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

**Urban Cambodia**

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

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

The global and regional networks that the city embodies have been at the heart of Cambodia’s growth model over the past two decades. Foreign capital has been instrumental in driving the burgeoning garment, construction and tourism industries, which have proved effective springboards for growth. Looking to the future, urban centres will play a crucial role in realising the state’s vision of an economy diversified from its narrow range of core sectors into new manufacturing, service and agricultural products, and deeply embedded in regional economic networks. But the government must increase the capacity of both hard and soft infrastructure if Cambodia’s cities, particularly its capital Phnom Penh, are to realise this vision to become a reality. As regards soft infrastructure, the promulgation of globally and regionally compatible regulatory frameworks—such as the ASEAN Economic Community (AEC) 2015 roadmap—have done much to enable urban areas to benefit from foreign direct investment, integration into regional supply chains, and from the easing of transactions with transnational companies, research institutions and associated networks. However, there are still issues with institutional capacity that currently constrain deep integration. In response the government has been committed to reforming weak institutions such as the judiciary, and creating new transparent, accountable, “global standard” structures, such as arbitration councils, to eliminate uneven distributions of market information that limit trade and investment.

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

Inclusive Urban Development
Urban poverty has been one of the most visible and distressing aspects of Cambodia’s urbanisation. At present poor housing, tenure insecurity and the absence of state administered social support mechanisms are the overwhelming factors that cause and sustain rates of urban poverty that are among
the highest regionally (Figure 1). Without proactive policy interventions this problem is set to get worse over the coming years. Indeed, in Phnom Penh it is predicted that the population will more than double between 2005 and 2025 to 2.91 million people (UN-HABITAT 2008: 167); the urban poor will account for a significant proportion of this growth. If the government does not act now to implement policies that promote social and economic inclusion, that spread the benefits of growth across society, and that ensure Cambodia’s urban development trend is both sustainable and equitable, there could be grave impacts for the nation’s future social and economic stability.

History shows that government responses to urban poverty usually fall into two broad categories: the first takes steps to alleviate poverty and integrate the poor into the urban fabric, the second, to divorce them from the urban space as a sub-class or an aberration of development. The transition from anti to pro-poor urban policy is largely dependent on how urban poverty is perceived by state and society; partly it is borne from a shift in discourse and cultural attitudes. In Britain’s industrial revolution, for example, the urban poor were initially perceived by both government and the majority of the electorate as an “exotic, feckless, threatening, immoral class against whom public ‘poverty’ policy had traditionally been directed at” (Moore & Putzel 1999: 23). It was only with Charles Booth’s construction of the “deserving poor” (in contradistinction to the “undeserving poor” or paupers) that there emerged a discourse of a class of hard-working people deserving of support provoking a policy change from anti-poor exclusion to anti-poverty inclusion. This cultural shift paved the way for universally inclusive social welfare policies such as national insurance. Traditionally, the prevalent perception of the urban poor in Cambodia has not been conducive to pro-poor urban policy. Indeed, the country’s most recent National Poverty Reduction Strategy Paper (RGC 2002: 85-86) observes that:

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

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

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

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

3 There are many other urban NGOs that have/do work in empowering the urban poor, e.g. the now defunct Urban Sector Group (USG), Urban Poor Women Development (UPWD – established in 1997 and supported by ActionAid International-Cambodia). The UPDF was formed in 1998.
been disbursed by the fund in loans to urban poor communities since its inception (Mitlin et al. 2011: 37). The UPDF has facilitated grass-roots collective action that visibly improves the poor’s impact, both aesthetically and socioeconomically, on the city. In doing this it has challenged traditional preconceptions that the poor are lazy and a cause of their own poverty. Moreover it has fostered links between urban poor organisations and government thereby increasing official recognition of the poor’s right to inhabit the urban space. If government and electorate are convinced of the need for pro-poor interventions, policy will follow.

