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Landlessness: a Growing Problem

A just-released Oxfam GB study found that 13 percent of rural Cambodians are landless and the percentage is growing. Robin Biddulph discusses study findings, including the extent to which development projects are preventing, causing or alleviating landlessness. *

For the first time in Cambodian history, access to land is becoming difficult. This has serious consequences because farming, in conjunction with harvesting of aquatic and forest resources, has traditionally been the foundation of rural livelihoods. Not only is the percentage of poor and landless people increasing, but so are social problems and the potential for civil unrest.

In order to help poor people secure access to land for sustainable livelihoods, Oxfam GB and collaborating government and non-governmental organisations (NGOs) conducted extensive research to discover the scale and causes of landlessness in rural Cambodia. Researchers also investigated the degree to which current development practice is causing, exacerbating, preventing, or alleviating landlessness.

The Oxfam GB *Cambodia Land Study Project* began investigating landlessness in 1998. Initial case studies looked into possible causes of landlessness: abuse of power; the dysfunctional legal system; the poverty trap and large-scale development projects.

Focusing on the poverty trap, researchers studied a village where an international NGO had been working for five years. Despite five years of support for these villagers, landlessness had increased from less than 10 percent to over 30 percent.

Initial research suggested that poverty might be the single factor most closely correlated with landlessness. It also raised questions about the capacity of development projects to counter poverty. These questions were: What types of development intervention might prevent landlessness, or was the problem beyond the capacity of existing



Farming, in conjunction with harvesting of aquatic and forest resources, has traditionally been the foundation of rural livelihoods in Cambodia

projects and programmes? Were the landless poor excluded from projects – perhaps because they had no land to irrigate or use as collateral in credit programmes? Were development workers perhaps unaware of the needs of the landless because landless villagers were too busy working or too ashamed of their circumstances to attend meetings?

Purpose and Methodology

In order to seek answers to these questions, Oxfam GB sponsored extensive research between September 1999 and April 2000. This was intended both to raise awareness about landlessness and to refocus development efforts towards activities that would prevent or alleviate landlessness.

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* This research was presented at the government/NGO-sponsored *National Conference on Landlessness and Development*. Researcher Robin Biddulph is with Oxfam GB's *Cambodia Land Study Project*. The ideas, facts and opinions expressed in this article are those of the author and do not necessarily reflect the views of CDRI.

This research was carried out using the *Landlessness and Development Information Tool* (LADIT) which facilitates reflection by development workers and the communities they serve. In the course of two days of research in a village, the development worker:

- interviews all of the landless families in the village ("landless" means not having agricultural land and not having the means to purchase agricultural land)
- holds a small group discussion with 12 villagers, including four who are landless, in order to learn about underlying causes of landlessness and the impact of development activities.

In order to carry out this research, which took place in 145 villages in 15 provinces, Oxfam GB collaborated with more than 45 government and NGO agencies. In the course of the research, LADIT was used to investigate the same questions considered in the initial "Poverty Trap Case Study" but with 30,000 families instead of just 75. The LADIT findings thus constitute the most comprehensive information available in Cambodia on landlessness in rural areas.

In July 2000, Oxfam GB presented the LADIT database and research tool to the Ministry of Rural Development for use in research and policy-making.

LADIT Study Findings

Extent of landlessness

Fifty-nine percent of the managers of organisations that participated in the LADIT research said that the extent of landlessness was higher than expected in the villages where they work. In a sample of over 30,000 families, more than 4,000 (13 percent) were found to be landless. For women-headed families, the proportion of those which were landless was even higher (21 percent). This means that more than one in five families that are headed by single women, are landless.

Landlessness also appears to be increasing. Fifteen years ago the level of landlessness was less than 3 percent. Participants in LADIT discussion groups estimated that in the next two years landlessness will increase by another 2 percent.

Causes of landlessness

Of the landless families surveyed, 55.4 percent had never had land. Some of these had moved from other villages (and may have had land there). Some were former returnees from the Thai-Cambodian border camps. The largest number of those who had never had land, however, were couples who had married since land was distributed by the government in the 1980s, and whose parents did not have enough land to give them. Thus the expanding rural population appears to be the largest single cause of landlessness reported by the interviewees.

Of landless families, 43.6 percent were people who previously had land, but subsequently lost it. For the vast majority (86.9 percent), these were distress sales. In other

words, people were forced by poverty to sell their land. Of those who lost agricultural land, 44.6 percent said the largest single cause was illness.

Of the landless, 13.1 percent reported that their land was taken from them without compensation. Of these, 74 percent said they lost their land either to the military, or to provincial authorities.

Impact of development activities on landlessness

The LADIT Discussion Groups evaluated the impact of each development activity in their village in order to assess whether it was: preventing landlessness, having no impact on landlessness, or causing landlessness. They judged that 65 percent of the activities were either 'definitely' or 'probably' preventing landlessness. However, despite this positive appraisal, landlessness had risen in all of the villages surveyed and was predicted to continue to increase. Thus, even though two-thirds of current activities were said to be having a positive impact,

it appeared that nowhere were development activities sufficient to prevent or reduce landlessness across a village as a whole.

A total of 948 development activities were mentioned in the LADIT research; most numerous were credit activities (130 in all).

Credit was the only activity that

LADIT Discussion Groups judged as either 'definitely' or 'probably' causing landlessness. Thus, while the majority of credit activities (80 percent) were said to be having a positive impact, 20 percent were rated negatively. This negative rating raised questions about whether credit organisations should modify their policies to prevent landlessness.

LADIT Discussion Groups identified only two categories of activities that were 'definitely preventing landlessness' in every case. These were 'Special Projects for the Poorest' and 'Land Distribution', and there were only two activities in each of these categories. Out of all 948 activities mentioned in the LADIT research, only 26 were exclusively for the landless.

Conclusions

The LADIT research showed that landlessness was increasing and that development activities were not preventing it. This raises the following questions:

- Is it possible that new innovations in development activities could reduce landlessness?
- Are there ways in which the Royal Government could, in the short term, increase the supply of agricultural land to the rural poor, and in the longer term reduce the growth of the rural population?
- Will the majority of the Cambodian population continue to depend on their traditional livelihood of rice farming, fishing and gathering of forest products, or could alternative sources of sustainable livelihoods emerge for the rural poor?

In a sample of over 30,000 families, more than 4,000 (13 percent) were found to be landless. For women-headed families, the proportion of those who were landless was even higher (21 percent).

Health and Landlessness

An Oxfam GB study found that illness was one of the most important factors contributing to landlessness. Robin Biddulph summarises the findings of a mini-case study on health and landlessness.*

Background

Research carried out by the Oxfam GB Cambodia Land Study Project and partners in 145 villages across 15 provinces gave information on the extent and causes of landlessness in rural Cambodia. Landlessness in this research was defined as not owning agricultural land and not having the resources to purchase it. In other words, the families identified as landless by the research were all very poor.

The research found that 13 percent of the families in the sample villages were landless. Fifty-five percent of these landless families had never owned land. The remaining 45 percent were families that had previously owned land, but had lost it. Of those families which had lost land, the most important reason given was illness (44.6 percent of cases). In other words, the research clearly established illness as the major reason for rural families losing their land.

Purpose

The purpose of Health and Landlessness Mini Case Study was to learn more about how illness leads to landlessness. The results were intended to help health service providers understand how the costs of treating illnesses contribute to the loss of land so that they may take precautionary measures.

Method

The Health and Landlessness Mini Case Study combined both quantitative and qualitative data collection methods. The sample consisted of 250 families living in rural areas who, in the Oxfam GB Land Study Project's LADIT research, identified health as the primary reason they had lost their land. Eight villages were originally selected for the research: these were the villages where the highest number of families said that they had become landless because of illness. A further three villages were added during the research process in order to achieve a sample of 250 families. In addition to administering a survey with 39 questions, researchers also conducted group discussions in order to discover more information about health services and attitudes to health services. The group discussions were carried out in the original

eight villages. The eleven villages included in the study are located in rural areas of three provinces: Kompong Cham, Kompong Thom, and Battambang.

Findings

Poverty and destitution commonly have multiple causes. In the survey, interviewees were asked what other causes had led them to sell their land. Sixty percent of the respondents (150 families) did not have any other reason besides poverty.

Reported illnesses

The four reported illnesses which caused most people in the sample to lose land were malaria (19 percent), dengue fever (12 percent), TB (10 percent) and typhoid (7 percent). These accounted for 48 percent of all cases, and for these four illnesses, males and females had approximately equal rates of illness. For adult males, 32 percent reported illnesses, compared with 31.5 percent for females. Gender differences were most striking in the case of malaria: 91 percent of the malaria cases were men and only 9 percent were women. For other categories of illness, gender was not identified.

The average amount of money spent on treatment was 979,268 riels. In comparison to other studies, these amounts were very large. However, the cost of treatment in this study includes all treatment costs incurred from a series of treatments (up to five) during the course of the illness which led to the sale of land.

Health-seeking behaviour

Interviewees were asked where they went first for treatment. Thirty-two percent answered that they went to private health practitioners. The second most common provider was government hospitals (26 percent), third was doctors in private clinics (22 percent) and fourth was traditional healers (12 percent). Only 2 percent said that they first went to commune health centres (this proportion became smaller for subsequent treatments).

Table 1: Breakdown of Causes of Landlessness

Cause of Landlessness	Number	Percent
New marriage	963	22.3%
Illness	919	21.2%
Returnees	641	14.8%
Changed village	605	14.0%
Lack of food	386	8.9%
Expropriated	271	6.2%
Any other single reason/cause	121	2.8%
Indebtedness	104	2.4%
Natural disaster	72	1.7%
Business failed/changed business	55	1.3%
Already gave land to children	55	1.3%
Marriage/funeral ceremony	34	0.8%
House construction/buy house land	27	0.6%
Gambling	20	0.5%
Divorce	14	0.3%
Lack animal draft power	13	0.3%
Crop failure	9	0.2%
Poverty	7	0.2%
Own very little land	5	0.1%
Failed animal raising/no animal to sell	3	0.1%
Total	4,324	100.0%

source: Oxfam GB, LADIT Interim Report, July 2000

* This article is based on research conducted by the Ministry of Health with Oxfam GB. Researchers were led by Prapassorn Suthumvijit and Dr. Seng Bunly. Robin Biddulph is an Oxfam GB researcher. The ideas, facts and opinions expressed in this article are those of the author and do not necessarily reflect the views of CDRI.

Even though a substantial minority of people who had lost land due to illness (26 percent) had first gone to government hospitals, focus group participants emphasised a strong preference for treatment from the private sector. Dissatisfaction was expressed with the attitude and behaviour of staff in government hospitals and with their lack of medicines. There was a general perception that "effective treatment" means injections and intravenous drips. Focus group members may believe that government health centers lack adequate medicine and services because health centers do not generally provide injections and intravenous drips. These are outside their usual practice.

