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An Assessment of Land Tenure in Rural Cambodia

The Government has undertaken a major initiative to title all land in Cambodia. There are, however, many technical and social issues that will have to be addressed. So Sovannarith, Chan Sophal and Sarthi Acharya discuss some of these in this article.*

The Issue

Between 1884 and 1989, land in Cambodia was subject to various laws, collectivisation of more than one kind and privatisation. However, the traditional method of land holding and control, consisting of acquisition by the plough whereby the prospective user takes possession of what is needed for subsistence without stifling the rights of others, has not yet been fully given up by farmers and village communities. With the advent of modernisation and development, however, the range of stakeholders in land has steadily expanded from subsistence farmers to include commercial and business interests, military and civil administration personnel and state institutions, to name but a few. The traditional system of land control has, in the process, come under severe strain, and some serious conflicts of interest have begun to emerge. To address the issue, the government has formulated an ambitious policy of registering and titling all land in the country. This paper makes an assessment of the land tenure system on the basis of existing data and limited field studies and attempts to account for land under different uses and control. It also highlights issues that will need to be addressed while implementing this policy.



There are many more claims on land than those of small farmers, which sometimes result in tensions. This picture shows a gathering of farmers in Phnom Penh.

though the quality of the forest is believed to have significantly deteriorated (RGC 2001). These figures have been arrived at by aerial and satellite images; there have been no large-scale cadastral surveys conducted in the country. Data after 1996–97 are not available.

While still under considerable financial pressure due to prolonged war and isolation, the government contracted out large areas under concessions to private companies, prior to the early 1990s. The figure quoted in various documents for forest concessions is eight million hectares or about 40 percent of the country. Systematic calculations however reveal that the area under forest concessions, which in the mid to late 1990s was at its peak, never exceeded 6.4 million hectares. By 2001, it

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The Factual Basis of Land Use and Control

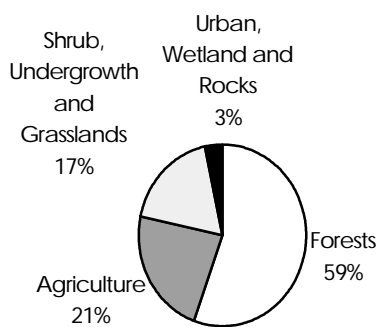
The total area of the country is 181,035 square km: forests cover 59 percent; agricultural area accounts for 21 percent; shrubs, undergrowth, grasslands and so forth account for 17 percent; and urban areas, wetlands and rocks, the remainder (Figure 1). Between 1992–93 and 1996–97, the forest area reduced by a little over 1 percent and agricultural area rose by about 1 percent,

* So Sovannarith and Chan Sophal are Researchers and Sarthi Acharya is Research Director at CDRI. This article is based on two reports: So *et al* 2001 and Chan *et al* 2001.

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Figure 1. Distribution of Land Area in Cambodia (total Area: 181,035 km²)



Source: Chan *et al.* (2001)

had fallen to 4.21 million hectares following cancellation of many concessions. Agricultural concessions, though, have risen in recent years, from 0.66 million hectares in 1999 to 0.83 million in 2001. Finally, inland fishing concessions cover about a million hectares of land, shared between small, medium and large fish contractors. Recent policy aims to reduce this further and bring more area under public access in order to increase fish resources available to the rural poor. Granting concessions *per se* is not an incorrect policy; problems arise when the dealings are not transparent, rights are misused to damage the ecology, government treasury is fleeced or survival strategies of the poor are affected. In this regard, it will benefit the nation if more information on concessions is made public.

In terms of land control, 4.21 million hectares are with forest concessionaires and 3.20 million are under reserve forests. Forests under state ownership other than those under concessions and protection stand at 3.32 million hectares. A part of this area has been released from former concessions and officials maintain that this will be brought under reserved forests eventually. Fishing lots cover about one million hectares, cultivated areas with peasant farmers are 2.71 million hectares, and cultivated areas under agricultural concessions given out by the Ministry of Agriculture, Forestry and Fisheries cover about 0.83 million hectares. Mine-contaminated areas account for about 0.1 million hectares. After accounting for urban areas, wetlands and rocks, scrub lands and other non-wooded lands, undergrowth and so forth, unused areas not yet declared to be under any specific land use or formal ownership other than of the state stand at about 1.73 million hectares. These lands can be used for providing agricultural plots to the landless, establishing industrial/urban centres or expanding commercial farming *without disturbing the existing land use*. A caveat: part of this land is probably already under agricultural concessions given out by the military and such areas will have to be deducted while allocating surplus land.

The Socio-Economic Survey (SES) of 1999 places the total number of agricultural land parcels at 2.88 million. There are 1.37 land parcels for every household in the country; the average size of a parcel is small at 0.90 hectares. Depending upon the data source consulted — and there have been at least seven large surveys conducted by various agencies for different purposes — about 12–15 percent of rural households are without agricultural land: the interval could be explained by the regional or target-specific variation. The average size of agricultural land holdings in the agrarian sector is about 1–1.3 hectares per household, again depending upon the area and target group. Agricultural lands are owned by both urban and rural dwellers. The small land size coupled with low application of modern technologies is the principal reason for rural poverty.

The total number of residential plots in the country is estimated at 2,029,160, which includes plots that are normally possessed and those that may be under some form of dispute. The average size of residential land is about 888 square metres; for rural areas it is about 919 square metres. A lot of area under residential land is cultivated for *chamkar*, thereby contributing to a household's food security base. Total homelessness works out at about 3 percent, almost all in urban areas.

It is widely accepted that rural poverty also ensues from landlessness. However, most economy-wide data sets do not support this proposition. There is an enormous paucity of accurate and comprehensive data on land in the country.

View From the Field

It is widely believed that, when land was redistributed in 1989, there was a fair degree of equity in the distribution. Ownership rights were given for residential plots of sizes not exceeding 2000 square metres, possession rights were given for cultivated land of plots not exceeding five hectares, and concession rights were given for plantation plots greater than five hectares. In addition, ownership rights were given to citizens who occupied houses and dwellings in Phnom Penh. A decade or so later, however, there is widespread discontent about landlessness and inequality. This is discussed in both a number of newspaper reports and scholarly writings (Williams 1999; Kato 1999). The direct impact of land transfers on poverty reduction in recent years, though, has been difficult to discern.

In locales characterised by high commercialisation, land use patterns have changed dramatically. Such changes have been consequent to increasing demand by more diverse interest groups, including private companies and state institutions, as well as individuals in positions of authority such as government officials and military personnel. The demand for land has also increased among rural populations as a result of considerable population rise and restrictions placed on people's access

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to forest and fish resources. Such shifts in land use patterns have also been accompanied by a corresponding shift in people's perceptions of land rights. Two distinct practices of ownership and control are now rapidly emerging as more and more land is acquired by people and institutions from outside the local community for purposes other than subsistence farming. Land use rights are recognised locally by people within the peasant community according to traditions and customs, while ownership rights are recognised by people from outside the community according to the formal law and procedures laid down by the state. More than one mode of land ownership and control, however, is not harmonious because the frequent interface between the two modes has enabled influential people to take advantage of the vulnerable (So *et al* 2001).

Land markets are most active in areas situated along roads and near urban or market centres. The demand for formal land claims is highest in such areas in order to facilitate transfers, clarify land boundaries and avoid disputes with diverse claimants. However, due to the high costs of land titles — mainly in the form of unofficial payments — many land transactions are facilitated at localised levels of administration through an exchange of application receipts or unauthenticated contracts between buyers and sellers, neither of which is tenable in law. Only people with adequate financial resources and political access are able and willing to obtain proper land certificates. In areas characterised more by subsistence farming systems, away from roads and urban or market centres, people either rely on receipts or community-based social institutions for validation of their use rights to land. Here too, though, the advent of modernisation is leading to an increasing demand for some written documentation because people wish to ensure a smooth process of succession and transfer.

A complex hierarchy of government officials and elected representatives governs land in a highly centralised set-up. An application for a certificate goes through at least seven or eight offices, spread across the village, commune, district, province and the national capital. Inquiries and measurements take time, a process also lengthened for want of proper human and physical resources. Most rural people, farmers and non-farmers alike, are not familiar with this governance system. They prefer to avoid it in favour of local traditions and customs and, at best, deal only with local institutions. There are, however, a few who also avoid the formal system because they can avoid paying official taxes as well.

A dual system of land control not only exists, but actors within the government itself, particularly at local levels, are involved in perpetuating it. Different stakeholders understand land laws and rules differently, to the extent that the guardians of the law themselves — the courts and other dispute settlement mechanisms — do not have a clear and consistent understanding of land legislation. The *de facto* sanction extended to different

practices of governance of land has ensured that the actual law is inadequately implemented. The ambiguity in rules and multiplicity of practices in land transactions has also contributed to increasing corruption, which is exacerbated by the unrealistic remuneration provided to government staff. In many areas a proper certificate may cost up to US\$300-400, almost all in the form of unofficial payments. Predictably, the poor rarely, if ever, obtain the right papers because they neither have the support of the law nor the resources to by-pass the law. Women are especially vulnerable since they tend to have less access to and control over resources with which to advocate for their rights.

The frequency and categories of land disputes are increasing as diverse interests compete for land. More land disputes now involve village people along with those from outside the local peasant community, including private companies and state institutions, and increasingly require formal institutions for arbitration. Any new land titling effort will generate more demand for dispute resolution. Such an increase would, in all likelihood, overwhelm a state-machinery that is already falling behind on its caseload. There are both financial and human resource constraints on handling an increased volume of cases. Technical training in law and procedures is sorely lacking. It is no wonder that the formal dispute settlement systems are currently perceived, particularly by

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those in rural farming communities, to be inherently unfair due to a structural bias that favours people with more resources and access to power, while precluding the participation of disadvantaged sections of society. Part of the problem regarding people's faith

in the system also relates to their inadequate information about, and understanding of, laws and procedures governing land. The crisis of confidence in the dispute resolution process, as it is currently structured and practised, represents a significant problem of governance.

Some Critical Concerns in Rural Areas

There is widespread concern about at least four issues: (1) rising land inequality, (2) landlessness, (3) lack of secure tenure, and (4) rising conflict related to land.