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

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

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

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

An urban research agenda has also been constrained because debate has been dominated by the omnipresent issue of land rights manifest as a discourse pitching human rights NGOs against the state. As a result dialogue about urban development has become polarised and largely limited to rhetoric; it is in danger of being reduced to a single issue, and framed in a human rights discourse that has only a narrow range of policy implications. Such a limited debate is not conducive to a vibrant research agenda capable of identifying a variety of issues and suggesting a broad range of policy
responses. Furthermore, the human rights NGOs-state discourse, as vital as it is as a mechanism for advancing the urban poor’s rights, should not preclude engagement of other NGOs with the state on a wide range of issues related to inclusive urban development. Phonphakdee et al. (2009: 579) highlight the challenges of organisations such as UPDF that try to engage with the government, noting that “for many activists and NGOs with a long history of seeing government as the bad guy, this is not an easy concept to grasp.” However, it is precisely this kind of dynamic and practicable approach to urban poverty that is vital to improving understanding of Cambodia’s urban spaces and improving the lot of the urban poor.

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

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Social Capital in an Urban and a Rural Community in Cambodia

Introduction

Though more recently popularised by sociologist James Coleman (1988) and political scientist Robert Putnam (1993), social capital was brought into the field of social sciences by several earlier pioneers, including Lyda Judson Hanifan in 1920, Jane Jacobs in 1961, Pierre Bourdieu and Jean-Claude Passeron in 1970, and Glenn Loury in 1977 (cited in Sen 2010). Putnam’s works on social capital, which he defined as “the features of social organisation, such as networks, norms, and trust that facilitate coordination and cooperation for mutual benefit” (Putnam 1993: 36), have inspired a burgeoning literature on the concept (e.g., Maloney et al. 2000; Lowndes & Wilson 2001; Wallis 2002).

Putnam (1993) states that community civic traditions have historical and cultural roots. Other authors have explored the impact of social capital on the responsiveness and effectiveness of local institutions (Newton 2001), individual members of associations and their civic attitudes and values (Wollebæk & Selle 2003), effects of associational experience (Hooghe 2003), and impacts of associational density (de Hart & Dekker 2003).

The World Bank views social capital as an important factor in the socioeconomic development of a society: “the social capital of a society includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development” (Krishnamurthy 1999). It is embedded in the institutional, social and cultural structure of a society.

Social capital has three dimensions: bonding, bridging and linking. The first (strong ties) refers to “the strength of reciprocal ties between individuals in a community,” whereas the second (weak ties) refers to “association across social cleavages” (Halpern & Granovetter cited in Bouka 2008: 11); bonding social capital is inward-looking and useful for “building strong community identities”, and bridging social capital is outward-looking and can “build networks of network” (Shopeju & Ojukwu 2008: 6). The third dimension of linking or synergy refers to “relations between strata of society such as state-community relations or relationships between communities or institutions with unequal resources or power” (Bouka 2008: 13). It can be summarised then that bonding and bridging social capital refer to horizontal relationships, while linking social capital emphasises vertical relationships (Figure 1).

This survey was conducted to identify the local realities and potentials for improved social engineering through an examination of societies, economies and actors in rural and urban areas of Cambodia. It focused on four main themes: social trust, livelihood maintenance and improvement, risk and social safety nets, and social rituals. Conducted in a rural village in Prey Veng province and an urban village in Siem Reap province, a total of 400 households (200 in each village) were systematically selected.

Key Findings

Social Trust

In Cambodian society, trust is traditionally and primarily based on kinship and limited to a small group of close relatives (Grahn 2006). Cambodian villages are organised around kinship and lack “indigenous, traditional, organized associations, clubs, factions, or other groups that are formed on non-kin principles” (Ebihara 1968: 181). As in
other Asian societies, the family is “the prototype of all social organisations. A person is not primarily an individual: rather s/he is a member of a family” (Hofstede cited in Pearson 2005: 3). Family is the basic social unit where trust originates and seems to be fenced: trust is limited to just the family which always comes first (UNICEF 1996). This limited trust is consequent of the centralised administration and monetised economy introduced by French colonisation which “have emphasised individualism and have reduced the sense of solidarity among individuals” (Pellini 2005: 8). Cambodian villages in the pre-colonial era were characterised as a society where life was based on “shared cultural symbolism, religious and moral norms and communal activities” (Gyallay-Pap cited in Pellini 2005: 8).