Indebtedness

The average income from selling land was 1,123,273 riels, compared with the average cost of illness (979,269) riels. However, to avoid selling land, families often borrow money as a temporary measure.

Table 2: Types of Reported Illnesses

Illnesses reported ¹	Number	Percent
Malaria	47	18.8%
Dengue fever	30	12.0%
TB	25	10.0%
Typhoid	17	6.8%
Cardiovascular problem	14	5.6%
Accident and injury	13	5.2%
Problem of old age	10	4.0%
Surgery	9	3.6%
Respiratory problem	8	3.2%
Diarrhea	7	2.8%
Gynecological problem	6	2.4%
Emergency obstetrics	6	2.4%
Immunisable disease	3	1.2%
Other - non infection	25	10.0%
Other - infection	30	12.0%
Total	250	100.0%

¹ HIV/AIDS was not a disease identified by interviewees in the survey. Some possible reasons for this are: 1. Definitive diagnosis of HIV infection requires sero-diagnosis. As many of the illnesses related to land loss happened in the early and mid-1990s, testing facilities were not readily available, especially to people in rural villages. 2. HIV/AIDS is a stigmatising disease to people in rural villages (and elsewhere) therefore respondents in the survey would probably be reluctant to discuss it with interviewers. 3. There may, in fact, have been cases of HIV infection among the survey population that were represented as the illnesses of tuberculosis, respiratory problems, cardiovascular problems, etc.

Source: Oxfam GB, Health and Landlessness, Mini case study, 2000

Table 3: Average Cost for Treatment (in Riel)

Patients	Average cost
Husband	1,308,968
Wife	995,710
Other members	978,571
Older children equal or over 10 years	841,513
Younger children under 10 years	783,295
Widow	512,885
Average	979,268

Source: Oxfam GB, Health and Landlessness, Mini case study, 2000

The survey showed that 74 percent of the households interviewed had borrowed money for treatment and only 2 percent had not. The average amount borrowed for treatments was 665,827 riels. Of loans taken out by survey households, 21.4 percent had no interest rate, 16.2 percent had monthly interest rates of 1 to 5 percent, while 26.6 percent had interest rates of 5 to 10 percent. Twenty-two percent of loans had interest rates of 10 to 20 percent, while 9 percent were charged more than 20 percent interest on their loans. In addition, one out of 20 loans were made with an agreement for the lender to make use of the borrower's land instead of charging interest on the loan.

In many cases families which had gone into debt as a result of illness were still in debt at the time of the study interview. Only 40 percent of landless households had repaid all the debts they had incurred. Another 29 percent had paid some, but not all of their debts, and 31 percent had yet to repay anything.

Outcomes

Of those who had been seriously ill, 37 percent recovered completely, 30 percent recovered partially, 7 percent did not improve at all, and 26 percent died.

Conclusions and Recommendations

The large amounts of money spent and the poor results (63 percent had died or were still sick), indicate the lack of effectiveness of the treatments received. This suggests an ongoing need for both improved service provision and consumer education regarding the appropriateness and effectiveness of different treatment options.

The high levels of indebtedness point to a need for credit at lower rates. More importantly, they point to a need for savings and insurance schemes that can protect poor families against the shock of severe illness.

Land Ownership, Sales and Concentration in Cambodia (Working Paper 16)

Within ten years of the reintroduction of private ownership and the redistribution of land in Cambodia, land issues have become one of the most sensitive economic, social, and political issues in the country, demanding urgent solutions. In the absence of comprehensive land-related data, this study extensively analyses secondary and primary data from four large-scale surveys to better understand current land issues.

In conducting this study, CDRI asked questions about: the patterns of land acquisition; land tenure and land ownership; the magnitude of land transactions in the market; trends in the availability of benefits derived from common property resources; the incidence of land concentration and landlessness; and the relationship between gender- and land-related issues. The study also considered implications for future policy and how future studies on land issues and their questionnaires might be improved.

In undertaking this research CDRI analysed relevant land-issue indicators from four large-scale household surveys: one from a Mekong River Commission (MRC) project, another one from the National Institute of Statistics (NIS) and two from the World Food Programme (WFP).

Author Sik Boreak is a researcher with the Cambodia Development Resource Institute.

English edition: domestic orders: \$7.00; international orders: \$12.00 (includes cost of postage). Khmer edition forthcoming.

Land Conference Recommendations

The following recommendations were made by participants at the government/NGO-sponsored *National Conference on Landlessness and Development* held in August 2000, and were given to the Deputy Prime Minister.

Policy

- All policy should prioritise the protection of livelihoods
- Natural resources should be managed to provide a safety net for the landless and poor rural people
- Health policy should aim to improve self-reliance by improving poor people's knowledge
- Agriculture policy should first protect existing livelihoods and then secure livelihoods for the future
- Support new experimentation to find more effective rural development strategies
- Government should seek to increase the supply of land for poor people's livelihoods
- The demand for land must be managed
- Rates of landlessness should be used as a comparative poverty indicator for targeting and programming

Programmes/Projects

- Programme/project design should always start with livelihood analysis
- Widespread implementation of community management of natural resources (community forestry and community fisheries) programmes
- Establish networks of communities managing natural resources
- Multi-media dissemination of health information

- Comprehensive land use planning
- Special assistance to people living with AIDS and their survivors
- Limit by legislation the amount of land one family can own
- Systematic land titling in order to identify State property for redistribution to the poor
- Extended population planning programmes such as birth spacing (national and local)
- Collect and publish landlessness data

Research

- Research into the livelihoods of landless families and poor families (case studies in representative communities nation-wide)
- Redefine fishing lot boundaries
- Pilot health projects to reduce health spending and related destitution
- Comprehensive land-use mapping
- Research the costs and benefits of extending irrigation schemes
- Research into policies and practices of credit organisations and the consequences of these (winners and losers)
- Research into poverty alleviation impacts of land reform and decentralisation reforms in comparable countries (with lessons learned for Cambodia)
- Research into land use especially into consolidation of land plots and concentration of land ownership (commune and/or district case studies)
- Landless and development research should be up-scaled to a nationally-representative sample

Commentary

Ok Serei Sopheak, CCCR Coordinator, reflects on his experience in facilitating, in cooperation with Oxfam GB, a World Bank mission on land issues

In seeking solutions to the problems of landlessness in Cambodia, government, civil society and donors have collaborated for two years in an unprecedented way. All three parties shared in drafting the *Land Law* and the government accepted civil society inputs in revising the *Land Law* to guarantee ethnic minority land rights.

This close collaboration sets a precedent for resolving other important questions. In the past, when discussing contentious issues, government was sometimes suspicious of civil society organisations and vice versa. Although groups were invited to voice their concerns, government often made policies and passed laws unilaterally. On their side, some civil society groups assumed the worst about government and approached issues in a confrontational manner.

In seeking solutions to land issues, donors have also changed their approach. In the past, projects were often planned and foreign experts hired with little or no consultation or consideration of what was being done in other sectors. As a result, projects sometimes overlapped and sometimes failed to meet obvious needs.

With land, donors have been much more systematic. When the World Bank mission came in July to hold a workshop with the Ministry of Land Management, Urban Planning and Construction, instead of just spending two or three days in Phnom Penh to confirm previously-made decisions, the mission spent two weeks travelling around the country. Members analysed past and present policy and consulted with senior ministers, as well as lower-level officials and civil society groups who see land problems on a day-to-day basis. For the first time, the mission also consulted with opposition parties.

As a result of these discussions, the project proposal covered a much broader range of issues, including land management, land administration and land distribution. Although the resulting Land Policy Framework was quite comprehensive, too much emphasis was placed on land registration and not enough on land use. Land registration is certainly important because lack of title is the cause of many conflicts, but land usage is critical for both current and future generations. Right now Cambodia has 12 million people, but in 2020, the population is projected to increase to 20 million. Unless the government acts now to set policy on how land will be used, decisions may be made which cannot be reversed.

People and Land in Rural Cambodia

CDRI researchers Jacqueline Desbarats and Sik Boreak look at population statistics and project that the demand for agricultural land in Cambodia will increase greatly in the next ten years *

The supply of available agricultural land is now widely acknowledged to be a key component of rural food security in Cambodia. Lack of access to land is generally thought to be the major cause of rural poverty. Thus, most of the current debate about landlessness in Cambodia has focused on the **supply** of agricultural land. There have been limited estimates of the land requirements for specific sub-groups, such as demobilised soldiers, but an overall estimate of **demand** in the short or medium term has not been undertaken.

Yet, the consequences of a mismatch between the **demand** for and the **supply** of agricultural land go far beyond the concerns of the technical and line ministries most closely involved with agricultural and rural questions. They encompass much broader questions about national, regional and urban development and ultimately, about internal security.

Rural Population Growth and Demand for Land

On several occasions, the Government of Cambodia has expressed its intention to distribute agricultural land to those who do not have it. To assess whether this pledge is realistic, an estimate of the demand for agricultural land needs to be made. To be of use, this should not only include those who are currently landless (**current** demand), but also those who are likely to become landless, or otherwise find themselves in need of land in the short and medium term (**future** demand). An Oxfam GB study recently estimated that approximately 13 percent of rural households in Cambodia are landless (Oxfam 2000). As far as future demand is concerned, that depends to a large extent on growth in the size of the rural population.

Rural population growth

Recent research carried out by Oxfam to investigate the extent and causes of landlessness in Cambodia, has revealed that landlessness is caused by just a few factors. According to Oxfam's study, 55 percent of more than 4,000 landless households interviewed never had land. The other 45 percent had owned land previously, but had either sold or otherwise lost it.

* Jacqueline Desbarats is interim Research Director at CDRI and the author of the book, *Prolific Survivors: Population Change in Cambodia, 1975-1993*. Sik Boreak is a CDRI researcher with an interest in land issues.

Those households which never had land fell into two main categories. The largest group (42 percent) were couples who had married since the government distributed land in the 1980s. Their parents did not have enough land to spare in order to give them any. The rest were overwhelmingly migrant and returnee households. These facts led the Oxfam study's authors to conclude that "the expanding rural population is the largest single cause of landlessness" (Oxfam 2000:8).

When investigating how rural population growth will affect the demand for agricultural land in Cambodia, it is extremely important to understand that it is not the **overall** growth of the population which is relevant. The very young and the very old contribute little to the demand for agricultural land. Oxfam's research suggests instead that the demand for land stems primarily from young people who marry and set up a new household.