Land inequality: The SES of 1999 shows a Gini coefficient of inequality of value 0.57 for agricultural lands. The Mekong River Commission survey of 1995–96 shows a Gini coefficient of land inequality of 0.61 and surveys conducted by World Food Programme and UNICEF for 1998 and 2000 show the Gini coefficient to be near to 0.50. Among the reasons for inequality in land holdings is demographic pressure: between 1990 and 1998, population rose by about 30 percent (NIS 1999; Biddulph 2000). The area under cultivation has increased at a slower rate. The occupational base has also stayed narrow. Since population growth, morbidity patterns and so forth vary across households, some households have had to sub-divide or sell land, while others have purchased it. Inequalities have thus emerged. The second reason relates to large unsettled

populations. Many refugees returning in 1992–93 did not receive land. One reason was that land in their preferred areas was already claimed, or was mine-affected or contested. Such people had to be accommodated on holdings owned by their kith and kin, sub-dividing some holdings; thereby increasing inequalities. Third, formal credit systems are weak, and farmers depend on usury credit. In the event of a bad harvest, many farmers with limited resources are forced to sell part or all of their land to those with more resources, in order to repay their debts. This, in effect, increases the size of some land holdings, while reducing others. Similarly, it has been observed that a poor public-health system forces people to avail themselves of expensive private health services when they fall ill. Many have to sell part or all their land to meet health-care costs. Lastly, speculative land purchases by a few have contributed to the rise in inequality. Benefits of development in the last decade have gone, to a very large extent, to those who live in Phnom Penh or other large urban centres (Curtis 1998). The rich, after exhausting investment possibilities in hotels or restaurants, invest in land because there are few other choices. Land transfers in favour of the city-based rich at the expense of rural, often poor, people have thus become an undesirable outcome.

Landlessness: Figures on landlessness were stated earlier. Landlessness is higher among female-headed households than among male-headed households. The reasons for landlessness are similar to those for inequality in land distribution: high demographic pressure, low occupational diversification, unsettled populations including returning refugees, high cost of borrowing, poor quality public health services which force people to avail themselves of expensive services and speculative land acquisitions by a few. Some additional reasons for landlessness are: shortage of labour, particularly in female-headed households, a yet to be completed reconciliation process in some areas and slow progress in de-mining. Since land plots are small, in many cases sale results in total landlessness. Very small landholders are the ones who most easily become landless.

Lack of land tenure: According to the Department of Cadastre and Geography, not more than 14 percent of the estimated 4.5 million applicants have received formal certificates of ownership. Equally important, after the receipts for the initial claims were made, lands have been subject to transfers and sub-divisions, but these transactions have not necessarily been reported to the appropriate authorities. Unreported agricultural land transfers are more likely in rural areas than in urban areas. There is also some confusion among farmers: most do not seem to know what appropriate land papers are. Historically, the land tenure system in Cambodia has been of the 'extensive' type in which there were no firm land-rights awarded to people. In the recent times, with

the advent of the market system, this legacy has created problems of insecure tenure. The greater the extent of commercialisation, the more insecurity is felt by those not effectively integrated into the market system.

Land conflicts: There are conflicts arising out of unsettled boundaries and contested claims on land which, it is widely believed, are on the rise. Land conflicts are not unique to Cambodia; they exist in all parts of the world. Problems arise here because there is: (1) a weak basis of settlement; (2) ambiguous and expensive legal system; and (3) a lack of an impartial and efficient conflict resolution mechanism. Since the more resourceful are able to manipulate the system, the poor lose land. This creates a politically volatile situation.

The Way Ahead

A few suggestions for land management are offered in this article.

1. It will be important for the relevant authorities to grasp the complexities of the situation fully and to equip themselves to address existing as well as potential irregularities before the titling process proceeds. In this regard, strengthening decentralised land governance could assume centrality of focus. The district can be the terminal point of registration, given its close proximity to villages. Strengthening the capacity of local authorities and creating village and commune level committees, perhaps with NGO participation, are important components of decentralisation.
2. It is important that all land dispute cases are resolved in a way that is consistent with the spirit and intent of the laws governing land rights. Dispute resolution could be decentralised so that it corresponds with land titling. This would require maximum effort to settle cases, including those cases that involve government authorities and companies, with local/community-based mechanisms. Non-partisan and entirely civilian membership of the dispute settlement committees would enable effective resolution of disputes. More financial and human resources allocated at the local level will help facilitate this process.
3. Over the last decade, a large number of refugees have been relocated. A similar effort to settle internally displaced people and landless can help strengthen peace and stability as well as alleviate poverty. There is adequate land in rural areas to meet the needs of the landless. An innovative rehabilitation and resettlement policy, which strikes a balance between the needs and interests of people and long-term development objectives, would address this issue.
4. The need to recognise indigenous people's and women's rights cannot be overstated. Approaches are needed which protect indigenous people's traditional access to, and control over, communal land while meeting the broader development objectives to pro-

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Reciprocity: Informal Patterns of Social Interactions in a Cambodian Village Near Angkor Park

Sedara KIM, a researcher at CDRI, reviews social networks of reciprocal exchange in a Cambodian village. They are still the key mechanisms that maintain community cohesiveness in Cambodia today, though these patterns are beginning to change with the introduction of a cash economy in the 1990s.*

Backdrop

There are different debates on the nature of reciprocity in Cambodia. First, a school of thought has emerged which argues that after the Khmer Rouge period and civil war, the entire social infrastructure was wiped out (Ovesen *et al* 1996). A similar idea, described by Frings, is that Cambodians are not concerned about each other because of their past social experience; even relatives do not help each other for free and do not think that they have a moral obligation to it (Frings 1994). Earlier ethnographic research in the pre-war period by (Ebihara 1968 and Delvert 1961) had found that social cohesion existed only informally in Cambodian villages.

Various other literatures about Cambodia during the 1990s have however illustrated that reciprocal norms have returned after the Khmer Rouge period in the same patterns as during the pre-war era (Collins 1998; Ledgerwood 1998; Vijghen 1991).

John Vijghen conducted research a decade after the end of the Khmer Rouge period on the central plains in Kampong Chhanang province on community development and the issue of money lending. He found that the richer families lent money to their relatives and others for social events on an 'honour' basis. The need for payment of interest varied with the degree of affinity or friendship, but there was low or no interest. People waited to pay back in rice at harvest (Vijghen 1991). They borrowed money only when they had an extreme situation; e.g. a wedding, health care, a funeral, buying a cow, and so on. Such exchange requires a high degree of trust and group cohesion.

William Collins's later work (1998) on the role of civil society actors in the north-west of the country

found that there are various exchange groups including "reciprocal" labour for farming, house building, cow exchange, draft exchange, cooking for community feasting, and community ceremonies. These suggest that reciprocity existed before and after the 1970s.

This Research

I have conducted a field survey using ethnographic methods, during mid-2000, in a village near Siem Reap, in the backdrop of the above debate, on social cohesion *vis a vis* atomisation. My research found, first, that various forms of generalised and balanced reciprocity still take place in the village. Second, I argue that some norms of generalised and balanced reciprocity play an important role in maintaining social cohesiveness among villagers and in sustaining rural economic life at the village and family levels. Third, I believe that a significant change is underway, which may be transforming systems of balanced reciprocity – and not destroying it – in the village because many villagers are now employed for wages. Ethnographic work will shed light on the current norms of reciprocity and interdependence at the grassroots level. According my research findings, I believe that after 25 years of civil war, social cohesiveness has returned to the pre-war patterns in that village.

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I examine how people assist and co-operate with one another; more specifically I look at social relationships at family level, kin groups, religious groups and political groups and at the cultural meaning that underlies their behaviour. I also explore the Buddhist concepts of *merit making*, *nirvana*, and *karma*. Thus, I focus on an understanding of cultural relationships such as beliefs, feasts, values, ideas, and feelings. This paper investigates various informal indigenous groupings and looks at generalised reciprocal systems within the family, brothers and sisters (*bong b'on*), and mutual help among the villagers. These systems are traditionally recognised as having a strong influence on Cambodian life. To demonstrate reciprocal relationships, I have examined intra-village and intra-household interactions. Observing various forms of village mutual assistance helps to clarify how reciprocal systems function; these forms include villagers gathering to build houses, helping the homeless and widows in the village, exchanging labour in rice fields, building village roads and bridges, and so on. This study is limited; hence it does not generalise on the nature of village cohesiveness in the whole of Cambodia.

The analysis of reciprocity in Cambodian village life in this article draws from an established body of literature on different (generalised and balanced) categories of reciprocity and how reciprocity builds relationships in the village (Sahlins 1972).

Methodology and the Village Settlement

I spent more than two months in the village for conducting in-depth interviews and participant observation. In

* This article is drawn out from my Master's thesis of Northern Illinois University, 2001.

addition, I have been exposed to the villagers for more than seven years because I earlier worked in a restoration organisation in the Angkor complex. I employed semi-structured interview techniques by talking to the village chief, elder people, heads of households, returnees, and some villagers who work with different organisations of restoration projects in the Angkor complex. This research aimed at understanding intra-household reciprocal relationships. I built a rapport with two families; the first is a returnee family from the Thai border and the second is a better off family in the village.

The study area is *Angkor Krao* village, *Kok Chok* commune, *Siem Reap* district, and *Siem Reap* province. The village relies heavily on rice cultivation, other agricultural activities, animal raising, fishing, and wage labour or small business in Siem Reap town. The typical adaptive strategy of the villagers is wage labour. Many men in the village have worked with different restoration organisations in the Angkor Cultural Complex. Currently, the village has 404 households and it is divided into two hamlets. The village consists of 23 administrative groups with a total population of 2,153, including 1,044 men, 967 women, and 439 persons older than 18 years. This village is old; it existed before 1975 and boasts of an oral history that can be traced back to the Angkorian Kingdom. The village has no Buddhist temple (*wat*) of its own, but like in other small villages in this area, people normally go to *wats* inside the Angkor compound. The village is 17 km. north of Siem Reap town. People commute to Siem Reap market to buy major goods for family needs. The major transportation modes are motorbikes and bicycles.

The Reciprocity in the Village

Intra-household Relationships: My fieldwork found that family and kinship relations are critical elements in Angkor Krao village. This mutual recognition among kinsmen involves reciprocal affection, trust, responsibility, aid, support, protection, and relatives' sentiment. My attempt in this paper is to describe the implicit and explicit intra-kinsmen relationships, and particularly to look at the reciprocal obligations between brothers and sisters and also parents and children, which are fundamental to ensuring economic stability in the family. Villagers think that the nature of relationships is still the same as it was in the pre-war period. During my fieldwork, I principally focused on two different families, whose backgrounds have been described earlier.

