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## CAMBODIA'S URBANISATION: KEY TRENDS AND POLICY PRIORITIES<sup>1</sup>

According to Ban Ki-moon, Secretary-General of the United Nations, humanity has entered its urban century. More than 50 percent of the world's population live in urban areas; in the Southeast Asian region the figure is predicted to rise to 73 percent by 2050 (UN-HABITAT 2008: 12). This seismic shift in human habitats is being driven by the growing significance of the city in world economic development: the urban space is the heart of the industrial age and a network of cities the nervous system of a globalised economy. Cambodia's urban spaces are an increasingly important gateway to global and regional economic networks, crucial in facilitating transnational trade and investment. Correspondingly, the nation's urban areas have experienced rapid demographic growth, increasing at an average rate of 4.34 percent annually from 2000 to 2010 (World Bank 2012). But while urbanisation is associated with progress and development, it is also linked with inequality and deprivation. With rates of urban poverty among the highest in the region, Cambodia has been no exception to this trend. Timely government interventions are necessary to ensure that urbanisation is inclusive and sustainable, so that potential gains are optimised and extended across society. With this observation as its starting point, this paper examines the role of the urban space in Cambodia's development, assesses the challenges associated with urban growth that lie ahead and identifies the key areas of policy required to meet them. It ends by highlighting the growing need for a



*Cambodian cities have grown rapidly during the last two decades,  
Phnom Penh, May 2012*

vibrant urban research agenda to adequately inform future urban policy.

### Urban Cambodia

Urban spaces have long been understood as sites where humans interact, learn, innovate and progress, from the Greek polis where democracy was born to cities of 19<sup>th</sup> century England where industrialisation was tempered in the fires of steel

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mills and exported across the world. Cities are concrete representations of what a society has been, what it is, what it strives to be. Indeed, throughout Cambodia's history, the city has been a space where state and society have tried to build their particular world vision. Colonial administrators attempted to "civilise" the urban space by constructing grand buildings, rationalising land ownership by imposing a European-style system of land tenure, and building modern infrastructure to facilitate trade. The cities of Battambang and Phnom Penh were developed into economic nodes linking agricultural production (in the form of French-run land concessions) to regional and global markets. In the post-colonial period the Cambodian city came to represent a new era of Khmer urbanity. Nationalism was etched into the urban space by a vanguard of Khmer architects, chief among them Vann Molyvann; universities, monuments to independence, ministries and libraries were quickly erected in an attempt to reclaim the city – and Cambodia's future – as Khmer. This golden age of Cambodian urbanism was interrupted by a civil war that became the precursor to one of the most violent expressions of ideology in any urban theatre: the anti-urbanism of the Khmer Rouge, which decimated urban populations and stalled urbanisation. Today the city has been recast as a space once again spearheading the country's development. It is a space where global capitalism is performed and produced in a diverse range of locally-rooted socioeconomic and cultural processes.

The global and regional networks that the city embodies have been at the heart of Cambodia's growth model over the past two decades. Foreign capital has been instrumental in driving the burgeoning garment, construction and tourism industries, which have proved effective springboards for growth. Looking to the future, urban centres will play a crucial role in realising the state's vision of an economy diversified from its narrow range of core sectors into new manufacturing, service and agricultural products, and deeply embedded in regional economic networks. But the government must increase the capacity of both hard and soft infrastructure if Cambodia's cities, particularly its capital Phnom Penh, are to enable this vision to become a reality. As regards soft infrastructure, the promulgation of globally and regionally compatible regulatory frameworks—for example the multiple reforms associated with the ASEAN Economic

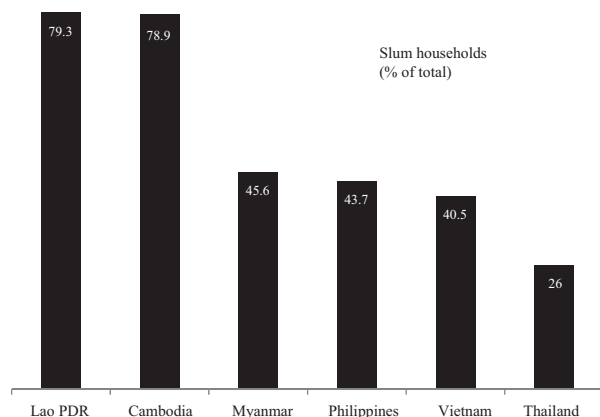
Community (AEC) 2015 roadmap—have done much to enable urban areas to benefit from foreign direct investment, integration into regional supply chains, and from knowledge transactions with transnational companies, research institutions and associated networks. However, there are still issues with institutional capacity that currently constrain deep integration. In response the government has been committed to reforming weak institutions such as the judiciary, and creating new transparent, accountable, "global standard" structures, such as arbitration councils, to eliminate uneven distributions of market information that limit trade and investment.