According to the 1998 Population Census of Cambodia (NIS 1999: 16), Cambodian men marry at 24.5 years of age, on average, and women at 22.4 years. New household formation, then, occurs primarily in the age group 20 to 24, and secondarily in the age group 25 to 29. Hence, the demand for additional land will closely reflect the future size of these two age groups.

Demographic projections prepared by the National Institute of Statistics in 2000 estimate the number of people who will be in each five-year age group in January 2001, 2006 and 2011. These estimates are for the country as a whole, as well as separately for rural and urban areas.

Cambodia's rural population is expected to grow from about 11 million to 12.3 million between January 2001 and January 2006 (a total of 1.3 million persons), (Table 1). This is a little less than a 12 percent increase for the period considered. This corresponds to an average annual increase of about 2.25 percent, which admittedly is not a dramatic increase.

Between January 2006 and January 2011, the rural population will grow by an additional 1.4 million. The

Table 1. Age-specific Rural Population Projections

	2001	2006	2011	2001-11 Increase
RURAL POPULATION	11,004,338	12,315,680	13,725,104	
Absolute increase		1,311,342	1,409,424	2,720,768
(Percent increase)		(11.9)	(11.4)	(24.7)
20-24 AGE GROUP	901,859	1,257,928	1,425,555	
Absolute increase		356,069	167,627	523,696
(Percent increase)		(39.5)	(13.3)	(58.1)
25-29 AGE GROUP	668,001	865,682	1,216,817	
Absolute increase		197,681	351,135	548,816
(Percent increase)		(29.6)	(40.6)	(82.2)
COMBINED 20-29	1,569,870	2,123,610	2,642,372	
Absolute increase		553,740	518,762	1,072,502
(Percent increase)		(35.3)	(24.4)	(68.3)

Source: National Institute of Statistics, 1999, 2000.

total growth for the first decade of the 21st century will thus be a little over 2.7 million — a 25 percent increase.

A much more dramatic picture emerges, however, when age-specific projections of the rural population are made (Figure 1). Because of the “baby boom” that followed the demise of the Khmer Rouge (KR) regime, large numbers of children were born during the 1980s. The oldest of these are now reaching their 20s – the decade when most Cambodians marry. Between 2001 and 2006, the numbers of those aged 20 to 24 are expected to increase by a dramatic 40 percent. During the same period, the group aged 25 to 29 is expected to grow by 30 percent.

Translated into absolute numbers, the explosion of the population born after the KR period will result in those aged 20-24 increasing in number by 356,000 between 2001 and 2006, and a further 168,000 between 2006 and 2011. Thus the population of those aged 20 to 24 will increase by more than half a million in the first decade of 2000. During the same period, those aged 25-29 will also increase by almost as many.

The projected growth in the size of these two age groups indicates how much demographic pressures on land will increase in the first decade of the 21st Century. If all the persons reaching marriageable age between 2001 and 2010 (over one million) actually marry within a few years, the number of new rural households formed could exceed half a million. A crucial question is, however, will all of them need land?

Will all of them need land?

A variety of livelihood options are open to young people in rural areas, whether married or single, though not all are equally likely:

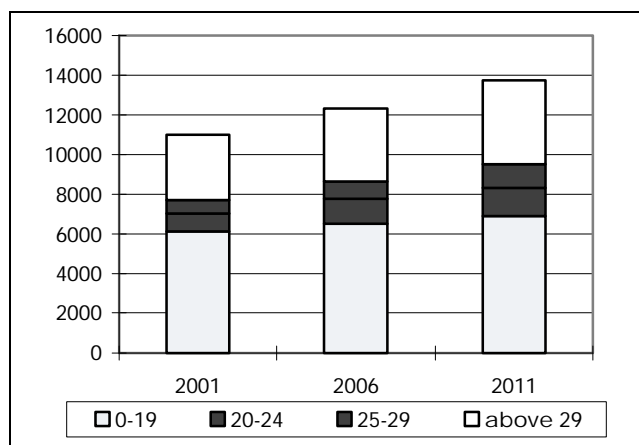
1. A small proportion (usually elder siblings) can inherit some land from their parents and take over the family farm. The FAO recently estimated that food security becomes a problem when households have less than 0.75 hectares of land. This suggests that smaller farms could not be further subdivided and remain viable (FAO 1999). The 1999 Socio-economic Survey, shows

that 52 percent of the rural population had more than .75 hectares of agricultural land. This is a rough estimate of the proportion of households which might be able to give some agricultural land to their children.

2. Since the vast majority of young rural couples (children of landless and marginal farmers and the younger siblings of those who inherit land) cannot expect to receive land from their parents, they will need to find other ways to make a living. Some could stay on their parents' farm, helping out as unpaid household labor. But this would gradually lower both food security at the household level and agricultural labor productivity at the macro-level.
3. Some people could stay in their village/commune if able to rent land from other landowners. Statistics on current land tenure patterns, however, suggest that this is not likely to be an option for large numbers. According to the 1999 Socio-economic Survey of Cambodia, a mere 4 percent of rural households were reported as renting agricultural land.
4. Some people, unable to inherit or rent land, will have to sell their labor as agricultural field workers. But this is not a very lucrative option. A recent survey carried out by CDRI in Kandal and Kompong Speu provinces (see page 15) revealed that rice field workers earned an average of 4,500 riels per day – the second lowest earnings of the ten vulnerable worker groups covered by the survey.
5. The options for rural employment outside the agricultural sector are very limited. Although the industrial and service sectors increased their combined share of Cambodian GDP from 53 percent to 63 percent between 1993 and 1999, their share of total employment increased only 2 percent during the same period (from 19 to 21 percent). At this point, the agricultural sector is the source of jobs for four out of five Cambodian workers and will likely continue to be so for some years to come.
6. The only option left for large numbers of rural dwellers, then, appears to be to move away from their home village and seek employment in a different district, province or country. Such migrations can take several forms. People can:

- Move to another rural area, particularly to a province where arable land is still available, and stake out a farm of their own in areas such as the northwest or northeast “frontiers”, or in recently-opened up reconciliation areas;
- Move to a city on a temporary basis to seek employment in the urban informal sector for several weeks at a time, several times a year (circular migration);
- Move to a city permanently – in effect transferring

Figure 1. Projections of Rural Population



Source: National Institute of Statistics, 2000

- poverty from rural to urban areas (urban drift);
- Seek working opportunities abroad, most likely in Thailand. Opportunities there, however, have shrunk markedly in the wake of the East Asian economic crisis. A recent CDRI survey shows that the number of Cambodians going deep inside Thailand to work has declined dramatically since 1997. At the same time, the numbers living in Cambodia and crossing the border daily has increased. On average, though the earnings of these border migrants are less than half those of Cambodians who find work deep inside Thailand.

In summary, most of the options open to young rural Cambodians in the near future are likely to involve migration within Cambodia – to other rural areas and, increasingly, to urban areas.

Demand for Land and Migration

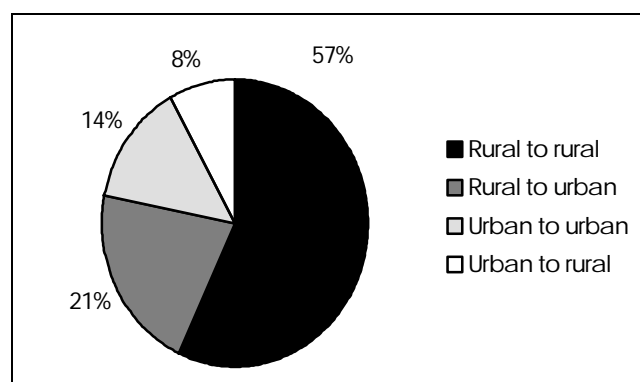
There is overwhelming evidence that more and more rural Cambodians, largely as a consequence of growing landlessness and rural poverty, are leaving their villages. At this time, the country has no nation-wide data set that precisely measures migration flows over time¹. Nevertheless, a comparison of the 1996 Demographic Survey data (NIS 1997) with the 1998 Population Census data (NIS 1999), does provide an indirect way to estimate recent trends in internal migration, particularly migration out of rural areas.

Is migration from rural areas picking up momentum?

Rural out-migration, whether to urban areas or to other rural areas is increasing. The 1998 Census counted a total of 881,400 persons who had moved from a rural area within the five years prior to the Census. Of these, almost one-third (31 percent) had moved within the previous 12 months (Table 2). By comparison, the 1996 Demographic Survey estimated that some 634,700 persons had moved from rural areas within the five years prior to the Survey. Of these, 27 percent had moved within the previous 12 months (Figure 2). These figures show a clear acceleration of the rural exodus. This has been happening even though the proportion of the rural population in the total population is gradually decreasing, indicating that the rural population is increasingly willing to move.

Data also indicate that rural migrants who leave their villages tend to move over greater and greater geographic

Figure 2. Migrants From Rural Areas 1998



Source: National Institute of Statistics, 1999.

distances, as an increasing proportion moves to a different province. Among the “recent” migrants from rural areas, the proportion of inter-provincial migrants rose from 37 percent in 1996 to 44 percent in 1998. This trend is even more noticeable in the case of “very recent” migrants (51 percent of whom were inter-provincial migrants in 1998 compared to 41 percent in 1996). Yet, in contrast to popular perception, the majority of the rural migrants do not end up in cities. More than half of the people who left their villages within one year before the Census, moved to another rural area (Figure 3).

Is Cambodia becoming “A Nation of Strangers?”

As a result of increasing geographic mobility, most places in Cambodia, whether urban or rural, now include significant and fast-rising proportions of “newcomers”. This is especially noticeable in urban areas. Comparing the proportions of the total population made up of “recent” and “very recent” arrivals between 1996 and 1998 shows that even in rural areas, the proportion of newcomers has been increasing (Table 3). In 1996, less than 2 percent of the rural population was estimated to be made up of “very recent” migrants and the proportion of “recent” migrants was estimated at 7 percent. In 1998, these proportions had increased somewhat to 2 and 8 percent, respectively.

The increase in the proportion of newcomers is more pronounced still in urban areas. Here the percentages of both “very recent” and “recent” migrants have exploded, almost doubling in the two years between the Demographic Survey and the Census (from 3.6 to 7.1 percent in the first case and from 13.8 to 22.4 percent in the second case). Thus, almost one quarter of the 1998 urban population was living elsewhere five years earlier. Such striking figures raise questions not only about the adequacy of urban infrastructure to accommodate newcomers, but also, and perhaps more seriously, about growing feelings of rootlessness and the related threat to traditional community spirit and values.