From the two cases of intra-household relationships, we see the norms of assisting the kinsmen that still prevail in the village. This intra-family relationship is characterised by generalised reciprocity, though this relationship is beginning to change somewhat, because of the introduction of a cash economy. These generalised reciprocal relations among kinsmen have their basis in

two themes: 1) each kin member has the "obligation" to assist his or her own relatives to improve economic conditions, and 2) each has to ensure the well being of one's relatives. My research suggests that reciprocity occurs in all poor and rich families in the village, but the scale of reciprocity will depend on degrees of wealth and personal sympathy that each individual has for his or her kin members.¹ These intra-household reciprocal activities are not unique to my research village but may be embedded in all Cambodian family relationships.

Intra-village Reciprocal Activities: Besides intra-household relationships, the communal social cohesion units of neighbours and close friends are also bound together by long years of association in social networks. Even though there were only a few village activities organised during my stay in the village, they serve to demonstrate that inhabitants identify with and feel loyalty to their community. Households help each other in farming, building houses, lending money or rice at no interest, contributing time, food and money to local *wats*, helping with household tasks such as babysitting when parents are busy, and helping to prepare food or build shelters for various ceremonial events. These kinds of activities over time, even over generations, generate favourable communal relationships, friendships, and trust. While there were not many construction activities because it was rainy season, the community activities I saw were: building

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a bridge, fixing ploughing tools, repairing a house and a dam, participating in the ordination ceremony of the son of commune chief, and settling a land conflict.² Other forms of mutual assistance were also reported by different informants. Villagers still have a strong sense of attachment and desire to help one another. People help each other at various ceremonial occasions, with rice cultivation, and in emergency cases. There are other forms of generalised reciprocal activities as well that I observed in the village, e.g. well and pond digging, construction of a school building, land clearing, lending rice and money without interests, and so on.

The Impact of Buddhism on Reciprocal Relationships: Buddhism has a major impact on reciprocal activities in the Cambodian society. These Buddhist perceptions are embedded in the context of various Buddhist ceremonies, for example ordination ceremony, *Katin*, *Bangkok Chmobb* ceremony, and the concept of a Khmer term *Kun*. The pertinent literature of Buddhism on reciprocity can be seen in the full text of my thesis and other research (Ebihara 1962; Kalab 1968); I am not able to describe them here for want of space.

Balanced Reciprocity

Balanced reciprocity frequently exists in rice cultivation. In my research village, people exchanged labour in rice cultivation because this is the only way to get the fields prepared on time during the rainy season. Villagers also

lend and borrow money and rice to/from relatives or close friends without interest, and since not all villagers have capital to buy a cow or pig, they share animal raising. This balanced reciprocal activity helps to generate incomes for individuals, improves social cohesion, and helps to alleviate poverty. This is despite the fact that these relationships are shaped by the cash economy, individual initiative, personal contact, kinship, and obligation. Balanced reciprocity exists, though it has been changing due to encroachment by the cash economy.

Exchange Labour for Rice Cultivation (provas and choldai): I observed that, people exchange labour for ploughing, uprooting rice seedlings, transplanting, and harvesting. *Provas* refers to a fairly complex set of arrangements made between two parties or individuals to exchange labour and equipment so that each individual is able to farm. This is the way of sharing and offering what one has in exchange for something that one needs. In essence, it is based on a principle of mutual assistance and reciprocity. There is also a form of sharecropping where people exchange the use of rice land for a percentage of the harvest. Farmers who have many hectares of arable land reciprocate with others to cultivate their land in return for a certain amount of rice at harvest time. Another system of exchange labour for agriculture is called *choldai* ("put hands together"), which means exchanging labour in an exact amount and at set times.

Rice Borrowing and the Rice Bank: Many villagers do not have enough rice for consumption. They borrow un-husked rice (*srov*) from relatives or neighbours without interest. When people face extreme situation, they prefer to borrow money from friends or relatives, mostly without interest. There is a rice bank programme in the village organised by a non-governmental organisation, yet people still prefer to borrow from relatives and friends. One possible explanation appears to be a traditional practice of the villagers that when they face extreme case of rice deficit and need to borrow money, they normally go to ask their relatives first, and if not possible, they go to ask close friends.

Hired Labour: Hired labour is very common in the village. This can be interpreted as a form of balanced reciprocity. In order to hire workers, one must form an alliance with a certain number of people, mostly people from the same village. Everyone must maintain these alliances through long-term relationships. Some people help widows' families to plough their fields, and in return the widows must come to help them with transplanting or harvesting. The research findings indicate that many villagers are using money to hire labour. The villagers that I talked to thought that hired labour is better and more productive than exchange labour. The incentives of hiring labour are that the landowners do not need to prepare lunch for the workers, and they do not have the obligation to return labour back to the ones

who have helped them. There are limited people available for selling labour during the cultivation season and harvest time however; hence villagers have formed a small group to hire labour. For this, all the group members must have good loyalty to one another and keep this option accessible for all the group members. The concept of hiring labour too therefore forms a continuum of a form of reciprocity.

Exchange Animal Raising: Another labour exchange venue is "exchanging animal raising." Frequently, villagers exchange raising pigs and cows. Normally, villagers who own rice mills are able to raise many pigs because they have the bran from processing rice. Processing rice at the rice mill is free of charge but the rice millers keep the bran. Pig raising is women's work, usually done by daughters in the family. Most pig exchanges are conducted between relatives. For example, if one has raised a female pig bearing many piglets, she might give some to her relatives and in the future if she needs piglets, they will ask some back. In cow raising (*provas ko*), the cow owner usually takes the second calf and the herder keeps the first calf (the cow owner takes the cow back after the calf is big enough to live). This is a very effective method for providing oxen or cows for use by the poor and widows. This cow exchange occurs mostly between relatives and close friends in the village. Some households exchange cow raising with their friends from other villages as well. In this case the herder must be responsible for raising, feeding, and proper treatment of the cow. Cow owners come to check on the condition of their cow from time to time; if they feel that the herders are not raising their cows properly they have the right to take them back.

Balanced reciprocal activity helps to generate incomes for individuals, improves social cohesion, and helps to alleviate poverty. Balanced reciprocity exists, though it has been changing because of encroachment by the cash economy.

Conclusion

The primary goal of my research is to contribute to an understanding of the various forms of reciprocity in rural Cambodia, which play an important role in maintaining social cohesion as well as sustaining the rural economy. I have reported about different cases of generalised and balanced reciprocity that are prevalent. These are similar to those that existed in the pre-war periods, as seen from the literature. The existence of reciprocal activity is also seen in different works in the contemporary time. My research findings contradict the school of thought that believes that 25 years of civil war have wiped out most of Cambodian village cohesion.

One could argue that socio-economic and political transformations in the last 25 years have given rise to a shifting of reciprocity from the pre-war era to what we can see in the contemporary Cambodian village. The research found that reciprocal norms in the village are being transformed, while the influence of cash economy is changing the nature of reciprocity in the village. Many people prefer to get a wage job and combine this with cultivating rice for family consumption since they realise

that money is an option for replacing their hard work on farming. But balanced reciprocal activities remain the core element for the villagers. People must practice exchange labour in order to have their fields ploughed and transplanted in time to benefit from rains. Such exchanges of labour for rice cultivation include: *provas* and *choldai*, rice lending in return for labour, hired labour, and exchanged animal raising. Balanced reciprocity is however being transformed by the current cash economy, especially on the nature of rice cultivation at the grassroots levels, but the notion of reciprocity is not vanishing. Following up of this study, a further research could be considered on the influence of cash economy and wage labour on the Cambodian communities, especially on the traditional agricultural system.

Endnotes

- 1 In the same vein Ledgerwood (1998) writes that the poor do not have the resources to help relatives, but they endeavour to assist their relatives and friends through participation in different ceremonies by providing labour.
- 2 During my fieldwork in 2000, village rice land of about 15 ha was confiscated by the neighbouring village, so the villagers in Angkor Krao, even the ones who do not have rice land, volunteered to challenge the other village to get the land back.

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mote better standards of living in such areas. Legal codes are also required to ensure women's rights to land in the event of divorce and inheritance. Additionally, women require some legal guarantees that ensure their access to fair and impartial dispute resolution. There is a need for active collaboration between the government and civil society organisations to provide indigenous peoples and women with information about their rights in the context of the land law as well as a support system.

5. Strengthening operational budgets for all levels of the administration involved with governance of land through inter-governmental transfers and supplementation with revenue collected from user-fees would make an important contribution to good governance of land. Taxes, if levied progressively, can be more equitable.
6. The database of Cambodian economy is very limited and particularly weak on land. Establishment of a bureau of statistics to serve all ministries and departments is of paramount importance. This bureau could also collate and reconcile data produced by different ministries, in addition to collecting its own data.

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Earnings of Vulnerable Workers: Reflections on Poverty in Phnom Penh

Are vulnerable sections in urban areas earning more than they were earlier? Pon Dorina and Sarthi Acharya examine the earning patterns of the vulnerable sections of Phnom Penh's population over the last decade. *

Introduction

This paper collates data on the earnings of low income workers in urban informal sectors in order to assess whether their earnings have risen in the last decade. Since most of these workers are migrants, it is pertinent to ask whether or not migration has been a successful strategy for combating poverty. Phnom Penh has been chosen for the study because this is the only urban centre where such large numbers in-migrate to seek a living in non-agricultural activities.

In Cambodia, official statistics on wages and earnings are available from Socio-Economic Surveys (SES) and Labour Surveys (LS). Data from SES are available for three points of time, 1993, 1997 and 1999, and from LS, for 1997 and 1998. CDRI also has been gathering quarterly data on the earnings of selected categories of vulnerable workers in Phnom Penh since 1998.¹ The data sets may not cover the full range of workers belonging to the economically weaker sections of the informal economy, but they are fairly representative. Trends in poverty can be assessed from these data sets because wages of workers in the informal sector of the labour market, particularly the lower end, have often been found to be similar (ILO 2000). Not all of these data sets provide an account of the *total* income that workers and their households earn. Therefore the purpose of this study is limited to gauging the capacity of certain types of employment to yield incomes, which in turn would also highlight upon the demand for semi-/unskilled work and occupations in the metropolis.