To optimise the outcomes of regional and global interconnectivity, institution building and regulatory reform must be complemented with appropriate hard infrastructure upgrading. The city is a crucial component in capitalism's quest to, as Harvey (2004) termed it, "annihilate" the space and time between product and market; for it to fulfil this function there must be strides in communications, transport and logistical capacity – again the immediate focus is Phnom Penh. Policy interventions in this area can reduce production costs, offset increases in wages and encourage investment. Urban centres with "global standard" infrastructure will also facilitate agricultural development by decreasing the distance between the field in Battambang and the table in Phnom Penh, Bangkok or Sydney. The government, with development partner support, has already been active in this area. There have been many programmes to enhance regional connectivity under Asian Development Bank-supported Greater Mekong Sub-Region infrastructure development projects. It is important to consider the future needs of public infrastructure through appropriate urban planning, particularly balancing public service and private sector development. A Phnom Penh urban master plan is currently being developed by government; it remains to be seen what impact it will have on the city.

### **Inclusive Urban Development**

Urban poverty has been one of the most visible and distressing aspects of Cambodia's urbanisation. At present poor housing, tenure insecurity and the absence of state administered social support mechanisms are the overwhelming factors that cause and sustain rates of urban poverty that are among

Figure 1: Prevalence of Slum Dwellers<sup>2</sup> in Southeast Asian Countries



Source: UN-HABITAT (2008: 180)

the highest regionally (Figure 1). Without proactive policy interventions this problem is set to get worse over the coming years. Indeed, in Phnom Penh it is predicted that the population will more than double between 2005 and 2025 to 2.91 million people (UN-HABITAT 2008: 167); the urban poor will account for a significant proportion of this growth. If the government does not act now to implement policies that promote social and economic inclusion, that spread the benefits of growth across society, and that ensure Cambodia's urban development trend is both sustainable and equitable, there could be grave impacts for the nation's future social and economic stability.

History shows that government responses to urban poverty usually fall into two broad categories: the first takes steps to alleviate poverty and integrate the poor into the urban fabric, the second, to divorce them from the urban space as a sub-class or an aberration of development. The transition from anti to pro-poor urban policy is largely dependent on

<sup>2</sup> UN-HABITAT (2008: 33) defines a slum household as one or a group of individuals living under the same roof in an urban area, lacking one or more of the following five amenities: durable housing; sufficient living area; access to improved water; access to improved sanitation facilities; secure tenure. Since information on secure tenure is not available for most countries, only the first four indicators are used to define slum households.

<sup>3</sup> There are many other urban NGOs that have/do work in empowering the urban poor, e.g. the now defunct Urban Sector Group (USG), Urban Poor Women Development (UPWD – established in 1997 and supported by ActionAid International-Cambodia). The UPDF was formed in 1998.

how urban poverty is perceived by state and society; partly it is borne from a shift in discourse and cultural attitudes. In Britain's industrial revolution, for example, the urban poor were initially perceived by both government and the majority of the electorate as an "exotic, feckless, threatening, immoral class against whom public 'poverty' policy had traditionally been directed at" (Moore & Putzel 1999: 23). It was only with Charles Booth's construction of the "deserving poor" (in contradistinction to the "undeserving poor" or paupers) that there emerged a discourse of a class of hard-working people deserving of support provoking a policy change from anti-poor exclusion to anti-poverty inclusion. This cultural shift paved the way for universally inclusive social welfare policies such as national insurance. Traditionally, the prevalent perception of the urban poor in Cambodia has not been conducive to pro-poor urban policy. Indeed, the country's most recent National Poverty Reduction Strategy Paper (RGC 2002: 85-86) observes that:

*Both the authorities and the better-off city dwellers tend to blame the poor for their wretched conditions and stigmatise the poor as socially undesirable, criminally inclined, even mentally defective. The usual response from middle-class people and from officials is that the urban poor should be sent back to the rural areas where they belong.*

This in turn has been represented in exclusionary policies such as the eviction and relocation of urban poor communities.

There are signs that negative perceptions of the urban poor may be changing in large part due to innovative actions by civil society organisations, for example the Urban Poor Development Fund (UPDF)<sup>3</sup>. The UPDF has set about organising the poor to upgrade their settlements through community-led infrastructure projects, it has provided the poor with loans, and promoted engagement and cooperation between poor communities, government and the private sector in a bid to solve problems such as unsanitary living conditions, insecure tenure and a chronic lack of service infrastructure (e.g. Phonphakdee *et al.* 2009). By 2009 the UPDF was supporting 2000 savings groups in 26 cities, with 24,000 members boasting savings of over USD700,000 – more than USD2,000,000 has

been disbursed by the fund in loans to urban poor communities since its inception (Mitlin *et al.* 2011: 37). The UPDF has facilitated grass-roots collective action that visibly improves the poor's impact, both aesthetically and socioeconomically, on the city. In doing this it has challenged traditional preconceptions that the poor are lazy and a cause of their own poverty. Moreover it has fostered links between urban poor organisations and government thereby increasing official recognition of the poor's right to inhabit the urban space. If government and electorate are convinced of the need for pro-poor interventions, policy will follow.