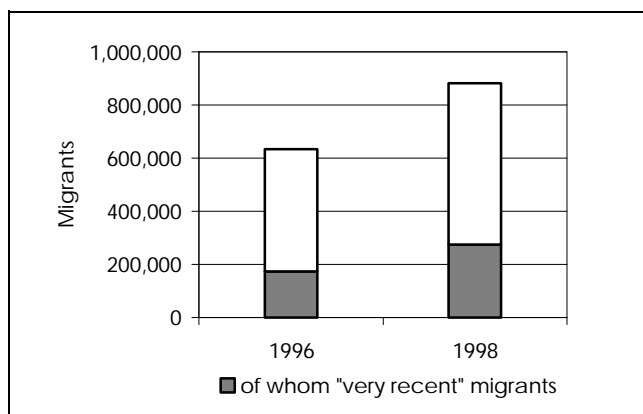
Where do migrants come from?

Census data on net out-migration at the provincial level show that migrations within Cambodia largely originate from just a few provinces. In 1998, five provinces ac-

Table 2. Migrants From Rural Areas 1996 and 1998

	1996 Demographic Survey	1998 Population Census	2-year increase
“Recent” rural migrants	634,786	881,439	38.9 %
“Very recent” rural migrants	172,305	273,534	58.7 %

Sources: National Institute of Statistics, 1997, 1999

Figure 3. "Recent" Migrants from Rural Areas

Source: National Institute of Statistics, 1999.

counted for over half of all "recent" provincial out-migrants. Four of these were provinces with the highest rural population densities which surround Phnom Penh: Kompong Cham, Prey Veng, Kandal, and Takeo.

According to the 1997 Socio-economic Survey, these provinces are also characterised by relatively small average farm sizes (well below one hectare in three of the provinces and barely above one hectare in the other two). This migration pattern seems well entrenched and fairly stable judging from the very similar results obtained by looking at "very recent" migrants instead of "recent" migrants for both 1996 and 1998.

What places attract internal migrants?

Provinces that attract inter-provincial migrants may be identified by looking at Census provincial-level data on in-migrants. Provincial in-migrations are even more concentrated geographically than out-migrations. In 1998, five provinces received over 60 percent of provincial in-migrants. The top destination was Phnom Penh, which alone received about one-third of all inter-provincial migrants, followed by Kandal, Banteay Meanchey and Koh Kong. Included were the two rural provinces with the highest average farm size and low population densities: Koh Kong and Banteay Meanchey. The geographic pattern of provincial in-migrations also appears to have changed little relative to the pre-1969 period.

Table 3. Percentages of the Total Population Made up of "Recent" and "Very Recent" Arrivals (1996 and 1998)

	1996 Demographic Survey	1998 Population Census
In Rural Areas		
"Recent" Arrivals	1.88	2.44
"Very Recent" Arrivals	6.93	8.10
In Urban Areas		
"Recent" Arrivals	3.59	7.12
"Very Recent" Arrivals	13.84	22.44

Source: National Institute Of Statistics 1997, 1999

Who moves?

Youth and young adults are disproportionately represented among migrants. Youth (aged 15 to 24), who made up 18 percent of the total population, accounted for 30 percent of the "very recent" migrant flows. Young adults (25 to 29), who represent less than 8 percent of the total population, made up 13 percent of the migrant flows. Furthermore, very young children under five years (presumably moving with their parents), make up a significant proportion of the migrants (9 percent).

Men make up just a little over half of the total number of migrants. But the sex ratio is slightly more unbalanced in favour of men in the age group 20 to 29. Sharper differences in sex composition are visible in migration streams to some provinces. For example, females made up 56 percent of "very recent" migrants to Phnom Penh. This reflects the opening up of numerous garment and shoe factories in the capital that started attracting rural women in 1997 and 1998. Conversely, men made up well over 60 percent of "very recent" migrants enumerated in Preah Vihear, Odder Meanchey and Mondolkiri provinces. In the first two provinces, the proportion of males was over 80 percent. This suggests a strong movement of single males, possibly members of the army, into these "frontier areas" between March 1997 and March 1998.

Why do they move?

Migrants who had left their villages less than one year before the Census stated that their principal reason for moving was the need to search for employment (29 percent of the total). The second reason given was the need to follow their families (25 percent). There were few differences in the reasons given by male and female migrants, with females slightly more likely to move for family reasons and males slightly more likely to move for education and marriage.

Is Cambodia running out of agricultural land?

Some argue that landlessness is not a problem in Cambodia because there is plenty of land available. Indeed, with a land area of 181,035 square kilometers, Cambodia's average population density is significantly lower than that of Vietnam or Thailand. Also, the growth of the cultivated area in Cambodia has been nothing short of remarkable (from 1.6 million hectares in 1980 to 2.4 million hectares in 1999). Yet, a comparison of the growth of the cultivated land (47 percent) and the growth of the population over the same period (about 70 percent) should give one cause for concern.

There are several reasons why national-level figures, such as average population density or growth of cultivated area, are not very useful in understanding land issues in Cambodia.

First, they do not reflect the distribution of arable land among farming or rural households, which is becoming increasingly concentrated in fewer and fewer hands (Sik Boreak 2000:27). The same amount of land distributed more equitably could go far towards alleviating problems of food security and poverty at the household level.

Also a substantial, though undetermined part of the

national territory is simply not suitable for growing crops. This is especially true of mountainous areas with steep slopes. Thus, not all of Cambodia's territory can be considered as potentially arable land.

An International Rice Research Institute (IRRI) report determined that "Natural infertility is inherent in Cambodian rice-growing plains as the ancient soils have been leached over thousands of years. Centuries of rice monoculture ... contributed to their degradation" (Nesbitt 1997:108). If some of the land has never been cultivated, it may be because it cannot be cultivated. This stresses the urgent need for a dispassionate assessment of the agricultural resource base which would consider fertility, slopes and climate.

Access to land is also restricted by land mines. According to the Cambodian Mines Action Centre, the total area affected by mines covers almost 2,800 square kilometers, or 1.5 percent of the national territory. These areas are heavily concentrated geographically in Odder Meanchey, Pailin and Preah Vihear, the three provinces which turn out to have the highest positive net migration rates (i.e. difference between migrants coming in and migrants going out). Clearing of mines would increase agricultural land somewhat, but this is a very slow process and will likely take several more decades.

Some have suggested transferring surplus rural populations to less densely-populated areas. This has been done in many developing countries, including Cambodia itself (Desbarats 1990). Unfortunately, the results of these experiments have not been encouraging. First, such programmes can be very expensive (up to several thousand US dollars per settler in some cases). Second, transfers of populations to lands only marginally suited to agriculture have often aggravated ecological problems, while failing to increase production levels. Third, settlers unable to make a living on the new land have simply moved again, either to the nearest city or back to their old villages.

Raising agricultural productivity has also been suggested as a way to help ease demographic pressures on land. Higher yields per hectare would allow the same areas to support higher population densities. However, applying the technology necessary to support such gains (irrigation, fertilizers, high yield varieties, and suitable farm machinery) may not be possible everywhere. Soil infertility has been recognised as one of the most serious constraints to crop yield improvement in Cambodia (Nesbitt 1997: 108).

Raising productivity would also require that farmers have sufficient incentives. One of the most important of these is secure tenure to land. The current land registration programme should make this a reality for many farmers over the next few years. Another important incentive is the assurance of a worthwhile and stable financial return. To achieve this, the government will need to stabilise agricultural commodity prices and ensure that adequate roads and transportation services allow farmers to get their crops to market.

Productivity increases may well raise overall produc-

tion. Ultimately, though, they will not give jobs to rural youth, possibly quite the contrary. In the long term, then, employment creation in the non-farm sector appears to be the most promising solution. Creating jobs through rural industrialisation is likely to involve the private sector predominantly. Therefore, the success of rural industrialisation will be critically dependent on the government's ability to create policy incentives for private investment away from urban areas.

Endnote

¹ Neither the 1996 Demographic Survey nor the 1998 Population Census directly measure migration flows *per se*. Their data only refer to the last move made. They are then sorted by duration of stay at the place of enumeration, with one year and five years the two most commonly used reference periods. This article uses both one-year and five-year data. For the sake of simplification, persons who had resided at their place of enumeration for less than a year are called "very recent" migrants. Those whose residence was less than five years are called "recent" migrants.

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Economy Watch—External Environment

Economic trends in Asia in the second quarter of 2000 were characterised by strong economic growth, although recovery from the financial crisis of 1997 was not yet complete. Exchange rates in some countries fluctuated relative to each other because of substantial remaining bad debts and weak governance in financial sectors. Commodity prices in the world markets were also unstable, as prices of some agricultural products sharply declined and oil prices continued to climb. Overall, inflation was relatively moderate.

Regional Economic Growth

Second quarter figures showed firm economic recovery in most Asian countries. China, Hong Kong, South Korea and Singapore experienced strong recovery, with growth rates of more than 8 percent, relative to last year. This rapid recovery was boosted primarily by higher-than-expected growth in the United States (US), where economic activity expanded 6 percent during the second quarter, the highest rate since 1984.

As a consequence of economic growth in Asia, power consumption climbed sharply, and real estate activity recovered again for the first time since the crisis in mid-1997. Slowly, companies are re-filling empty office space. Banks, having written off much of their bad property lending, are returning to the mortgage markets. Vacancy rates are falling in Beijing, Shanghai, Hong Kong, Singapore, Kuala Lumpur and Bangkok. In Manila and Jakarta, however, real estate was still not improving because of the political uncertainties that plagued these countries. In large part, the real estate industry is simply benefiting from economic recovery. In China, however, the real estate boom comes from imminent World Trade Organisation (WTO) membership for China, which the US Congress approved last May.

Despite this dynamism, the benefits of the economic recovery in Asia have yet to reach workers or the rural poor. In South Korea, social tensions increase every day, as workers take to the streets demanding a better share of the profits from recovery. Unionists in Korea are determined to secure new rights and privileges and avoid further sacrifices. Although continuation of reforms is "a matter of life and death", according to the Korean President, the question is how to persuade workers to continue to accept low wages when the economy is doing so well. In Thailand, and to some extent in Vietnam and Cambodia, government development schemes in rural areas seemed to have failed because the prices for agricultural products continue to decline. In Thailand, growing dissatisfaction among rural people, particularly those from the Northeast, have led to demonstrations in Bangkok and opposition parties resigning from the Thai parliament in order to force a general election. In Laos, a resurgence of rebel activity, combined with economic problems, has destabilised the country.

Regional Inflation

Despite increased prices for crude oil, economic growth in the US and Europe has remained strong in the second quarter of 2000, and there was little inflation in those countries. Concerns about economic overheating and a hike in interest rates have subsided. The consumer price index in the US, Europe and Japan increased moderately, almost at the same rate as in the previous quarter. Inflation in China, Hong Kong, Taiwan and South Korea was negligible, while in most ASEAN countries, inflation rose slightly to about two percent. This was due primarily to oil price increases and currency depreciation. However, Cambodia experienced negative inflation because of significant declines in food prices.