This paper draws upon earnings data from government as well as CDRI sources. Consumer price indices provided by the government are also drawn upon. This pooling of data from more than one source is unlikely to create any significant statistical inconsistencies.

Trends in Earnings - Evidence from SES

The earnings of workers have been studied previously and the relationship between poverty and earnings has been commented upon. The second Socio-Economic

Development Plan makes explicit mention of the fact that the distribution of gains not reaching the wider population (RGC 2001).

Three SES were conducted in 1993, 1997 and 1999, respectively. The SES of 1993 does not provide estimates of daily wages. According to it, the average *household* income in the city of Phnom Penh was 535,542 riels a month, while the monthly income of *households* in the *lowest two income deciles* was 110,465 riels (RGC 1995). After adjusting for the labour participation ratio, this works out at 43,150 riels earnings per worker per month or about 2000 riels per worker per day, for the poorest 20 percent, calculated on 23–25 working days per month. Using the same data, it has been estimated that the average daily income of a worker, *in all income strata*, from the primary job in the private sector was between 4,200 and 5,000 riels and slightly less in the public sector. SES 1997 showed a monthly wage of urban manual workers - building frame and related workers, roofers, floor layers and tile setters - to be 44,158–164,792 riels per worker for *urban areas*. There was no separate tabulation made for Phnom Penh, nor is it made for separate income deciles. The daily wage of these workers was between 3,000–7,000 riels (RGC 1997). Since the average annual inflation during 1993–97 was about 7 percent, the value of the per-worker income as obtained from SES 1997, at 1993 prices, averaged over different occupations, was 72,342 riels monthly, or about 3,500 riels per day. In 1999, the monthly average *household* income in Phnom Penh was 1,139,533 riels, which on a *per capita* basis works out to 219,771 riels (RGC 1999). For the *lowest quintile*, the monthly household income was calculated at 390,934 riels and the *per capita* income at 71,079 riels. Since the annual inflation during 1993–97 was about 7 percent and during 1997–99 it was about 11 percent, after adjustment the *average monthly household income* was 659,263 riels at 1993 prices. For the poorest 20 percent of households, the income at 1993 prices works out at 226,537 riels which, after adjusting for the labour participation ratio, works out at 89,491 riels per worker per month (1993 prices), or about 3,500–4,000 riels per day.

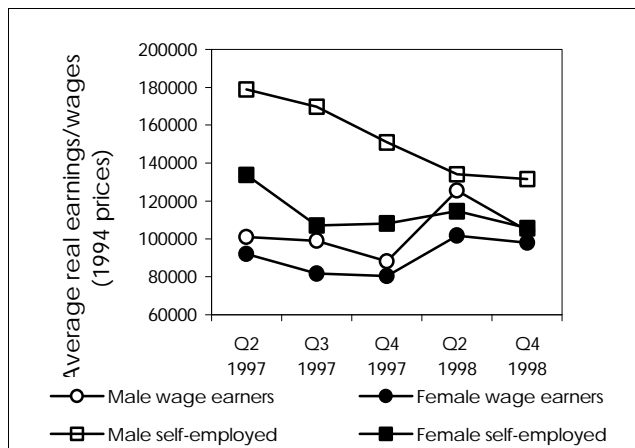
Two things are clear from these statistics. First, the average daily real income of the poorest 20 percent of the population rose from about 2000 riels per day to about 4000 between 1993 and 1999. Second, the average *total* real monthly household income rose from 535,542 riels to 659,263 riels during the same period. Published data, obtained from SES 1997, are not comparable with either the 1993 data or the 1999 data, but based on aggregates, it is possible to infer that between 1997 and 1999 there was no discernible improvement in income levels for these sections of the labour force.

Labour Force Survey Data

The labour force surveys were conducted for five quarters: quarters two, three and four of 1997 and quarters two and four of 1998. These surveys did not collect information on the exact wage amounts earned by the re-

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Figure 1: Average real monthly wages and earnings, by sex and employment status, Phnom Penh, second quarter 1997– fourth quarter 1998



Source: LFSPP databases, NIS

spondents: instead they collected data according to income class intervals. The wages and earnings data have been corrected for inflation and compiled into four categories of low-paid workers: male wage earners, female wage earners, male self-employed workers and female self-employed workers. A caution: these groups of workers may include some workers other than vulnerable workers; hence the data may be biased upwards.

Figure 1 plots the earnings of these four categories of workers over the five quarters in 1997–98. This figure shows that all the workers were distinctly better off in the second quarter of 1997, the time when SES 1997 was also conducted. The average real earnings of the self-employed male workers were nearly 7,900 riels per day, self employed female workers earned about 6,364 riels a day, male wage earners earned about 4,545 riels a day, and female wage earners earned about 3,865 riels a day.² In the third quarter of 1997, following the July fighting, earnings of all categories of workers fell. There was a slight recovery, mainly after the end of 1997, but till the end of 1998, full recovery was seen only among the wage workers and more among male workers than female. Self-employed male workers suffered the steepest drop in earnings.

This section shows that in the period 1997–98, while the *growth* in the national income fell, the actual incomes of workers in the vulnerable groups fell.³

CDRI Surveys on Vulnerable Workers

In 1998, CDRI began to conduct surveys on the earnings of vulnerable workers. In the first two years, data were collected on the earnings of four groups of workers, namely cyclo drivers, small (petty) traders, porters and scavengers. In early 2000, the range of vulnerable workers was broadened to include waitresses, rice cultivation workers, garment workers, moto-drivers, unskilled workers and construction workers. While these 10 categories of workers do not form an exhaustive list of vulnerable workers, they do represent an important segment. Also, these occupations are not the only sources on income for these workers and their house-

holds. However, trends in unit earnings are still good indicators of poverty and standards of living.

The first observation about the data in Table 1 relates to the absolute levels of the wages and earnings. In almost all occupations other than in construction, the wages are in the range 1–2 dollars (August 2001), and in some, even less than a dollar.⁴ The worst off are the rice workers, scavengers and waitresses. Given that in many cases waitresses receive free meals, it may be inferred that rice cultivation workers and scavengers are the poorest among these categories of workers. Since these are also the least skilled workers, this may be an indication that better skills should command higher earnings. CDRI research has also shown that unskilled workers are mostly new migrants from rural areas.⁵ Their low earnings are an indication of urban poverty being a spillover of rural poverty.

Next, trend growth rates in the real earnings of each of the categories of workers are computed in the last row of Table 1. Three observations are noteworthy here. First, almost none of the quarterly trend growth rates in earnings exceeds the range 1–2 percent over this period; in fact some are less than 1 percent or even negative over this four-year period. Only the earnings of waitresses have a quarterly growth rate of about 6 percent. Second, among the positive growth rates in earnings, only those of small traders and waitresses have statistically significant coefficients; in other cases the confidence placed in the coefficients is not sufficient to state that these growth rates *have actually been achieved*. Third, construction workers have faced a negative trend in their earnings – statistically significant at (-) 6.5 percent. Unskilled workers, too, have faced a reduction in their wages though the trend is statistically not significant. These figures confirm the earlier inferences: that the earnings of the poor have by and large stayed stagnant or have reduced. They further confirm that the stagnancy in the earnings has continued into the new millennium as well.⁶

The per capita rise in the real national income has been low since 1998. In 1998 it was negative, in 1999 it recovered to 3.5 percent and in 2000 it again fell to less than 2 percent. In 2001 it is estimated not to exceed 1.5–2 percent. Wages rise only when aggregate incomes rise and they rise faster when the composition of growth is labour intensive. In Cambodia, neither of these conditions has been satisfactorily achieved. The construction sector has been slack, garment industry has slowed a bit⁷ and increased private motorised transport — motorcycles and cars — is providing stiff competition to both cyclo and moto-drivers. Likewise, mechanisation is displacing unskilled workers and porters alike. Wages are also being depressed as a result of increasing migration from rural areas to Phnom Penh.

There is no clear gender-wage divide; instead it is the skill that determines wages. Table 1 shows that the lowest wages are earned by scavengers (men) and waitresses (women), followed by unskilled workers (men and women). On the other hand, construction workers (men), moto and cyclo drivers (men), garment workers

Table 1: Trends in the daily earnings of vulnerable workers, riels at 1994 prices, Phnom Penh, 1998-2001

Month	Cyclo drivers	Porters	Small traders	Scavengers	Waitresses	Rice cultivation workers	Garment workers	Moto drivers	Unskilled workers	Construction workers
Feb-98	9100	6905	5150	3415						
May-98	6696	5198	3264	2918						
Aug-98	5674	4342	4386	2401						
Nov-98	5490	4089	5322	2310						
Feb-99	8654	7860	7289	3401						
May-99	8437	7149	6092	2690						
Aug-99	7574	6701	5762	2705						
Nov-99	7403	5529	8164	2340						
Feb-00	8907	9613	7235	4370	2154	3212	8469	8464	8458	14603
May-00	9013	7442	6758	4621	2360	3720	9616	11253	6417	14508
Aug-00	8655	7342	6016	3809	2560	4043	9669	11050	7480	13551
Nov-00	7380	6570	5760	3510	2925	3690	9338	9000	6750	10080
Feb-01	7626	6789	5952	3627	3023	3813	9648	9300	6975	10416
Apr-01	8898	6564	6869	2483	3023	3360	8719	11207	7683	9585
Aug-01	8423	6964	6203	2498	3119	4185	10654	9820	5231	11509
Quarterly trend growth rate ¹ (%)	1.40	2.10	2.70*	0.90	6.30*	1.90	1.70	0.90	-4.10	-6.50*

¹The trend growth rate has been calculated by estimating a semi-logarithmic equation, $\ln(\text{wage}) = a_1 + a_2(\text{time})$ using the regression method. The growth rate is the estimated value of a_2 .

Notes: Earnings of waitresses do not include any free meals that they may receive. For waitresses and garment workers, daily wages have been calculated by adjusting monthly wages to a 23-25 day month, for purposes of comparability with the earlier data. For others, the data pertain to actual daily earnings. Asterisks refer to statistical significance of the coefficient at 5 percent confidence. Source: CDRI

(women) and small traders (men and women) earn relatively more.

Whither Urban Poverty?