Inclusive urban development is not only a moral imperative, but also a prerequisite for socially and economically sustainable urbanisation. Ha (2001), for example, notes that in the 1970s Seoul government policy was to exclude the poor from the city to relocation sites on the urban fringe. In search of livelihood opportunities households simply re-squatted in the city, often in worse conditions. In response the state deployed the Joint Redevelopment Project framework, which facilitated partnerships between urban poor communities and the private sector to redevelop squatter sites. This framework has evolved to include renters, and though there is contention about its success pertaining to this issue (e.g. Shin 2008), long-term housing policy has definitively shifted from exclusion to inclusion; the city's social and economic development trajectory has benefitted as a result. Over the last few decades, government policy in Cambodia has mirrored 1970s Seoul: eviction is the typical policy response to informal settlements; many households move back into the city from peripheral relocation sites (Khemro & Payne 2004). Recently, however, there have been cases where government has facilitated in situ upgrading by promoting community engagement with the private sector. For example, the private sector-partnered land-sharing redevelopment solution for the Borei Keila community has entailed the construction of apartment blocks to re-house households on site, while freeing up remaining land for other purposes. There have been serious issues with the implementation of this project, but it at least signals a change in approach from the government and an intention to include current residents in future developments: this model should be replicated and strengthened in future.

There are other economic incentives to include the urban poor: the informal economy is potentially a huge untapped source of economic growth as well as government revenue. De Soto (2000) famously claimed that billions of dollars currently lie dormant as "dead capital" in the informal economies of the developing world. Beall and Fox (2009) suggest that Cambodia's informal sector is large because of bureaucracies that prevent those in the informal sector formally registering their businesses as a legitimate operation, and hence increase the cost and risk associated with informal enterprise. Removing these constraints has the potential to stimulate innovation, entrepreneurialism, inclusive economic growth, as well as provide the government with revenues that could enable much needed increases in public spending.

### **Planning for the Future – the Need for an Urban Research Agenda**

Urbanisation is a very under-researched aspect of Cambodia's development. For the most part research agendas focus on the agricultural sector, which is traditionally seen as the most significant in terms of future economic growth and poverty reduction. A cursory look at the output of Cambodia's major research institutions, conference agendas and development partner publications show a marked bias in this regard. A rural-centric research agenda is partly a result of development partner funding structures and represents an ideological hangover from the days of neo-liberalism, particularly the then-dominant "urban bias" theory, which favoured rural over urban policy interventions. As we enter the urban century the vital role of the urban space in processes of development must be acknowledged.

An urban research agenda has also been constrained because debate has been dominated by the omnipresent issue of land rights manifest as a discourse pitching human rights NGOs against the state. As a result dialogue about urban development has become polarised and largely limited to rhetoric; it is in danger of being reduced to a single issue, and framed in a human rights discourse that has only a narrow range of policy implications. Such a limited debate is not conducive to a vibrant research agenda capable of identifying a variety of issues and suggesting a broad range of policy

responses. Furthermore, the human rights NGOs-state discourse, as vital as it is as a mechanism for advancing the urban poor's rights, should not preclude engagement of other NGOs with the state on a wide range of issues related to inclusive urban development. Phonphakdee *et al.* (2009: 579) highlight the challenges of organisations such as UPDF that try to engage with the government, noting that "for many activists and NGOs with a long history of seeing government as the bad guy, this is not an easy concept to grasp." However, it is precisely this kind of dynamic and practicable approach to urban poverty that is vital to improving understanding of Cambodia's urban spaces and improving the lot of the urban poor.

Regarding urban policy priorities, as a short-term measure in the absence of any state sponsored social safety nets for urban poor households, government should provide increased support to civil society groups such as the UPDF. In the medium to long-term, the framework pioneered by the UPDF provides important lessons and mechanisms for future state action. The bridging between community and government provides a useful line of communication between the needs of urban poor households and policy makers, reducing institutional transaction costs by making sure that future policy interventions represent reality. This should greatly increase the impact of future pro-poor policy. Looking past the ubiquitous presence of urban poverty, the government should focus on strengthening hard and soft infrastructure to better facilitate regional trade and investment. This goal is especially pertinent this year given that Cambodia holds the ASEAN Chair. The pervading issue here is strengthening institutional capacity to enforce existing policies that encourage diversified urban trade and investment. It is crucial that Cambodia's network of research institutions foster a balanced and holistic urban research agenda that can enable government to promote sustainable and inclusive urban growth.

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