Following independence until 1970, there was a strong sense of samaki (solidarity) and community spirit: “People had sufficient resources to live on and could therefore afford to be more generous with less well-off family members and other poor people” (UNICEF 1996: 41). These norms of solidarity and reciprocity were rapidly transformed when the country was plunged into prolonged civil armed conflict, especially the Khmer Rouge genocide. The chronic conflict caused an irreparable dent in the traditional culture of Cambodia. Although some scholars (e.g. Krishnamurthy 1999; Kim 2001; Ledgerwood & Vijghen 2002; Pellini 2005) believe that social capital in Cambodia was only damaged and not destroyed by the civil war and the Khmer Rouge regime, the nature of social capital and social interactions in Cambodian society today are a clear reflection of the impact of the war: “Mistrust, fear and the breakdown of social relationships” are evident in Cambodia today” (O’Leary & Meas 2001: 64).

Trust has been identified as a missing element in post-war Cambodia (UNICEF 1996). Traditional social values such as sense of family and religion have been systematically undermined (Pellini 2005: 9). Today’s Cambodian society is characterised as an aggregate of individuals who believe that “no one can be fully trusted; taking care of oneself is important for survival” (UNICEF 1996: 41). One of the factors for this severe lack of social trust is the “substantial disruption and destruction of old-style communities based primarily on kinship networks” (Pearson 2011: 38).

The survey findings affirm the above observations in that people in both rural and urban areas have a low level of trust in others, largely associated with low volunteerism. In the rural study village, people expressed a high level of trust only in their family members, relatives, friends and neighbours. In the urban village bonding social capital has contracted further, with higher social trust expressed within the circle of family members and relatives only. This is possibly because economic activities are more dynamic in urban areas. Some scholars argue that the capitalist penetration in Cambodia due to economic liberalisation in the early 1990s has led to declined trust, social solidarity and reciprocity norms (UNICEF 1996; Krishnamurthy 1999; Hughes 2001; Ovesen et al. 1996).

Low social trust in Cambodia is associated with a wide range of “emotional, cognitive, and historical factors” (Pearson 2011: 37). Meas Nee, (cited in Pearson 2011: 38), summarises this well, noting that “the legacy of the past, current levels of violence and impunity, authoritarian styles of leadership, and obvious deep and endless mistrust between Cambodia’s various political factions and leaders do nothing to help the general population overcome their own mistrust, either of their leaders or of each other”. Therefore, the hierarchical character of society, with its loose vertical linkages and bonding social capital narrowed to just a small circle of most intimate networks, needs to be taken into account when any equitable and democratic development is initiated (Pellini 2005).

**Livelihood Maintenance and Improvement**

A society with high social capital has a strong social support system, i.e., the support people get when they face hardship. The survey findings indicate that the social support system in Cambodia is largely informal. When faced with daily problems, people mainly turn to their bonding networks for support, especially family members and relatives, as well as informal local money-lenders and micro-finance institutions which have an increasing role. In the rural area, however, local money-lenders seem to be more active in providing loans when people encounter difficulties in their daily life. Because informal lenders usually charge a very high interest rate, this support system has become a burden on local people; there is no formal social support system to help them when they fall on hardship.

Given the lack of institutionalised social support and understanding that their close networks face similar hardships, the majority of people in both rural and urban areas believe that they need to be self-reliant in securing their livelihood.
Information is pivotal in helping people gain access to opportunities that may improve their living conditions. However, information exchanges in Cambodia, especially in rural areas, mainly “happen within social networks that remain largely spontaneous, informal and unregulated” (Krishnamurthy 1999: 3). Evidence from the survey in both rural and urban areas suggests that the main sources of information are family members, relatives, friends and neighbours. Although local authorities and the media seem to have an increasing role, this still seems to be limited to a narrow range of certain types of information.

Risk and Social Safety Nets
Cambodian society is characterised by a strong norm that relatives help one another in times of difficulty, and “this norm fosters trust and dependability within circles of relatives” (Krishnamurthy 1999: 61). Family members and relatives serve as a strong informal safety net, as reflected in the survey findings that most people still regard the family and relatives as an important informal support system, though this seems to be changing. Many of the respondents in the rural area said they could rely on family members, relatives, friends and neighbours in the event of hardship or risk. In the urban area, this informal social safety net is still very strong, though it seems to be reduced to just family members and relatives.