Near stagnancy or fall in the wages of the urban poor, in part, stems from the slowdown in the economy in the recent years. However, beyond this classical explanation is also the fact that non-rice cultivation based growth in Cambodia is based on too narrow a base - garment manufacture, tourism, construction and a small telecommunications sector - and not all of them are labour intensive, particularly for the labour of migrants to the city. In this regard, the role of skills and education are pivotal. All non-agricultural activities require more skills and education than (migrant and unskilled) rural workers have to offer. Next, the fact that Cambodia has a unidodal urbanisation is constraining. The population of the second largest city is a tenth of Phnom Penh's and no city other than Phnom Penh possesses any significant labour absorbing potential in its non-agricultural sectors. This also exacerbates the problem. Lastly, opportunities for self-employment are presently severely constrained by poor physical, social and economic infrastructure. Thus, while in other countries small enterprises employ many people, this is not the case in Cambodia.

Cambodia's agriculture is not following the classic Asian trajectory: there is no labour using agricultural intensification (see Ishikawa 1981). The rural land question is still being settled, and in the process a number of people are becoming landless. Rapid population growth is fuelling this process. All this swells the ranks of the landless, many of whom migrate to urban areas. This brings rural poverty into urban areas.

It will be important to promote multi-nodal urbanisation, decentralise industrialisation, broaden the occupational base and rapidly promote the skills base of the labour force. Lastly, labour-using agricultural development cannot be ignored. These changes are unavoidable if growth in poverty is to be arrested.

Endnotes

- 1 Vulnerable workers are defined as those whose earnings are low and uncertain. These workers are prone to dip below the poverty line as a result of slight shocks in the economy.
- 2 The daily figures have been computed from monthly averages.
- 3 While the macro indicators showed a slow-down, no variable other than the incomes of the poor actually reduced (see Sok *et al* 2001).
- 4 The World Bank defines the very poor as those who earn the equivalent of one dollar or less a day and the poor as those who earn 1-2 dollars a day.
- 5 See *Monthly Flash Reports* of CDRI, various issues for the year 2001.
- 6 A more detailed time-series exercise, separating trends, seasonality, noise etc., has not been attempted since the data series is short and because other complementary data are not available on a quarterly basis.
- 7 The reasons for the rise in wages of garment workers are organised action and legislation.

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Economy Watch—External Environment

According to the most recent economic data, the world economy appears to be threatened by recession. The US consumer confidence remains weak, triggering a significant depression in the world's stock exchanges. In an effort to reverse this trend, the US Federal Reserve continues to ease its monetary policy by effecting a fresh reduction in its short-term interest rates. The Asian economies, except China, are now in a very difficult economic situation. Even stronger economies like Singapore face problems. Foreign exchange rates in the international markets too are not stable in the face of economic recession. Inflation rates, however, remain moderate to low.

World Economic Growth

The US economic growth continued to decline for four consecutive quarters in the last year, achieving only 1.2 percent in the second quarter of 2001 as against 6 percent a year back. The economic situation in other developed countries is similar. Economic growth in Germany was 0.6 percent in the second quarter of 2001 compared to the previous year, while in Japan, it was only 0.2 percent during the same period. The industrial production figures of these most developed countries were even bleaker. In the US the decline in industrial production was 3.2 percent in July and in Japan the decline was 8.7 percent in June, in the year 2001 compared to the previous year. In Europe as well, the industrial production did not grow in this period. Things do not look good for the third quarter either. The US Conference Board's Index of Consumer Confidence fell unexpectedly, leading to a sharp decline in stock prices in exchanges the world wide, in September, 2001. The International Monetary Fund also warns of the significant danger of a global economic recession in its latest World Economic Outlook of September, as quoted in The Financial Times.

America's Federal Reserve, to prevent further global economic recession, has cut its short-term interest rates seven times during the first eight months of 2001, totaling a reduction in interest rates to three percentage points. This is one of the most aggressive interest rate reductions effected by the Federal Reserve in its history. Yet it seems to have done little to revive the US economy. In reality a monetary policy takes time to achieve results, which is evident from the fact that the US economy's hope to quickly avert recession and make a strong comeback, has so far not succeeded. The reason why interest rate cuts have been less effective than expected, emerges from the fact that the Federal Reserve's main policy tool is the federal fund and the interest that this fund bears. Banks borrow and lend from this fund for overnight or short periods. The interest rate on the borrowings from this fund has little direct impact on the economy, since neither business nor households have a direct interface with it. The transmission mechanism through which changes in the federal-funds interest rate affect the economy is very slow. To better understand the effectiveness of the federal monetary policy on economic growth, the British magazine, The Economist, of

June 2001 reported a study prepared by the Federal Reserve, based on a macroeconomic model of the American economy. This study showed that a one percentage point reduction in the interest rate on federal funds should raise the level of GDP by 1.7 percent but only after two years; in a year, the impact would be only 0.6 percent. This may suggest that US economic recovery, if relied only on monetary policy, will take time; and Cambodia's garment exports may face a slowdown.

Like Western countries, most of Cambodia's economic partners in Asia are also threatened by recession. Even the best performing economy, Singapore, is affected, and there is little it can do since external demand holds the key to its economy. The second quarter results revealed the alarming news that Singapore's economy had slipped into technical recession. Singaporean GDP growth turned negative (-0.9 percent) in the second quarter of 2001, while its industrial production declined by 13 percent in June. Taiwan experienced a similar situation, as its GDP growth was -2.4 percent and its industrial production dropped by 10 percent in the second quarter. Malaysia and South Korea too did not fare better, as their GDP growth rates were very close to zero percent and their industrial production indexes turned significantly downwards. The sharp decline in industrial production in those Asian countries was mainly caused by a reduction in the demand of electronic products, mainly from the US. Therefore, prospects for a rapid recovery of investment in Cambodia, originating from an upturn in other Asian countries, also seem slight.

World Inflation

Despite sharp economic slowdown, inflation rates in the US, Europe and Japan remained largely unchanged in the second quarter of 2001 compared to the previous quarter. Much of Asia experienced the same situation, except Indonesia which showed different results owing to political uncertainty there. Worldwide depression of demand and decline in interest rates mostly explain stability in the world inflation rates.

Exchange Rates in the International Markets

Uncertainty about the economic future caused exchange rate volatility in the international markets. In early September 2001, the US dollar traded for about 1.10 euro and 118 yen, down from 1.15 euro and 120 yen in early June. The US dollar also significantly depreciated against other Asian currencies during the same period, trading at about 40 Thai baht and 1.74 Singaporean dollars in early September, down from 46 baht and S1.82 dollar in early June.

Commodity Prices in the World Markets

Trends in commodity prices in the world markets were mixed during the second quarter of 2001. The price of first quality rice in Bangkok significantly declined, trading at US\$170 per ton in the second quarter of 2001, against about US\$182 per tonne in the previous quarter.

Economy Watch—External Environment

The price of soybean followed this declining trend. However, prices of rubber and palm oil remained stable. Despite economic slowdown, the price of crude oil in

Dubai slightly increased to US\$25 per barrel in the second quarter of 2001, against about US\$24 per barrel in the previous quarter.

By Sok Hach

Table 1. Real GDP Growth of Selected Trading Partners, 1999–2001 (percentage increase over the previous year)

	1999		2000			2001			2000	2001*
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia	-	-	-	-	-	-	-	-	4.0	4.0
Indonesia	0.5	5.8	3.2	4.1	5.1	5.2	4.0	3.5	4.8	4.0
Malaysia	8.2	10.6	11.9	8.7	7.7	6.6	3.2	0.5	8.6	3.0
Singapore	8.2	7.1	9.1	8.0	10.4	10.5	4.5	-0.9	9.9	2.0
Thailand	7.7	6.5	5.2	6.6	2.6	3.1	1.8	-	4.3	2.5
Vietnam	-	-	-	-	-	-	-	-	6.8	5.0
Selected other Asian countries										
China	7.0	6.8	8.1	8.3	8.2	7.3	8.1	7.8	8.0	7.5
Hong Kong	4.4	8.7	14.1	10.8	10.8	6.8	2.5	-	10.5	3.0
South Korea	13.4	13.0	12.7	9.7	9.3	4.6	3.7	2.7	8.8	3.0
Taiwan	5.1	6.8	7.9	5.4	6.6	4.1	1.1	-2.4	6.0	2.5
Selected industrial countries										
Euro-11	2.2	3.1	3.8	3.9	3.3	3.0	2.5	-	3.4	2.0
Japan	1.0	0.0	2.4	1.1	0.5	2.5	0.2	-	1.7	0.5
United States	4.3	4.6	5.3	6.1	5.2	3.4	2.7	1.2	4.9	1.5

Source: the International Monetary Fund, The Economist, * CDRI Estimates based on the IMF, ADB and World Bank Projections

Table 2. Inflation Rate of Selected Trading Partners, 1999–2001 (percentage increase over the previous year)

	1999		2000			2001			2000	2001*
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia	1.8	0.0	0.1	-2.3	-1.4	0.5	-0.8	0.1	-0.8	1.0
Indonesia	6.6	1.7	-0.6	6.1	5.7	8.8	9.1	11.1	3.7	8.0
Malaysia	2.3	2.1	1.5	1.4	1.5	1.7	1.5	1.6	1.5	1.6
Singapore	0.9	1.5	1.1	0.8	1.5	2.0	1.7	1.7	1.4	1.7
Thailand	-1.0	0.1	0.8	1.6	2.2	1.6	1.8	2.6	1.5	2.5
Vietnam	-	-	-1.7	-2.4	-2.2	-0.4	-1.4	-0.8	-1.7	0.0
Selected other Asian countries										
China	-1.3	-0.8	0.1	0.1	0.3	0.6	1.3	1.6	0.3	1.0
Hong Kong	-5.9	-4.1	-5.1	-4.4	-2.9	-2.2	-1.8	-1.3	-3.7	-1.5
South Korea	0.7	1.3	1.5	1.4	3.2	2.9	4.3	5.3	2.3	4.5
Taiwan	0.6	0.1	1.1	1.4	1.0	2.0	-1.0	-0.0	1.4	1.0
Selected industrial countries										
Euro-11	1.1	1.5	2.0	2.1	2.5	2.7	2.5	3.1	2.3	2.5
Japan	0.0	-1.0	-0.7	-0.7	-0.7	-0.5	-0.1	-0.5	-0.6	-0.5
United States	2.3	2.6	3.2	3.3	3.5	3.4	3.4	3.4	3.4	3.5