Exchange Rates in the International Markets

Asian currency markets were relatively quiet in the second quarter of 2000, except for Indonesia, the Philippines and Thailand where remaining bad debts and weak governance affected the financial sector. Economic activities in these three countries were expected to expand between 3 to 6 percent this year, but for several months now their currencies have been under pressure. The Indonesian rupiah went from 7,300 to the US dollar in the first quarter, to more than 9,000 during the second quarter. Similar losses occurred for the Thai baht, which was worth about 37 to the dollar in the first quarter, and more than 40 per dollar in the second quarter. Indonesia's debt problems are legendary, and its bank-restructuring agency has collected only a fraction of bad debts. In Thailand, although improvements have been made in restructuring the financial sector, three years after the baht's collapse, Thai banks' non-performing loans still account for over 35 percent of the total, because many restructured loans have not been repaid a second and third time.

Commodity Prices in the World Markets

Commodity markets were characterised by continuing oil price increases and collapse of rice prices. Given agreement among OPEC members to limit oil supplies and the stronger-than-expected economic recovery in the US, Europe and Asia, there is not much pressure to lower oil prices. At the end of August 2000, prices of crude oil from the North Sea (Brent) and Texas (WTI) were over US\$33 per barrel, while crude oil from Dubai was close to US\$30 per barrel. Rice prices in southeast Asia, however, collapsed during the same period. In the second quarter of 2000, the price of first quality rice in Bangkok dropped to US\$205 per ton, from US\$240 per ton a quarter earlier, and from more than US\$400 per ton before the 1997 financial crisis. Other main commodity prices were basically stable, though the price of Malaysian rubber increased slightly, reflecting growing demand generated by the world economic recovery.

Prepared by Sok Hach

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Table 1. Real GDP Growth of Selected Trading Partners, 1998–2000 (percentage increase over the previous year)

	1998		1999				2000		1999 Q1-Q4	2000e Q1-Q4
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia	-	-	-	-	-	-	-	-	4.5	5.0
Indonesia	-18.5	-19.0	-10.3	2.0	0.5	5.8	3.2	4.1	-0.4	3.0
Malaysia	-10.9	-10.3	-1.3	4.1	8.2	10.6	11.7	8.8	5.4	8.0
Singapore	-2.1	-1.1	0.6	6.7	8.2	7.1	9.1	8.0	5.7	8.5
Thailand	-12.5	-5.0	0.9	3.5	7.7	6.5	5.2	-	4.7	6.5
Vietnam	-	-	-	-	-	-	-	-	4.8	5.0
Selected other Asian countries										
China	7.6	9.6	8.3	7.1	7.0	6.8	8.1	8.3	7.3	8.0
Hong Kong	-6.9	-5.6	-3.0	1.1	4.4	8.7	14.3	10.8	2.9	8.5
South Korea	-7.9	-4.6	3.7	9.9	13.4	13.0	12.8	9.2	10.7	8.0
Taiwan	4.7	3.7	4.3	6.5	5.1	6.8	7.9	5.4	5.3	6.5
Selected industrial countries										
Euro-11	-	-	1.7	1.7	2.2	3.1	3.4	-	2.1	3.5
Japan	-1.2	-1.7	0.1	0.9	1.0	0.0	0.8	-	0.5	1.5
United States	3.9	4.6	3.9	3.8	4.3	4.6	5.0	6.0	4.1	5.0

Sources: Data for 1998Q3–2000Q2 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 2. Inflation Rate of Selected Trading Partners, 1998–2000 (percentage increase over the previous year)

	1998		1999				2000		1999 Q1-Q4	2000e Q1-Q4
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia	13.9	12.6	8.6	6.4	1.8	0.0	0.2	-2.3	4.0	1.9
Indonesia	74.5	77.5	56.0	30.9	6.6	1.7	-0.6	1.5	20.5	8.0
Malaysia	5.7	5.4	4.0	2.7	2.3	2.1	1.5	1.3	2.7	3.0
Singapore	-0.8	-1.6	-0.6	0.1	0.9	1.5	-1.5	0.8	0.5	1.0
Thailand	8.1	5.0	2.7	-0.4	-1.0	0.1	0.8	1.6	0.4	3.0
Vietnam	-	-	-	-	-	-	-	-	4.0	3.0
Selected other Asian countries										
China	-1.4	-1.1	-1.4	-2.1	-1.3	-0.8	0.1	0.1	-1.4	2.0
Hong Kong	2.8	-0.8	-1.8	-4.0	-5.9	-4.1	-5.2	-4.5	-4.0	0.0
South Korea	7.0	6.0	0.7	0.6	0.7	1.3	1.5	1.4	0.8	3.0
Taiwan	0.4	2.1	-0.5	-0.8	0.6	0.1	1.1	1.4	0.4	1.5
Selected industrial countries										
Euro-11	1.1	0.8	0.8	1.0	1.1	1.5	2.0	2.1	1.1	1.5
Japan	-0.2	0.5	-0.1	-0.3	0.0	-1.0	-0.7	-0.7	-0.3	-0.1
United States	1.6	1.5	1.7	2.1	2.3	2.6	3.2	3.2	2.2	2.7

Sources: Data for 1998Q3–2000Q2 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 3. Exchange Rates of Selected Trading Partners Against the US Dollar, 1998–2000 (period averages)

	1998		1999				2000		1999 Q1-Q4	2000e Q1-Q4
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia (riel)	3,892	3,820	3,813	3,822	3,885	3,808	3,822	3,845	3,832	3,830
Indonesia (rupiah)	12,252	7,908	8,776	7,921	7,531	7,193	7,340	8,279	7,855	7,500
Malaysia (ringgit)	4.06	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Singapore (\$)	1.73	1.64	1.70	1.71	1.69	1.67	1.71	1.72	1.69	1.70
Thailand (baht)	41.1	37.0	37.1	37.2	38.3	38.8	37.8	38.6	37.8	38.0
Vietnam (dong)	13,907	13,893	13,901	13,931	13,960	14,009	14,060	14,060	13,950	14,100
Selected other Asian countries										
China (yuan)	8.31	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28
Hong Kong (HK\$)	7.75	7.75	7.75	7.75	7.76	7.77	7.78	7.79	7.76	7.78
South Korea (won)	1,326	1,279	1,197	1,190	1,195	1,173	1,125	1,116	1,189	1,150
Taiwan (NT\$)	26.5	27.5	28.7	33.4	32.2	32.0	30.8	31.7	31.6	31.0
Selected industrial countries										
Euro-11 (euro)	-	-	0.89	0.95	0.95	0.96	1.03	1.07	0.94	1.08
Japan (yen)	140	120	117	121	114	105	107	107	118	110

Sources: Data for 1998Q3–2000Q2 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 4. Selected Commodity Prices on the World Market 1998–2000 (period averages)

	1998		1999				2000		1999 Q1-Q4	2000e Q1-Q4
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Hardwood (logs) - Malaysia (\$/m3)	141	162	175	178	196	199	189	193	187	200
Hardwood (sawn) - Malaysia (\$/m3)	466	520	544	585	632	643	641	633	601	650
Rubber - Malaysia (\$/ton)	678	705	678	596	573	689	700	714	634	720
Rice - Bangkok (\$/ton)	323	284	279	245	247	225	240	205	249	250
Soybeans - USA (\$/ton)	231	233	202	200	196	200	212	224	200	200
Crude oil - Dubai (\$/barrel)	12	12	11	15	20	23	24	25	17	24
Gold - London (\$/fine ounce)	289	294	287	274	259	296	290	284	279	280

Sources: Data for 1998Q3–2000Q2 from the International Monetary Fund; data for year 2000 forecast by CDRI

Economy Watch – Domestic Performance

Second quarter indicators on Cambodia's economic performance show that manufacturing (mainly garment exports) and telecommunications continue to grow, whereas agriculture and tourism have declined slightly. According to the National Institute of Statistics, the consumer price index has declined 2.3 percent, relative to the same period last year, despite oil prices reaching a 20-year high. The riel remained relatively stable against the US dollar and appreciated against both the Thai baht and the Vietnamese dong. The number of new investments and expansion of fixed assets indicate greater confidence in the economy.

Economic Activity

Agriculture continues to play a significant role in the Cambodian economy. Traditionally prices for rice, the most important staple in the Cambodian diet, have varied according to changes in the political, economic and/or natural environment. For example, recent flooding in some provinces along the Mekong River in mid-July, led to increases in the price of rice in late July and August. A Cambodia Development Resource Institute (CDRI) survey shows that the price of first-quality rice rose by 29 percent, and the price of second-quality increased by 7 percent, relative to prices before the floods. The floods also adversely affected other seasonal crops such as sesame and maize. Rice and other agriculture prices are affected as well by high road transport costs. About 90 percent of goods in Cambodia are transported by road and poor road conditions result in great differentials in prices between Phnom Penh and provincial towns. Due to transport costs, the price of rice in Phnom Penh is significantly higher than in Battambang, the province that produces the major share of quality rice. Loading and transport costs, plus 10 percent for wholesalers' profit, push up the wholesale price of second-quality Battambang rice sold in Phnom Penh from US\$170 per ton to US\$200 per ton.

The telecommunications sector has expanded remarkably, according to indicators from the Ministry of Post and Telecommunications. Compared to the last quarter of 1999, the number of fixed and cellular phones in use in the first quarter of 2000 increased by 5 percent and 10 percent respectively. Phone purchases have decreased the number of people per telephone from 101 at the end of 1999, to 93 people per telephone (including cellular phones) at the end of the first quarter of 2000. Telecommunications growth is especially strong in and around Phnom Penh and demand is also rapidly increasing in provincial towns in response to economic growth.

The garment industry has been growing rapidly, despite an impending 14 percent quota on exports to the United States. In the second quarter of 2000, exports to the US had risen by 22 percent over the first quarter. Garment exports are expected to continue their expansion in the next quarter. Earnings from European exports climbed from US\$31.8 million in the first quarter, to US\$35.3 million in the second. Increasing exports to the European Union (mainly the United Kingdom and Ger-

many) were the result of a relaxation in non-quota restrictions on exports, as well as improvements in Cambodian export procedures. Uncertainty remains though as to whether Cambodia will be restricted to a 14 percent US quota by the end of the year, despite US government promises to review progress Cambodia has made in improving conditions for garment workers.