Informal networks in Cambodia play a crucial role in filling the gap not covered by formal agencies and institutions, especially in rural areas (Krishnamurthy 1999). “Informal networks build on the trust and dependability that exist naturally among relatives, neighbours and friends. This trust and dependability provide villagers with a vital safety net when there are problems” (ibid: 63). Informal networks function as a strong social support system in Cambodia where there is no clear formal social support system. These informal networks provide individuals with a valuable support mechanism in their economic and social activities (ibid).

In post-war Cambodia, informal networks and reciprocity norms seem to be influenced by market forces and to have shifted towards wage labour and other market-based forms of exchange (Kim 2001; Fitzgerald et al. 2007). Market forces and the cash economy have resulted in the gradual weakening of informal safety nets based on mutual help, and pressured people to put their own needs and problems first in this highly competitive environment (Krishnamurthy 1999). In contemporary Cambodia, people have become “selfish, greedy and prepared to help only their immediate family; they are less willing to participate in communal activities undertaken for the benefit of the whole community” (UNICEF 1996: 41). This is a worrying trend given the current situation in the country where formal social support system is non-existent and a formal social protection strategy in its incipience.

Social Rituals
Apart from the family as the basic social unit which serves as a fundamental informal social support system in Cambodia, village-wide community events offer a forum for the people in the community to interact and build and strengthen their networks. As summarised by Krishnamurthy (1999: 3), “Community events can enhance feelings of solidarity and act as the glue that binds people together. These events weave a web of collective consciousness through shared experiences… Community events have the potential of raising civic consciousness and promoting altruistic behaviour”.

The survey results show that participation in community events is still strong, especially in the rural area. This is also reflected in who participates in ritual ceremonies such as weddings and funerals. In both rural and urban areas, family members, relatives, friends and neighbours are the participants in these traditional ceremonies. Importantly, although these kinds of events contribute to promoting community solidarity, participation in such ritual ceremonies may be reciprocal and does not necessarily illustrate the character of social relations in the community.

In the rural village, participation in ritual ceremonies is still very high. Traditional community ceremonies are important in “promoting community identity and solidarity” (Krishnamurthy 1999: 63). In contrast such community events seem to be absent in the urban village, thus impacting on solidarity and community spirit, which are further affected by the dynamics of strong market forces and competitiveness in the urban setting.

There appears to be a change in the role of women as viewed by women themselves and their male counterparts, particularly in the urban area. Cambodian society has become patriarchal in structure as evident in the gender stereotypical
associations with male and female tasks, where males are traditionally assigned the dominant role in the household as well as other tasks involving heavy work or high risk, and females typically undertake household chores. Evidence from the survey in the rural village seems to support this, though change is emerging with some people, especially women, thinking that women should also take the tasks traditionally assigned to men, and women’s increasing participation in local community activity groups. The change is even more visible in the urban village. Roughly equal numbers of men and women think that women should undertake the same tasks as men, such as running their own businesses and engaging in service industry. This is possibly because of the robust economic activities and opportunities in the urban area.

Religion plays a vital role in shaping the norms of reciprocity in a society. This is so in Cambodian society where Buddhism, which promotes participation in community activities, is the state religion (Kim 2001; Pellini 2005). All of the survey respondents in both rural and urban areas are Buddhist. Buddhist temples or pagodas represent the centre of communal life in Cambodia. However, religion does not play such an important role in daily life as it used to. In both urban and rural areas, few regard the pagoda as a place they can depend on for support when they face difficulties. This is possibly related to the recent accusation that pagodas are not neutral and that certain monks and religious leaders are affiliated to political parties (Heng 2008; Thon et al. 2009). For many, this has destroyed the fundamental role of religion in their life, and Buddhism is no longer as meaningful for them.

Conclusion

The survey results provide a good insight into the nature and characteristics of bonding, bridging and linking social capital in a rural and an urban setting in Cambodia. Bonding social capital is still strong, though it seems to have contracted in the urban area. The traditional norm of family as the primary social institution that caters to all kinds of needs of its members is still alive and well and widely practised in both rural and urban settings. Close relatives (and, in the rural area, friends and neighbours) form a crucial informal social support system; they are those to whom trust can be extended.