Source: the International Monetary Fund, The Economist, * CDRI Estimates based on the IMF, ADB and World Bank Projections

Table 3. Exchange Rates of Selected Trading Partners Against the US Dollar, 1999–2001 (period averages)

	1999		2000			2001			2000	2001*
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia (riel)	3,885	3,808	3,822	3,845	3,912	3,906	3,925	3,932	3,871	3,975
Indonesia (rupiah)	7,531	7,193	7,391	8,287	8,712	9,297	9,780	11,242	8,422	9,500
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Singapore (\$)	1.69	1.67	1.69	1.72	1.73	1.74	1.75	1.81	1.72	1.75
Thailand (baht)	38.3	38.8	37.4	38.6	40.9	43.3	43.2	45.4	40.1	44.0
Vietnam (dong)	13,960	14,009	14,053	14,075	14,120	14,423	14,556	14,670	14,168	14,600
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28
Hong Kong (HK\$)	7.76	7.77	7.78	7.78	7.79	7.79	7.80	7.80	7.79	7.80
South Korea (won)	1,195	1,173	1,125	1,116	1,115	1,167	1,272	1,306	1,131	1,300
Taiwan (NT\$)	32.2	32.0	30.7	31.7	32.8	32.1	32.4	34.6	31.8	34.0
Selected industrial countries										
Euro-11 (euro)	0.95	0.96	1.01	1.07	1.10	1.15	1.08	1.15	1.09	1.10
Japan (yen)	114	106	107	107	108	110	118	123	108	120

Source: the International Monetary Fund, The Economist, * CDRI Estimates based on the IMF, ADB and World Bank Projections

Table 4. Selected Commodity Prices on the World Market, 1999–2001 (period averages)

	1999		2000			2001			2000	2001*
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1-Q4	Q1-Q4
Hardwood (logs) - Malaysia (\$/m3)	196	199	189.4	192.7	192.1	186.0	171.0	163.8	190.1	170
Hardwood (sawn) -Malaysia (\$/m3)	632	643	641.0	633.2	592.7	529.8	507.0	492.2	599.2	500
Rubber - Malaysia (\$/ton)	573	689	729.9	744.4	712.2	696.6	632.0	628.9	720.7	630
Rice - Bangkok (\$/ton)	247	225	239.8	204.5	185.4	185.1	182.0	164.7	203.7	180
Soybeans - USA (\$/ton)	196	200	212.3	223.0	200.7	209.0	202.0	186.7	211.3	190
Crude oil - Dubai (\$/barrel)	20	23	24.3	25.0	27.6	27.5	24.0	25.1	26.1	25
Gold - London (\$/fine ounce)	259	296	290.2	280.2	276.5	269.2	264.0	266.4	279.0	265

Source: the International Monetary Fund, The Economist, * CDRI Estimates based on the IMF, ADB and World Bank Projections

Economy Watch—Domestic Performance

Despite signs of depression the world over, the Cambodian economy in the first half of 2001 continued to show some positive signs. While garment production maintained its level, tourism activity rose. There was slight recovery in construction activity and agriculture as well. According to CDRI and ADB estimates, the real GDP growth for the year 2001 is expected to reach 4 percent. The monetary performance meanwhile remained relatively stable, with inflation rate, as put forth by the National Institute of Statistics, at 0.1 percent and average exchange rate during the period at 3,928 riels per US dollar. The Cambodian riel has been strong against the Thai baht as well as against the Vietnamese dong. The government is expected to maintain its current tight monetary policy and keep the fiscal balance under control. However, foreign capital inflows have remained very limited, resulting in the slowing down of private investment since 1999. Some investors have complained that local industries are plagued by unfair competition and lack of protection from the government. It is a challenge to build up investors' confidence.

Economic Activity

Earlier concerns of rice shortages after the very destructive flooding last autumn (in 2000) did not materialise. There seemed to have been a good recovery as paddy harvest of the dry season (in 2001) showed an unexpected yield. However, fears of another bad flood in Mekong for the second year running loom large, threatening the standing paddy crop. Hitherto (as on 29 August of 2001), according to National Committee for Disaster Management, 10 out of 24 Cambodian provinces have been flooded, five very seriously, claiming 35 lives and damaging 86 thousand hectares of paddy.

Garment production, Cambodia's main export merchandise, appeared to be stagnant over the past three quarters. However, as revealed by the Ministry of Commerce, exports during the first half of 2001 totalled US \$513.8 million (a rise of 22 percent compared to the same period last year). Up to 74 percent of these were destined to the United States and 24 percent to European markets. Despite concerns about slowdown in the year ahead, the industry has continued to grow as well as to dominate exports. To prevent a slowdown, Cambodia needs to join the World Trade Organisation as soon as possible because then it can expand its markets to other parts of the world with the removal of quota restrictions for garment exports in 2005. Despite the fact that Cambodia has been having preferential access to the US and EU markets for the last few years, its capacity to expand garment product markets in the future will depend upon its cost competitiveness. Expansion to ASEAN member counterparts, which are home to more than 500 million people, requires another radical competitive strategy. Furthermore, for trading within the AFTA, Cambodia seems to be facing many difficulties.

The tourism sector has continued to thrive in the first half of 2001 and prospects for the future of this sector are promising. As per data released by the Ministry of

Tourism and Ministry of Interior, foreign tourists arriving in Cambodia by air in the first six months of this year totalled 235,000. Of this number, 72 percent came via the Pochentong international airport at Phnom Penh and another 28 percent entered through direct international flights to Siem Reap. Compare to the first six months of 2000, total tourist arrivals by air rose 24 percent. The proportion of tourists who come through Siem Reap airport has continued to grow faster (89 percent higher compared to first half of 2000) compared to those who come through Phnom Penh. Japanese and American tourists represent the largest share of Angkor Wat temple visitors. Besides, the growing number of foreign tourists coming overland and by waterways is also impressive, as revealed by the Ministry of Tourism. During the first half of 2001, these tourists accounted for 298,000 persons, representing a 33 percent rise over the same period in 2000.

The slowdown of foreign direct investment has continued to depress the construction sector in Phnom Penh despite some signs of recovery in the period of April-June. The total number of applications for construction in the first six months of 2001 remained lower than that in same period last year. According to data released by the Department of Cadastre and Geography of the Municipality of Phnom Penh, property developers applied for 316 construction permits during the first half of this year, compared with 450 permits they applied for in the first half of 2000. Since private investment activities remain depressed, it is too early to predict whether a full recovery in the construction industry will occur in the near future.

Inflation and Foreign Exchange Rates

Inflation in Phnom Penh rose slightly in the second quarter of 2001, placing the annual increase in the consumer prices of all goods at 0.1 percent. Energy prices increased moderately in the period, moving the CPI index to 1.5 percent in the year, while food index remained below zero percent growth (-2.2 percent). Inflation however dipped in the provinces according to surveys done by CDRI. The consumer prices in the provinces rose by 1.3 percent in the second quarter (they rose by 4.8 percent in the first quarter). The Cambodian riel has been relatively stable against the US dollar and has continued to appreciate against its neighbouring counterparts, the Thai baht and Vietnamese dong. The average exchange rate during the past six months was 3,928 riels per US dollar. The riel has generally been steady since promulgation of the new Banking and Financial Law in early 2001.

Gasoline price in the Phnom Penh has continued to be stable for the sixth consecutive month, selling for 2,100 riel/litre. Diesel price rose slightly in the second quarter, trading at 1,533 riels/litre. Gold price has been unchanged for the second straight quarter in Phnom Penh markets, trading at US\$32 per *chi*. This is despite a rise of gold price in the London markets.

Economy Watch—Domestic Performance

Poverty Situation – Earnings of Workers

Growth can alleviate poverty through generating employment and incomes, and labour intensive growth can alleviate it even faster. Hence, policies that encourage labour intensive industries (garment, footwear and processing industries) are powerful pro-poor measures. An estimated 36 percent of the Cambodian population resides under the poverty line and rural poverty is higher than urban. Many rural people have been migrating to Phnom Penh for seeking prospects of a better job opportunity. CDRI's survey of vulnerable workers in August 2001 revealed that 26 percent of the vulnerable workers immigrating to Phnom Penh were job seekers who took loans with interest or borrowed money from relatives. This survey also showed that the daily earnings of cyclo-drivers and motorcycle drivers declined slightly, on an year-on-year basis in August, 2001. The hardest hit were porters, scavengers, and skilled and unskilled construction workers, as their daily incomes plummeted dramatically compared to the same period in the last year (see table 5).

Scavengers' daily revenues fell by 36 percent in the 12 months ending in August, the reason being the immigration of people, mainly from Svay Rieng and Prey Veng provinces, who took up work as scavengers. To support the need for food and medicines in the face of falling incomes, 36 percent of the scavengers said that they have had to take loans from loan-brokers at monthly interest rates as high as 5-25 percent. The daily earnings of porters also dropped by 20 percent in the year ending in August; 80 porters interviewed pointed out that the number of porters, particularly young adult porters, is growing, most of them coming in from other provinces. Among other groups of vulnerable workers, such as skilled and unskilled construction workers, daily earnings declined by 17 percent and 32 percent, respectively. Slowdown in private investment and house construction activities has continued to depress the earnings of this group. In contrast to above-mentioned groups, daily earnings of garment workers reached to 9,165 riels in August of 2001, the highest rate since these surveys began in February 2000. Despite this, some garment workers interviewed expressed the desire to change their jobs due to excessive overtime work (10-12 hours per day). The daily spending of garment workers is about 3,000 riels (including spending on food, accommodation and toiletries) and all the savings are sent to their families in rural areas.