Tourism declined slightly in the second quarter of the year. Although the political and economic environments in Cambodia have generally been good since early 1999, depreciation of the Thai baht and increasing political and economic tensions in the region, are likely responsible for the slight downturn in tourism in Cambodia. Ministry of Tourism data show that the number of passengers arriving on Bangkok-Siem Reap direct flights had dropped by 36 percent, compared with first quarter numbers (down from 18,627 to 11,801 passengers). However, passengers on Vietnam-Siem Reap direct flights increased by 141 percent in the second quarter (up from 1247 passengers to 3011). Overall, the tourism industry continues to do well. In the second half of 2000, passengers arriving in Cambodia by air rose 37 percent relative to the same period last year, and tourist arrivals are expected to continue increasing. Cambodia has great potential to attract even more tourists if regional road connections between Cambodia, Thailand and Vietnam are improved with Asian Development Bank and Japanese assistance.

Transportation services have improved in some areas, thanks to the rehabilitation of national Highway Number One to the eastern provinces (Svay Rieng and Prey Veng). The Phnom Penh river port has also been upgraded with Japanese assistance. According to the Ministry of Public Works and Transport, the improved facilities will result in a 65 percent increase in overseas trade shipments by the end of the year. Port improvements also mean that the number of oil tankers supplying the city's petroleum needs are expected to rise, and this will increase the threat of serious ecological damage to both fisheries and agriculture if accidental oil spills occur.

Inflation and Foreign Exchange Rates

Even though the oil price remained high in the second quarter of 2000, the consumer price index for food and other items in Phnom Penh declined markedly compared to the same period in the previous year. According to the National Institute of Statistics, in the second quarter of 2000, the consumer price index (CPI) declined 2.3 percent relative to the same quarter in 1999. Good weather conditions in the first half of 2000 brought food prices in Phnom Penh down significantly, although energy prices remain high. However, food prices in Phnom Penh and the provinces are expected to rise slightly in the coming quarter as a consequence of recent floods.

Exchange rates in the second quarter were quite stable despite devaluation of the riel by 0.6 percent against the US dollar. However, the riel appreciated slightly against the Thai baht and the Vietnamese dong. Gold prices in the second quarter of 2000 showed similar trends to prices in

Economy Watch – Domestic Performance

the international market. In Phnom Penh, gold prices declined 3 percent per chi in the second quarter of 2000, compared with a 2 percent decline in London.

Poverty Situation – Earnings of Workers

Poverty alleviation has become a major goal of the government. In order to monitor changes in the living conditions of some of Cambodia's most vulnerable populations, CDRI conducts regular surveys of vulnerable workers.

According to CDRI's August 2000 survey of daily earnings, 473 vulnerable workers in Phnom Penh reported that their earnings remained around US\$ 2.00 per day. However, the daily earnings of cyclo drivers, porters and scavengers had risen remarkably compared to the same time last year. This upturn indicated that business activities are now increasing in response to political stability and growing private investment in the country.

The August survey also found that 87 percent of the vulnerable workers in Phnom Penh interviewed by CDRI are temporary migrants. Prey Veng, Kandal and Svay Rieng are the provinces which provide the largest number of migrant workers in Phnom Penh (accounting for 18 percent, 17 percent and 16 percent respectively).

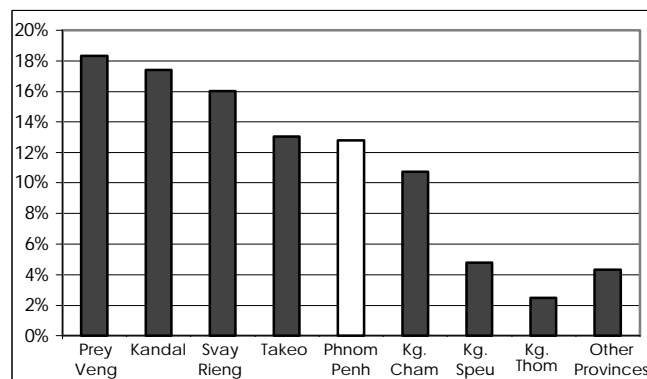
Earnings of cyclo drivers in August had risen 13 percent compared with the same period in 1999. CDRI asked 44 cyclo drivers whether they would like to change their job and 30 percent responded "No, they would not change their job"; 33 percent answered that they did not know, and the remainder said they could not find a better job. The daily earnings of porters at Psa Touch river port also increased 8 percent in August 2000, compared with the same period last year. The higher cost of road transport has increased the use of river transport, and with it, port activity.

The daily earnings of garment workers and motorcycle taxi drivers contrasted sharply with each other. Expansion of fixed assets in the garment industry and increasing exports to the US and the European Union have increased the demand for garment workers. Daily earnings for garment workers were 17 percent higher compared with their earnings in February 2000. The August survey showed that 91 percent of the 117 garment workers interviewed were temporary migrants. Fifty percent revealed that they had spent an average of US\$38 to obtain their job and 57 percent said they had taken out a loan to pay this bribe.

In contrast to the garment workers, higher gasoline prices have resulted in a considerable decline in the daily earnings of motorcycle taxi drivers (down from 12,100 riels in May 2000 to 11,084 riels in August). Unless gasoline prices drop to less than US\$0.50 per litre (retail price) in the near future, motorcycle taxi drivers will continue to experience economic hardship.

The CDRI survey also revealed that the number of waitresses and rice field workers has declined as more young people migrate to the city for better employment opportunities (mainly in the garment industry). With fewer workers available, the earnings of waitresses and

Distribution of Vulnerable Workers by



Source: CDRI survey

rice field workers were 20 percent and 23 percent higher respectively, compared with their earnings in February. The number of young scavengers, on the other hand, has increased due to school holidays which last from July to September. As a result of greater numbers of temporary scavengers, daily earnings for scavengers ranged from only US\$0.26 to US\$0.38.

Monetary Developments

Increasing foreign currency deposits in the second quarter testify to increasing trust in the economy. According to the National Bank of Cambodia (NBC), second quarter deposits in commercial banks rose by 57 percent compared to the same quarter last year. This increase should help boost private sector development, although credit provided to the private sector rose by only 20 percent in the same period. Net claims on government slumped significantly (down 56 percent relative to the first quarter). This was the result of more government cash deposits going into the National Bank of Cambodia (NBC). Significant increases in government and private deposits have helped ease depreciation of the riel against the US dollar.

Unfortunately, the amount of net domestic credit available continued to decline as a result of more assets leaving the country for overseas banks. With the region continuing to recover from the financial upheaval in 1997, and continuing political stability in Cambodia, the country is now on track for growth in both the economy and the financial sector. Cambodian confidence in the banking system, and bankers confidence in the domestic economy remains a critical issue, along with more extensive banking reform. In the past, a large percentage of people have distrusted domestic banking systems, kept their money outside banks and conducted their transactions in cash. Reforms in the financial and banking sectors are needed in order to develop strong local banks and attract foreign banks. Reforms would help the financial services sector to compete both locally and internationally.

Public Finance

According to the Ministry of Economy and Finance, total budget revenues for the second quarter of 2000 rose 14

Economy Watch – Domestic Performance

percent relative to the previous quarter. This upturn, which came mainly from telecommunications and tax collection, may have been the result of payment of outstanding telecommunications debts and stricter control of oil smuggling by the Ministry of Economy and Finance. The ministry revealed that in previous months, the government had lost an average of US\$5.5 million per month due to oil smuggling. However, total domestic revenue in the first half of 2000 reached only 94 percent of its target. The slump in international trade in the second quarter may be the main reason for not reaching revenue targets. In the next quarter fiscal revenue is expected to increase with the resumption of pre-export inspections by SGS company.

Although budget revenue has not yet reached its target, revenue collection during the first half of the year increased slightly (5 percent) compared to the same period last year. The great success of the value-added-tax (VAT) introduced early in 1999, has also brought an increase in tax revenue. In the first six months of 2000, VAT revenue was up 13 percent compared with the same period last year. In contrast, customs duties plummeted 11 percent, relative to the first half of 1999. The reason for this decline, according to customs officials, may have been the heavy early rains which interfered with Thailand/Cambodia trade which is largely conducted by road. Non-tax revenue in the first half of 2000 also showed an increase of 10 percent relative to the same period of 1999. The expansion of the post and telecommunications sector and international flights in the first six months of 2000, contributed significantly to the upturn in non-tax revenue.

The expenditure side of the budget in the first half of this year has revealed an increase of 8 percent compared to first half of 1999. Expenditures for defence and security continue to dominate the budget, amounting to 43 percent of total expenditures (8 percent above targeted expenditures). Spending for education and health remained relatively small, amounting to only 13 percent (compared with the government's target of 23 percent).

Private Investment and Employment

According to the Cambodian Investment Board (CIB), expansion of fixed assets in the second quarter of 2000, particularly in the garment industry, demonstrates increasing confidence in the country due to political and economic stability. Investment projects approved by CIB increased slightly in the second quarter, after a drastic decline in the first quarter. In the second half of the year, total fixed assets climbed dramatically – up 63 percent

relative to the same period in 1999. Expansion in the garment and energy sectors played a key role in the upward trend.

Regarding employment, the garment industry contributes greatly to employing the large number of low-skilled female workers entering the labour force. According to previous CDRI estimates, the garment industry alone employs a total of about 100,000 people – most of whom are young women. With an estimated 150,000 new people seeking employment annually in Cambodia, expansion of domestic and foreign investment is crucial to ensure adequate job opportunities for Cambodia's rapidly-expanding work force. Unfortunately, slow and uncertain growth in investments raises concerns about the country's ability to employ the expanding working-age population.

Foreign Aid and External Debt

In order to foster more substantial economic development, Cambodia still needs additional foreign aid (both financial aid and technical assistance). The amount of foreign assistance to Cambodia was very substantial between 1994 and 1999 (about US\$2,600 million). This represented 61 percent of total public funds, and was 57 percent higher than the domestic budget revenue. According to CDRI's estimate, loans contracted during this period from multilateral institutions (the World Bank and ADB) were on concessional terms only, and they represented about 13 percent of total foreign assistance. However, the government is now intending to expand its borrowing from bilateral partners, particularly Japan. According to the Ministry of Economy and Finance, loans from the World Bank between 1994 and 15 June 2000 totalled US\$186 million. Loans from ADB totalled US\$169 million between 1993 and July 2000. Some debts will be repaid in early 2004 and some in 30 years. In future, in an attempt to ease the burden of interest payments on loans, the Ministry of Economy and Finance, which is the sole authority responsible for external borrowing, will avoid contracting or guaranteeing any loans which are not on concessional terms.

