been introduced in high income countries.** There are almost no examples of social protection schemes in middle income countries that provide this form of benefit. The reasons being that it requires a sophisticated disability assessment mechanism and strong administrative capacity. Middle income countries have instead opted for a simpler but generally less effective alternative that is based on the value of the transfer aligning with the severity of the disability. The limiting factor of this option is that a more severe disability does not always correlate with higher disability-related costs.

<sup>9</sup> Calculations undertaken by Development Pathways (2022) in Social Protection – A situational analysis of persons with disabilities in Cambodia



## Options to consider in the Cambodian Context

In the current context of poverty targeted social assistance schemes, it is feasible to make adjustments that will ensure that additional costs incurred by individuals with disabilities and households where there are people with disabilities living are taken into account.

Key reforms that are currently in process – a revised IDPoor proxy means test methodology considering disability among other vulnerability factors, and the introduction of the new family package design which will consider a lifelong disability allowance for poor persons with disabilities – create opportunities for addressing the additional costs experienced by persons with disabilities and their households. The reality of cost implications and the constraints to introduce a state financed benefit that meets the additional expenditure experienced by people with disabilities and their households is however recognised.

### The additional costs associated with disability in Cambodia can be reflected in:

- **The transfer value of the disability allowance benefit.** If a personal independence payment were established in Cambodia, that accurately covers the additional disability-related costs experienced by households, **an ideal value of benefit** based on the assessments undertaken and shared above, would be **US\$106 per month**. Taking into account the limited fiscal space and while keeping in mind the above-mentioned ideal target value, **some more realistic stepping stones** towards addressing the additional disability-related costs could be to consider benefits of KHR81,000 per month (US\$20) for people with severe disability and KHR40,500 (US\$10) for those with moderate disability<sup>10</sup>.
- **The poor household's identification process.** Currently the IDPoor does not account for the additional costs of disabilities with the same income eligibility line being used for both persons with and without disabilities. As IDPoor moves to using a proxy means test (PMT) methodology, one means of adjusting the targeting mechanism to incorporate the additional costs of disability would be to adjust the eligibility line for households with a person with disability, to help ensure that more accurate targeting and inclusion of persons with disabilities are included in the scheme.

## 5. Conclusion

Persons with disabilities face significant 'disability-related expenses' which reduce their standards of living. For equality of standards of living and opportunities for persons with disabilities and their households to be attained, financial compensation from the state that addresses the higher disability-related costs is needed.

International experiences provide a range of benefit options across the lifecycle that aim to cover the additional costs of disability, for example through child disability benefits and personal independence payments. Ideally, this benefit would be universal – offered to all persons with disabilities since the challenge of additional costs affects everyone with disabilities.

In Cambodia applying at present this sort of universal benefit payment at a value that represents the reality of the additional disability-related costs is likely to be too expensive and too complex to establish. An option that has been adopted in other low- and middle-income countries is to offer a disability benefit with variable transfer values, determined in line with the level of severity of disability. While this approach has limitations, establishing such a scheme would be an important first step in addressing the economic and social disadvantages experienced by many persons with disabilities across Cambodia.

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<sup>10</sup>A simulation model developed by Development Pathways for ACCESS allows the user to practically explore and visualise the potential impacts of disability-inclusive social protection systems for Cambodia. It can be accessed at [https://devpathways.shinyapps.io/access\\_disability\\_sptool/](https://devpathways.shinyapps.io/access_disability_sptool/)