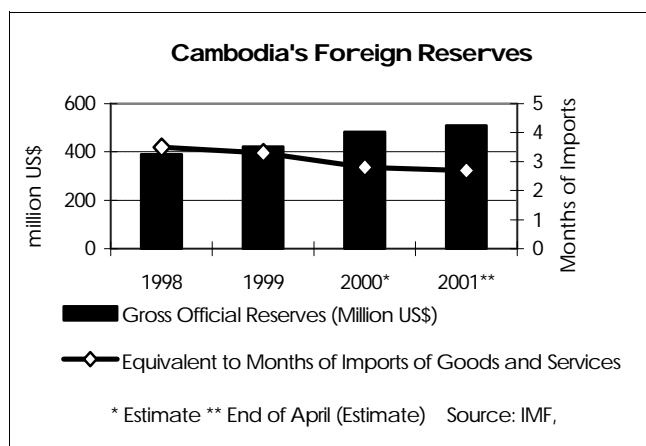
Monetary Developments

On the monetary front, the situation appears have remained balanced as the government has continued to pursue its floating exchange rate management approach and a two-tier banking system. Tightening of monetary policy remains a key strategy to stabilise the economy. As per data released by the National Bank of Cambodia (NBC) in the second quarter of 2001, government deposits to the NBC rose 4 percent over the first quarter. The liquidity in riels, on the other hand, was under con-

trol; the money supply to the markets totalled 510 billion riels (2 percent less than in the first quarter). Foreign currency deposits meanwhile reached 1,390 billion riels, a rise of 7 percent compared to the previous quarter. Even now, however, there are no official statistics on foreign currency circulating outside the banking system. As the Cambodian economy is highly dollarised and a large number of people remain sceptic about the banking system, they keep money outside it.

According to the IMF¹, at the end of April 2001 foreign reserves stood at about US\$510 million. The reserves are a little higher than the previous year's and are equivalent to 2.7 months of the country's imports of goods and services.

Public Finance



Cambodian budget performance has been managed well in the first half of 2001. According to the Ministry of Economy and Finance, in the first six months of 2001, government's total domestic revenues accounted for 766 billion riels, this amount being only 4 percent lower than its planning target. However, the revenues collected during this period were 8 percent higher than those in the first six months of 2000. Improving tax and customs administration, which is a part of the public finance reform, has boosted tax and non-tax revenues during this period. Tax and non-tax revenues rose by 6 percent and 12 percent respectively, compared to the same in first half of 2000. The increase has been primarily due to the continuously improving performance in the collection of value-added tax (VAT), payroll and profit tax and turnover tax. The government's fiscal target for 2001 aims at increasing revenues to 12 percent of the GDP (it was 11.5 percent of GDP in 2000). To meet this target, some anti-smuggling measures will be undertaken such as the forthcoming introduction of a stamp system for cigarette taxation, and the treatment of diesel sales as final transaction for VAT purposes.²

On the expenditure front, total spending during the first half of 2001 accounted for 970 billion riels, which was 10 percent lower than its planning targets. However, the government remains committed to increasing its spending toward priority sectors (education, health, rural development and agriculture) and reduce expenditure on defence-cum-security. During the first half of

Economy Watch—Domestic Performance

2001, outlays on education and health rose 11 percent compared to the same period in the previous year. Military spending, in contrast, was reduced (slashed 26 percent compared to the first six months of 2000). The total government expenditure in 2001 is expected to be about 17 percent of the GDP.

Private investment and employment

A privatisation programme was initiated in Cambodia in early 1990s. It is one of the comprehensive packages of reform aimed at rebuilding and improving the economic and political base and infrastructure through private and foreign direct investments (FDI). In this new environment, many foreign companies have invested in Cambodia, in sectors ranging from capital-intensive industries (telecommunications and tourism) to labour-intensive ones (garment and footwear industries). As a result, inflow of foreign capital to Cambodia rose dramatically during 1994 through 1998. Unfortunately, the country's ambitious quest to attract FDI slowed down in 1999 and exacerbated further in the year 2000. According to the Council for the Development of Cambodia (CDC), total investment (fixed assets) approved by the Council during 2000 was 43 percent lower than that in 1999 and there appears to be no sign of recovery in 2001. In the first half of 2001, CDC approved 17 new investment projects and seven expansion projects, worth US\$39.2 million in fixed assets. Compared to the first half of 2000, investment projects dropped 51 percent in number and 65 percent in fixed assets. Both external and internal reasons account for the recent FDI slump in Cambodia. The external factors are world's economic slowdown and economic problems faced by countries in the region. The internal factors are poor promotion, high operating costs, low productivity, inadequate commercial laws and insufficient guarantee and protection from the government. Protecting domestic infant industries plays an important role in nurturing local producers. Some entrepreneurs have complained about high overhead costs and unfair competition due to an uneven

playing field between domestic goods which are taxed and smuggled goods, which are not taxed. In the process the government is also losing revenues. Some local and foreign investors who have experienced this unfavourable environment worry about viability of their investments in the future. Other new potential investors might be adopting a "wait and see" attitude with regards to investment projects in Cambodia.

Foreign Aid and External Debt

According to government reports, during the Consultative Group Meeting held in Tokyo from 12-13 June of 2001, the international community has pledged to provide Cambodia with a record amount of US\$615 million in aid for the year 2001. Of this amount, US\$118 million is to come from Japan, US\$40 million from the United States, US\$21 million from South Korea, US\$55 million from NGOs, and the rest was pledged by other donors. Noticeably, the Japanese government expanded its annual assistance from US\$100 million to US\$118 million this year and the aid is in the form of grants and concessional loans. The American government pledged twice as much as it did in the previous year and the South Korean government pledged a much higher amount (compared to only US\$0.5 million in 2000). In contrast, the European Union (including the German government) that used to play a key role in Cambodian aid did not announce their pledges in the meeting. However, the overall pledge from international donors in 2001 was US\$67 million higher than that in the year 2000. Cambodia has usually received about 60-70 percent of the total pledged money.

By Chea Huot and Pon Dorina

Reference

1,2 The International Monetary Fund: Cambodia—Recent Developments, July 2001 (<http://www.imf.org/cambodia>), dated August 1, 2001.

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Economy Watch—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)	6,080	6,220	7,200	8,330	9,150	10,600	11,640	12,000
GDP at current prices (millions of dollars)	2,160	2,420	2,925	3,155	3,050	2,790	3,050	3,110
GDP per capita (dollars)	225	245	284	295	276	244	259	257
Growth rate of real GDP (1993 prices)	7.1	4.0	6.7	8.0	0.6	1.7	6.6	4.0
Agriculture	5.5	5.2	10.3	2.0	2.8	0.9	1.3	-2.7
Industry	12.7	4.8	9.0	19.3	0.4	14.0	8.9	12.7
Service	6.9	2.6	2.4	10.5	-1.5	-2.1	11.0	6.6
Inflation (in riels, final quarter basis)	41.0	17.8	3.5	9.0	9.1	12.6	0.0	0.5
Riel/dollar parity (annual average)	2,814	2,569	2,462	2,641	3,000	3,800	3,820	3,860
Budget revenue (percentage of GDP)	4.8	9.5	8.9	9.0	9.6	8.9	11.3	11.8
Budget expenditure (percentage of GDP)	10.0	16.2	16.7	17.3	13.8	14.7	16.6	17.5
Current public deficit (percentage of GDP)	-1.4	-1.4	-0.8	-1.2	0.7	-0.2	1.6	1.6
Overall public deficit (percentage of GDP)	-5.2	-6.7	-7.7	-8.3	-4.1	-5.8	-5.3	-5.6
Domestic exports of goods (percentage of GDP)	7.4	10.6	10.8	11.4	17.9	21.8	24.8	36.4
Retained imports of goods (percentage of GDP)	16.9	22.6	24.4	29.3	31.8	41.4	41.2	48.3
Trade balance (percentage of GDP)	-9.5	-11.9	-13.6	-17.8	-13.9	-19.6	-16.4	-11.9
Current account balance (percentage of GDP)	-5.2	-10.6	-14.0	-16.8	-12.1	-17.8	-13.6	-8.7
External contribution to the economy (percentage of GDP)	14.5	16.9	21.0	21.2	14.5	18.3	16.4	14.9
Total savings (percentage of GDP)	18.9	19.2	22.1	27.6	22.3	26.3	23.6	19.6
Gross foreign reserves (months of imports)	1.5	1.4	1.7	2.0	2.3	3.1	3.1	3.1
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	44.7	44.6

Sources: Government data and estimated by CDRI.

Table 2. Destination of Garment Exports, 1994-2001 (quarterly average)

	1994	1995	1996	1997	1998	1999	2000					2001
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Millions of dollars											
United States	0.0	0.02	0.1	26.8	74.1	121.5	154.0	187.7	220.4	187.9	189.3	192.9
Rest of the world	1.0	6.6	19.6	30.0	20.5	17.0	41.3	37.6	78.8	77.3	62.8	68.8
Total	1.0	6.6	19.7	56.8	94.5	138.5	195.3	225.3	299.2	265.2	252.1	261.7
	Percentage change over previous year											
Total	-	560	200	187	66	47	47	64	98	100	29	16

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

Table 3. Passenger Arrivals by International Flights at Pochentong and Siem Reap Airports, 1994-2001

	1994	1995	1996	1997	1998	1999	2000					2001
	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	64.7	55.8	56.0	66.6	64.6	53.2
Business visas	7.1	10.6	15.8	13.9	10.7	16.0	13.7	13.0	12.7	14.7	20.0	23.2
Official visas	3.3	3.9	3.2	3.6	4.4	8.8	3.4	3.5	4.3	5.0	3.8	4.7
Total Pochentong	38.3	53.2	74.3	63.8	53.2	69.7	81.7	72.3	73.0	86.3	88.4	81.1
Total Siem Reap	-	-	-	-	2.6	7.15	19.9	14.8	20.1	32.2	41.9	23.6
	Percentage change over previous year											
Total Pochentong	29.7	38.9	39.7	-14.1	-16.6	31.0	21.2	13.3	6.5	9.1	8.2	12.2
Total Siem Reap	-	-	-	-	-	175	342	202	183	166	111	59

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

Table 4. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1994-2001 (period averages)

	1994	1995	1996	1997	1998	1999	2000					2001
	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	0.6	4.0	6.5	10.4	4.8	1.3
Phnom Penh - All Items	-0.5	7.8	7.1	8.1	14.2	4.2	0.1	-2.3	-1.4	0.5	-0.8	0.1
- Foods	-13.4	4.9	7.6	6.7	15.6	8	-1.2	-5.5	-5.1	-1.3	-2.6	-2.2
- Energy	-1.2	19.4	20.7	21.0	10.7	5.5	13.0	3.6	8.8	6.7	0.5	1.5
	Exchange rates, Gold and Oil prices (Phnom Penh market rates)											
Riel per US dollar	2,582	2,479	2,666	3,029	3824	3832	3,822	3,874	3,912	3,906	3,925	3,931
Riel per Thai baht	102	99	105	98	88	101	102	99	94	90.3	88.5	86.6
Riel per 100 Vietnamese dong	23.5	22.3	24.0	25.6	28.6	27.8	27.4	27.3	27.5	27.3	26.9	26.8
Gold prices (US dollar per chi)	45.8	45.9	46.3	40.4	36.0	34.0	32.8	33.8	34.0	32.6	32.0	32.0
Price of Diesel (Riels/litre)	750	716	779	883	1,065	1,105	1,223	1,256	1,353	1,483	1,483	1,533
Price of Gasoline (Riels/litre)	698	847	1,118	1,378	1,613	1,760	1,975	2,043	2,200	2,233	2,100	2,100