Prepared by Chea Huot, Pon Dorina and Sok Hach

A Call for Recent Publications on Cambodia

Recent Publications on Cambodia is a regular feature in the *Cambodia Development Review*, and is intended to be a reference for researchers working on socio-economic and development issues. If your institution has published a report dealing with social and/or economic development in Cambodia within the past six months, please send us one copy for possible listing in the research bibliography. All reports received will be added to CDRI's Library and made available to the public. Please provide full bibliographic details as follows:

Full title (in English and Khmer) / Full names of author(s) / Publishing institution / Date of publication (including month) / Number of pages / Contact details for your institution / ISSN or ISBN if applicable

Economy Watch – Economic Indicators

Table 1. Cambodia: Main Macro-economic Indicators, 1993–2000

	1993	1994	1995	1996	1997	1998	1999	2000e
GDP at current prices (billions of riels)	5,414	6,131	7,200	8,250	9,100	10,900	11,700	12,700
GDP at current prices (millions of dollars)	1,924	2,386	2,925	3,124	3,033	2,868	3,063	3,303
GDP per capita (dollars)	200	241	284	292	274	251	260	273
Growth rate of real GDP (1993 prices)	6.1	5.7	7.6	7.0	1.0	1.0	4.5	5.0
Agriculture	4.5	3.3	10.5	0.8	1.4	-0.1	1.3	0.0
Industry	13.6	3.8	6.8	17.9	2.4	6.1	11.1	10.7
Service	5.5	9.4	4.5	10.7	-0.1	0.3	5.3	7.8
Inflation (in riels, final quarter basis)	41.0	17.8	3.5	9.0	9.1	12.6	0.0	2.0
Riel/dollar parity (annual average)	2,814	2,569	2,462	2,641	3,000	3,800	3,820	3,845
Budget revenue (percentage of GDP)	5.4	9.6	8.9	9.1	9.7	8.6	11.3	11.9
Budget expenditure (percentage of GDP)	11.2	16.5	16.7	17.5	13.8	14.2	16.5	18.8
Current public deficit (percentage of GDP)	-1.5	-1.4	-0.8	-1.2	0.7	-0.2	1.6	1.3
Overall public deficit (percentage of GDP)	-5.9	-6.8	-7.7	-8.4	-4.2	-5.6	-5.3	-6.9
Domestic exports of goods (percentage of GDP)	8.2	11.1	12.0	11.2	16.6	21.7	27.9	30.7
Retained imports of goods (percentage of GDP)	18.9	22.6	23.9	27.2	28.1	33.4	40.2	43.5
Trade balance (percentage of GDP)	-10.7	-11.6	-12.0	-16.0	-11.5	-11.7	-12.3	-12.8
Current account balance (percentage of GDP)	-10.5	-12.1	-12.9	-15.6	-10.3	-11.0	-10.9	-10.5
External contribution to the economy (percentage of GDP)	11.7	17.1	21.0	19.7	12.8	12.7	13.3	14.5
Total savings (percentage of GDP)	15.7	18.0	21.0	25.6	20.6	21.4	22.2	22.9
Gross foreign reserves (months of imports)	1.5	1.5	1.7	2.2	2.7	3.7	3.4	3.7
Population (million)	9.6	9.9	10.3	10.7	11.1	11.4	11.8	12.1
Labour force (percentage of population)	48.0	47.3	46.6	45.9	45.3	44.8	44.6	44.3

Source: Ministry of Economy and Finance; data for 1999–2000 estimated and forecast by CDRI.

Table 2. Destination of Garment Exports, 1994–2000 (quarterly average)

	1994	1995	1996	1997	1998	1999	1999				2000	
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Millions of dollars											
United States	-	-	-	26.8	74.1	117.9	116.9	120.3	131.0	103.4	154.0	187.7
Rest of the world	-	-	-	30.0	20.5	31.6	15.7	22.6	22.4	65.6	41.3	37.6
Total	1.0	6.6	19.8	56.8	94.5	149.5	132.6	142.9	153.3	169.0	195.3	225.3
	Percentage change over previous year											
Total	-	560	200	187	66	58	124	76	32	39	47	58

Source: Ministry of Commerce, Department of Trade Preferences Systems.

Table 3. Passenger Arrivals by International Flights at Pochentong and Siem Reap Airport, 1994–2000

	1994	1995	1996	1997	1998	1999	1999				2000	
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Thousands of passengers											
Tourist visas	27.9	38.7	55.3	46.3	38.1	44.9	44.5	38.6	42.8	53.6	60.3	58.5
Business visas	7.1	10.6	15.8	13.9	10.7	16.0	16.3	16.0	15.9	15.7	13.7	12.2
Official visas	3.3	3.9	3.2	3.6	4.4	8.8	6.6	9.2	9.8	9.8	7.7	6.0
Total Pochentong	38.3	53.2	74.3	63.8	53.2	69.7	67.4	63.8	68.5	79.1	81.7	76.7
Total Siem Reap	-	-	-	-	2.6	7.15	4.5	4.9	7.1	12.1	19.9	14.8
	Percentage change over previous year											
Total Pochentong	29.7	38.9	39.7	-14.1	-16.6	31.0	19.3	24.8	48.1	33.9	21.2	20.2
Total Siem Reap	-	-	-	-	-	175	96	104	129	365	342	202

Source: Ministry of Economy and Finance and Ministry of Tourism.

Table 4. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1994–2000 (period averages)

	1994	1995	1996	1997	1998	1999	1999				2000	
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Consumer price index (percentage change over previous year)											
Provinces	-	-	-	6.1	16.3	6.2	14.4	5.1	3.7	1.5	0.6	4.0
Phnom Penh - All Items	-0.5	7.8	7.1	8.1	14.2	4.2	8.5	6.4	1.8	0.0	0.2	-2.3
- Foods	-13.4	4.9	7.6	6.7	15.6	8	15.8	12.3	3.2	0.7	-1.2	-5.5
- Energy	-1.2	19.4	20.7	21.0	10.7	5.5	0.0	-1.8	11.8	11.9	13.0	3.6
	Exchange rates and Gold prices (Phnom Penh market rates)											
Riel per US dollar	2,582	2,479	2,666	3,029	3824	3832	3,813	3,823	3,885	3,808	3,822	3,845
Riel per Thai baht	102	99	105	98	88	101	98	99	103	103	102	99
Riel per 100 Vietnamese dong	23.5	22.3	24.0	25.6	28.6	27.8	28.4	27.7	27.5	27.5	27.4	27.3
Gold prices (US dollar per chi)	45.8	45.9	46.3	40.4	36.0	34.0	35.1	34.6	33.5	32.7	32.8	33.8

Sources: CPI for the provinces are compiled by CDRI, CPI for Phnom Penh by NIS and Exchange rates and Gold prices by MEF.

Economy Watch – Economic Indicators

Table 5. Average Daily Earnings of Workers, 1997–2000

	Net daily earnings (riels)									Change from last year (%)		
	1997 Pre-Jul	1998 Nov	1999 Feb	May	Aug	Nov	Feb	May	Aug	Feb 2000	May 2000	Aug 2000
Cyclo drivers	12,250	6,100	9,407	9,271	8,415	8,226	9,682	9,691	9,511	2.9	4.5	13.0
Porters	9,675	4,543	8,543	7,856	7,446	6,143	8,275	8,002	8,068	-3.1	1.9	8.4
Small traders	7,050	5,913	7,923	6,694	6,402	9,071	7,864	7,267	6,611	-0.7	8.6	3.3
Scavengers	4,155	2,567	3,697	2,956	3,005	2,600	4,750	4,969	4,186	28.5	68.1	39.3
Waitresses*	-	-	-	-	-	-	1,873	2,030	2,250	-	-	-
Rice-field workers	-	-	-	-	-	-	3,600	4,000	4,443	-	-	-
Garment workers	-	-	-	-	-	-	7,283	8,272	8,500	-	-	-
Moto-taxi drivers	-	-	-	-	-	-	9,200	12,100	11,044	-	-	-
Unskilled construction workers	-	-	-	-	-	-	9,193	6,900	8,220	-	-	-
Skilled construction workers	-	-	-	-	-	-	15,873	15,600	14,891	-	-	-

Notes: Surveys on the revenue of waitresses, rice-field workers, garment workers, unskilled workers, moto-taxi drivers and construction workers began in February 2000; * Waitresses earnings do not include meals and accommodation provided by shop owners. Source: CDRI.

Table 6. Monetary Survey, 1994-2000 (end of period)

	1994 Q1-Q4	1995 Q1-Q4	1996 Q1-Q4	1997 Q1-Q4	1998 Q1-Q4	1999 Q1-Q4	Q1	1999			2000	
								Q2	Q3	Q4	Q1	Q2
Billions of riels												
Net foreign assets	391	550	881	1,172	1,550	1,961	1,874	1,909	2,043	2,019	2,373	2,510
Net domestic assets	59	99	31	-109	-435	-591	-559	-593	-637	-576	-640	-679
Net claims on government	143	148	128	54	141	111	166	80	94	103	94	41
Credit to private sector	237	293	435	637	682	731	681	719	762	763	779	860
Total liquidity	450	650	912	1,063	1,116	1,370	1,315	1,316	1,406	1,443	1,733	1,831
Money	200	279	329	385	466	515	527	500	501	532	550	546
Quasi-money	250	371	583	678	655	855	788	817	904	911	1,183	1,253
Percentage change from previous year												
Total liquidity	35.1	44.3	40.3	16.6	4.9	22.7	22.2	21.7	30.1	17.2	31.8	39.1
Money	-1.9	39.5	17.9	17	21	10.5	25.7	16.6	5.7	-2.0	4.4	9.2
Quasi-money	93.2	48.1	57.2	16.4	-3.4	30.5	20.0	25.1	49.3	32.5	50.1	53.4

Source: National Bank of Cambodia.

Table 7. National Budget Operations, 1994-2000 (billions of riels)

	1994 Q1-Q4	1995 Q1-Q4	1996 Q1-Q4	1997 Q1-Q4	1998 Q1-Q4	1999 Q1-Q4	Q1	1999			2000	
								Q2	Q3	Q4	Q1	Q2
Total revenue	148	161	187	220	230	329	301	373	343	301	332	378
Tax revenue	91	111	134	149	169	239	239	260	244	213	244	281
Customs duties	70	80	86	87	94	108	105	125	116	87	98	106
Non-tax revenue	56	47	44	68	51	87	60	102	99	87	88	97
Forest exploitation	22	13	7	9	5	9	3	6	15	12	11	11
Telecommunications	15	14	16	21	22	27	27	19	26	36	20	34
Capital revenue	0	2	10	3	9	3	1	11	0	2	0	0
Total expenditure	252	300	360	315	324	448	394	378	428	591	353	483
Capital expenditure	84	128	157	113	92	156	132	130	151	213	167	209
Current expenditure	168	172	203	202	245	291	262	248	278	378	243	274
Education and Health	23	25	31	32	33	70	25	39	57	159	32	35
Defense and Security	98	106	102	105	110	116	100	127	124	113	86	118
Other Ministries (*)	48	41	71	65	83	103	138	83	95	98	125	122
Overall deficit	-105	-139	-173	-95	-95	-119	-94	-5	-86	-290	-78	-105
Foreign financing	108	140	170	111	67	104	107	107	101	103	122	168
Domestic financing	-3	-1	3	-16	31	1	-14	-101	-12	130	-44	-63

Source: Ministry of Economy and Finance.

Table 8. Investment Projects Approved, 1997–99

	1994 Q1-Q4	1995 Q1-Q4	1996 Q1-Q4	1997 Q1-Q4	1998 Q1-Q4	1999 Q1-Q4	Q1	1999			2000	
								Q2	Q3	Q4	Q1	Q2
Number of investment projects												
Total	46	51	75	34	35	24	32	18	15	30	22	27
Garment	27	30	36	12	21	11	16	11	7	11	11	17
Registered capital (millions of dollars)												
Total	116.0	89.0	97.8	69.5	104.1	61.7	58.0	37.0	45.0	107.0	14.5	19.7
Garment	26.8	28.0	39.2	8.6	22.9	13.9	16.0	12.4	10.9	16.4	6.5	7.0
Fixed assets (millions of dollars)												
Total	303.0	76.2	186.7	190.4	212.3	118.5	120.0	53.9	60.8	239.4	28.4	85.8
Garment	25.1	25.4	39.6	9.7	30.2	19.9	25.6	17.4	13.0	23.6	15.5	28.3

Source: Cambodian Investment Board: Quarterly average

Recent Publications on Cambodia

Intervention and Change in Cambodia: Towards Development?

By Sorpong Peou (Singapore: Silkworm Books, 2000) English, 572 pp.

This book assesses the impact of foreign intervention on Cambodia's state and societal structures during the period 1954-98. Sorpong Peou, a long-time observer of Cambodian issues, assesses the past strategies of external intervention in Cambodia in terms of their competitive, cooperative, or co-optative nature. Placing the country's experience in the context of recent thinking on democratisation, the author develops a broader theoretical approach, offering new insights on the transition from political authoritarianism to liberal democracy — a challenge faced by many nations.

Taam Kamlang

(According to Our Strength): Poverty Indicators and Villager Perception of the Poor and Poverty, Analysis of Opportunities and Constraints in WFP Food-for-Work (FFW) Projects Across Gender Groups, Working Paper One of the 1999 Gender Research Project

By WFP Cambodia (Phnom Penh: World Food Programme, July 2000). English, 38 pp.

When the Poor are also "Mae Mai"

Analysis of Opportunities and Constraints in WFP Food-for-Work (FFW) Projects Across Gender Groups, Summary Report of the 1999 Gender Research Project

By WFP Cambodia (Phnom Penh: World Food Programme, May 2000). English, 22 pp.

These two reports summarise research findings of teams evaluating the World Food Programme's "Food For Work" (FFW) community recovery programmes. The evaluation focused on two major areas, corresponding to the two volumes. These were villagers' perceptions of the benefits of the FFW projects to the poor, and participation of women in FFW projects. The reports also define four dimensions of the economy, and corresponding "poverties" — of money, strength, knowledge, and "right action" (meaning compassion and generous acts). This perception contributes to defining measures of poverty, and the search for solutions.

Local Governance in Transition: Villagers' Perceptions and Seila's Impact

By Malin Hasselskog with Krong Chanthou and Chim Charya (Phnom Penh: CARERE, 2000). English, 75 pp.

This study focuses on two villages in lowland Cambodia, in Pursat and Battambang. Both have participated in the Cambodian government's *Seila* poverty reduction programme. The objectives of the study were to gain a better understanding of villagers' experiences and perceptions of local authorities; to draw conclusions about *Seila*'s impact on local governance; and to discuss the impact on local governance that is realistic to expect from *Seila*. The first part of the study - *Villagers' Perceptions of Local*

Governance - considers local power relations. The second part - *Seila's Impact on Local Governance* - shows that the effectiveness of development interventions vary widely depending on the specific characteristics of local governance.

Report on the Cambodia Socio-Economic Survey 1999

By the National Institute of Statistics (Phnom Penh: Ministry of Planning, 2000). English, 156 pp.

CSES 1999 is the second multi-objective fully integrated household survey conducted in Cambodia. The main objective of the CSES 1999 was obtaining current information on household consumption, income and earnings, and related information on living standards of the Cambodian population required to analyse and monitor poverty. The coverage of CSES 1999 was widened beyond the 1997 survey to include demographic, labour force, child labour, and village level socio-economic data, in addition to data on income and employment.

Cambodia: Enhancing Governance for Sustainable Development

By Toshiyasu Kato, Jeffrey A. Kaplan, Chan Sophal, and Real Sopheap (Phnom Penh: Cambodia Development Resource Institute) Working Paper No. 14, Khmer and English, pp 43.

Good governance is critical for Cambodia's future. This study considers how to promote good governance for sustainable development in Cambodia. The analysis and findings from the study aim to contribute insights for policy-making by the government and to identify key areas and strategies of assistance for donors to consider. This independent study, commissioned by the Asian Development Bank, entailed extensive consultations and interviews with people from government, the National Assembly, the Senate, the judiciary, the media, business, civil society organisations and donors.

Technical Assistance and Capacity Development in an Aid-dependent Economy: the Experience of Cambodia

By Martin Godfrey, Chan Sophal, Toshiyasu Kato, Long Vou Piseth, Pon Dorina, Tep Saravy, Tia Savora, and So Sovannarith, (Phnom Penh: Cambodia Development Resource Institute) Working Paper No. 15, English, 135 pp. plus appendices.

Topics covered by this report include: the scale of and recent trends in technical assistance (TA) in Cambodia; the views of donor agencies and government on the record of TA; factors which determine relative success and failure of projects; plans made for post-project financial sustainability; and the impact TA has on counterparts. The report also discusses what a reformed system of technical assistance might look like and whether there is hope of achieving it. It ends with recommendations to both government and donors regarding the improvement of capacity development.

Glossary

Terms Related to Landlessness

Common Property Resources (ធនធានទ្រព្យរួម)

Common property resources (abbreviated as CPR) is a term used when talking about areas such as forests, pastures, rivers and lakes which all residents in an area have a right to exploit.

Commune (ឃុំ)

In Cambodia, the commune is the smallest geographic division for administrative/political purposes and includes several villages.

Compensation (សំណង)

Compensation, in reference to land, is the receipt of money, land or something else of value in exchange for a parcel of land.

Distress sale (ការលក់ដោយមានធុរៈបង្ខាន់)

A distress sale is the selling of land or other assets by a household to meet emergency expenses. It may be caused by loss of employment, crop failure, natural disaster, illness or accident.

Land alienation (ការផ្ទេរកម្មសិទ្ធិដី)

Land alienation is the loss of a population's access to land as a result of economic distress or expropriation.

Land tenure (សិទ្ធិកាន់កាប់ដី)

Land tenure is the legal right that permits access to and use of a particular piece of land for a defined period of time.

Land title document (ឯកសារសំគាល់កម្មសិទ្ធិដី)

In Cambodia, a land title document is an official document granted by the Department of Cadastre and Geography which allows the holder to exploit and dispose of a particular piece of land.

Landless (អ្នកគ្មានដី)

In Cambodia, the landless are defined as people who do not own agricultural land or do not have the resources to purchase it. Studies in Cambodia show the number of landless people has been increasing.

Privatisation (ឯកជនធិយកម្ម)

Privatisation is the process of transferring ownership from government to private individuals or groups.

Seasonal agriculture (កសិកម្មតាមរដូវ)

Seasonal agriculture is agriculture that follows a seasonal pattern that determines what crops can be grown and/or what livestock can be produced.



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CDRI Update

CDRI is pleased to announce the appointment of its new Research Director, Dr. Sarthi Acharya, an economist and labour market specialist. He comes most recently from the Tata Institute for Social Sciences in Bombay, India, and brings to CDRI a rich experience in development economics, teaching and research. CDRI's main focus during this year has been the preparation of a Strategic Plan for 2001-2005. CDRI will celebrate its Tenth Anniversary on 7 December 2000 with a conference and other events. The annual meeting of CDRI's Board of Directors takes place 8-9 December 2000.

Research

As part of the study on *Labour Markets in Thailand and the Southeast Asian Transitional Economies*, analyses of the Phnom Penh Labour Surveys and of the Socio-economic Surveys of Cambodia are in their final stage. Data from the surveys of international labour migrations are being analysed for presentation at an international conference in Laos in December. The third-quarter survey of vulnerable workers' earnings was completed in August. An Annual Economic Review, with a focus on industrial transformations in Cambodia, is underway for completion in early 2001. In September Sok Hach presented a paper at the international conference on *Achieving High Growth: Experience of Transitional Economies in East Asia*, which was held in Australia and So Sovannarith and Sik Boreak presented papers at the international conference on *Institutions, Livelihoods and the Environment*, which was held in Denmark.

Cambodian Centre for Conflict Resolution

COPCEL continues to meet monthly to discuss questions pertinent to planning for the Commune elections. In July, CCCR contributed to facilitating a World Bank mission and workshop on Land Policy, in collaboration with the

Ministry of Land Management, Urban Planning, and Construction. In August, CCCR worked on a plan to pilot test and disseminate the illustrated version of *Mindful Mediation*. CCCR's Steering Committee met in September to consider plans for the Centre's future development. CCCR is beginning "training of trainers" programmes based on its draft conflict management training manual. CCCR is currently conducting a literature review on approaches to conflict management in Cambodia in order to identify gaps in research and new areas to investigate.

Library

The CDRI Library is currently working with the Nordic Institute for Asian Studies (NIAS) in Denmark on the production of a joint bibliography on recent Cambodian literature. As part of this collaboration, the Library's manager, Mr. Hay Hin spent two weeks at NIAS in August 2000.

Publications

Two new important working papers have just been published in English. These are Working Paper 15, *Technical Assistance and Capacity Development in an Aid-dependent Economy: the Experience of Cambodia* by Martin Godfrey, Chan Sophal, Toshiyasu Kato, Long Vou Piseth, Pon Dorina, Tep Saravy, Tia Savora and So Sovannarith and Working Paper 16, *Land Ownership, Sales and Concentration in Cambodia: A Preliminary Review of Secondary Data and Primary Data from Four Recent Surveys* by Sik Boreak. Recent Khmer editions are Working Paper 13, *Seasonality in the Cambodian Consumer Price Index* by Ung Bunleng and Working Paper 14, *Cambodia: Enhancing Governance for Sustainable Development* by Toshiyasu Kato, Jeffrey A. Kaplan, Chan Sophal and Real Sopheap.

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