Sources: CDRI, IMF, NIS, Ministry of Planning, Ministry of Economy and Finance

Economy Watch—Indicators

Table 5. Average Daily Earnings of Workers, 1997–2001

	Daily earnings (riels)									Change from last year (%)		
	1997 Pre-Jul	1999 Nov	2000 Feb	2001 May	2001 Aug	2001 Nov	2001 Feb	2001 May	2001 Aug	2001 Feb	2001 May	2001 Aug
Cyclo drivers	12,250	8,226	9,682	9,691	9,511	8,398	8,200	9,568	9,057	-15.3	-1.3	-4.8
Porters	9,675	6,143	8,275	8,002	8,068	6,893	7,300	7,058	7,189	-11.8	-11.8	-10.9
Small vegetable sellers	7,050	9,071	7,864	7,267	6,611	5,813	6,400	7,386	6,670	-18.6	1.6	0.9
Scavengers	4,155	2,600	4,750	4,969	4,186	3,006	3,900	2,670	2,686	-17.9	-46.3	-35.8
Waitresses*	-	-	1,873	2,030	2,250	2,335	2,600	2,600	2,683	38.8	28.1	19.2
Rice-field workers	-	-	3,600	4,000	4,443	4,184	4,100	3,613	4,500	13.9	-9.7	1.3
Garment workers	-	-	7,283	8,272	8,500	7,410	8,300	7,500	9,165	14.0	-9.3	7.8
Motorcycle-taxi drivers	-	-	9,200	12,100	11,044	9,522	10,000	12,050	10,559	8.7	-0.4	-4.4
Unskilled construction workers	-	-	9,193	6,900	8,220	5,970	7,500	8,261	5,625	-18.4	19.7	-31.6
Skilled construction workers	-	-	15,873	15,600	14,891	14,517	11,200	10,306	12,375	-29.4	-33.9	-16.9

Notes: Surveys on the revenue of waitresses, rice-field workers, garment workers, unskilled workers, motorcycle 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, 1994-2001 (end of period)

	1994	1995	1996	1997	1998	1999	2000		2001			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Billions of riels											
Net foreign assets	391	550	881	1,172	1,550	1,961	2,373	2,510	2,448	2,589	2,733	2,807
Net domestic assets	59	99	31	-109	-435	-591	-640	-679	-656	-759	-834	-821
Net claims on government	143	148	128	54	141	111	94	41	6	3	-69	-82
Credit to private sector	237	293	435	637	682	731	779	860	932	898	905	947
Total liquidity	450	650	912	1,063	1,116	1,370	1,733	1,831	1,792	1,831	1,899	1,985
Money	200	279	329	385	466	515	550	546	540	540	548	544
Quasi-money	250	371	583	678	655	855	1,183	1,286	1,252	1,291	1,351	1,441
	Percentage change from previous year											
Total liquidity	35.1	44.3	40.3	16.6	4.9	22.7	31.8	39.1	27.4	26.8	9.6	8.4
Money	-1.9	39.5	17.9	17	21	10.5	4.4	9.2	7.8	1.5	-0.4	-0.4
Quasi-money	93.2	48.1	57.2	16.4	-3.4	30.5	50.1	53.4	38.5	41.7	14.2	12.1

Source: National Bank of Cambodia.

Table 7. National Budget Operations, 1994-2001 (billions of riels)

	1994	1995	1996	1997	1998	1999	2000		2001			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total revenue	148	161	187	220	230	329	332	378	336	377	366	400
Tax revenue	91	111	134	149	169	239	244	281	246	268	263	291
Customs duties	70	80	86	87	94	108	98	106	83	104	98	105
Non-tax revenue	56	47	44	68	51	87	88	97	84	85	100	107
Forest exploitation	22	13	7	9	5	9	11	11	7	13	10	9
Post & Telecommunications	15	14	16	21	22	27	20	34	14	25	23	28
Capital revenue	0	2	10	3	9	3	0	0	6	23	3	2
Total expenditure	252	300	360	315	324	448	353	483	514	653	453	517
Capital expenditure	84	128	157	113	92	156	167	209	280	223	198	210
Current expenditure	168	172	203	202	245	291	243	274	234	430	255	307
Education and Health	23	25	31	32	33	70	32	35	32	150	27	47
Defence and Security	98	106	102	105	110	116	86	118	74	164	63	88
Other Ministries	48	41	71	65	83	103	125	122	128	116	165	172
Overall deficit	-105	-139	-173	-95	-95	-119	-78	-105	-178	-276	-87	-117
Foreign financing	108	140	170	111	67	104	122	168	212	164	165	160
Domestic financing	-3	-1	3	-16	31	1	-44	-63	-34	112	-78	-43

Source: Ministry of Economy and Finance: Quarterly average

Table 8. Investment Projects Approved, 1994-2001*

	1994	1995	1996	1997	1998	1999	2000		2001			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Number of investment projects											
Total	46	51	75	34	35	24	22	27	29	13	11	13
Garment	27	30	36	12	21	11	13	17	13	7	4	7
	Registered capital (millions of dollars)											
Total	116.0	89.0	97.8	69.5	104.1	61.7	14.5	19.7	42.7	24.5	5.1	15.2
Garment	26.8	28.0	39.2	8.6	22.9	13.9	6.5	7.0	8.2	4.0	1.0	6.0
	Fixed assets (millions of dollars)											
Total	303.0	76.2	186.7	190.4	212.3	118.5	28.4	85.8	86.6	56.0	10.1	29.1
Garment	25.1	25.4	39.6	9.7	30.2	19.9	23.5	28.3	17.3	7.5	5.7	8.2

Source: Cambodian Investment Board: Quarterly average

* Including existing investment expansion projects

Glossary

Terms Related to Economics and Development

Monetary policy

Policy exercised by the government to boost or stabilise an economy with the help of different instruments of money supply, and interest rates.

Stakeholders

Persons with interest or concern in business, property or other dealings, usually involving pecuniary benefits.

Borrowings

Monies that governments acquire temporarily, from the people at large or foreign lenders, with the promise or intention of returning. They are usually acquired against a promissory note issued by the borrower.

Land concession

The right to use land granted, especially by a government or any of its organs, for a specific use, and for a specified period of time, on prior agreed conditions.

Reciprocity

Behaviour between individuals or groups, in which each gives and concedes labour, material goods or even goodwill, to the other.

Land tenure

A condition, form of right or title, under which land is held by its owner(s).

Poverty line

A level of income below which people are usually not able to access enough food to meet the human body's metabolic requirements. This definition is more often than not used in the context of poor countries.

Informal sector

A sector of an economy where stipulations and laws governing wages (or earnings), working hours or working conditions, of those engaged in it, often do not exist or are not enforced.

Trend growth rate

Growth rate, usually of a variable that is expected to move with time, e.g. national income, is calculated by statistical estimation of an exponential curve, using time-series data.

Ethnography

A branch of anthropology which studies different cultures and peoples.



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CDRI Update

Management and Institutional Development

In June and July, 2001, the Deputy Director participated in a training programme at Georgetown University, Washington, D.C. CDRI has signed a co-operation agreement with DIENSTE IN UBERSEE to support the integration of Dr Kang Chandarot, returning from Germany, to CDRI's Research Team. Ms. Chim Charya and Mr. Kim Sedara also joined CDRI's Research Team in July. With these new entrants, along with other sections' expansion, construction work to create more physical space has been initiated and is expected to be completed by mid- November, 2001.

Research

CDRI completed two studies commissioned by the Ministry of Land Management, Urban Planning and Construction, entitled, *Social Assessment of Land in Cambodia* and *Land Tenure in Cambodia - A Data Update*. A qualitative study to supplement the quantitative surveys being launched under the project *Land and Food Security* is underway now. Meanwhile the draft of the *Cambodia Human Development Report* has been submitted to the Ministry of Planning for comments before its finalisation. Finally, a proposal for the next phase of inter-country collaborative work under DAN has now been submitted. *Cambodia's Annual Economic Review*, the first in a new publication series and the 8th *Monthly Flash Report* in 2001 have been brought out.

Centre for Peace and Development

From July to September 2001, the monthly COPCEL meetings held at CDRI focused on three particular issues: 1) to assist the Ministry of Interior to establish a structure to deal effectively with security problem during the Commune Election Process. 2) the registration of voters and 3) assistance from the international community. During the July COPCEL meeting, the EU rep-

resentative announced that EU is providing financial assistance to the Cambodian Commune Election. At the end of August, the joint training programme in Tropaing Prasath and Anlong Veng districts (Oddâr Meanchey) was successfully completed. Additional training is being prepared in Anlong Veng in October and in Tropaing Prasath in December. CPD will also provide training for women in November and early next year. CPD is preparing for workshops on the Role of Media in the Election Process, and Labour Disputes at the end of September. A study tour to South Africa is scheduled for November. In August, the CPD Coordinator was invited to give lectures to the former KR in Banteay Meanchey, and to the staff of a German development organisation in Kampot.

Library

CDRI Library holds 6,615 titles, mainly on economics and social development. The total number of library users from July to September is 2,710. Most of the users are university students, state officials, NGO staff, and national and international scholars. The *Cambodiana* is a very useful collection for the library users. Sok Sethea, a library volunteer, became a CDRI librarian in August.

Publications

Recent publications include the Khmer edition of *Technical Assistance and Capacity Development at School of Agriculture Prek Leap* (Working Paper 17) and the English editions of *Cambodian Labour Market: Reference to Poverty Reduction, Growth and Adjustment to Crisis* (Working Paper 18), *Cambodia's Annual Economic Review—2001* and *CDRI 2000 Annual Report*. Em Sorany, completed his Bachelor's degree in Business Administration with CDRI's support. Ann Bishop, Publications Coordinator, left CDRI in August.

Cambodia Development Review is also available in Khmer

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