Bridging social capital still seems to be strong in the rural community where traditional village-wide ceremonies are organised and participated in by the locals. However, it seems to be declining in the urban setting due to the absence of community-wide traditional ceremonies, though participation in ritual ceremonies such as weddings and funerals is still high. The people’s changing attitude towards the pagoda as the centre of communal life has also impacted on the nature and level of bridging social capital, particularly in the urban area.

“Today’s Cambodian society is characterised by loose vertical linkages between heterogeneous groups and strong links between members at the same social level” (Pellini 2005: 8). This is strongly supported by evidence from the survey. In both rural and urban areas, people expressed a low trust in state institutions and those who hold state authority, such as the commune/sangkat council. Further, there is a high level of mistrust in the political parties and politicians, a view shared by respondents in both settings but more so in the urban area. Linking social capital in both communities, therefore, is generally low. This is particularly true in the rural area, which is traditionally isolated from the central authority in the capital city (Pellini 2005); “there is nearly no connection between citizens and state institutions in rural Cambodia” (Grahn 2006: 31). Low linking social capital in Cambodia could also be attributed to the deeply rooted hierarchical structure of all forms of interactions and relations in the Cambodian culture. It seems that the characteristics of the leadership styles and the culture of violence and impunity in Cambodia today have further distanced the citizens from the state (Meas cited in Pearson 2011).

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Urban Governance in Decentralised Cambodia: An Under-researched Topic?¹

Introduction

This article argues that urban governance merits deeper study in the unfolding of decentralisation reform in Cambodia. It has been a decade since the first commune/sangkat council election and many institutional and behavioural changes have since taken place. A review of literature shows that although democratic decentralisation reforms in Cambodia have received ample attention, most of the research on this topic is indifferent to urban reality. In-depth interviews with policy-makers and local councillors as part of the preliminary work for a study on urban governance shed light on the importance of a spatial review of geographical typology in Cambodia, in this case, rural vs. urban, to maximising the effective targeting of policy in different contextual locations within the boundary of local government. The article begins by defining “urban” and “urban governance”, followed by a brief review of decentralisation in Cambodia. The third section introduces the rationale and research questions along with a research framework that will serve as the road map for the project. It then includes a section on insights from preliminary fieldwork before concluding with a few words on the need for spatially sensitive policy to address issues common in urban areas.

What is the ‘Urban’ in Urban Governance?

As this article pays particular heed to the urban setting, it is important to elaborate what we mean by “urban” in urban governance. Urban can be defined through administrative criteria, population size/density, economic functions, or infrastructure and services. Many cities in Asia, including in Cambodia, have been thus defined. In Cambodia, one of the readily available definitions came as a result of the reclassification of urban areas in 2004 by the Ministry of Planning, which defines urban areas according to three criteria: i) population density exceeds 200 per km², ii) male employment in agriculture below 50 percent, and iii) total population above 2,000 (NIS 2004)². The issue is that this definition is not necessarily universally accepted across government agencies and other stakeholders. This article views urban not only through infrastructure and high population attributes, but also through intangible and subtle features. This view takes an anthropological approach to the urban setting, where the term refers to the high spatial density of social relations (Gutkind 1974). It is not the density of population, but the density of social relations that is the focus of anthropologists. Bringing such understanding of social relations into the debate throws the concept of governance into a new light and raises the question whether we need to re-conceptualise urban governance.

Governance can be defined simply as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels” (UNDP 2003: 170). So, does urban governance mean the management of urban affairs? The UNESCO definition (quoted in Kaufman et al. 2005: 7) views urban governance as “the processes that steer and take into account the various links between stakeholders, local authorities and citizens. It involves bottom-up and top-down strategies to favour active participation of communities concerned, negotiation among actors, transparent decision-making mechanisms, and innovation in strategies of urban management policies”. At the core of this definition are the relationships between different actors which include not only the government and citizens, but also other stakeholders such as private sector and non-governmental organisations. The implication of considering a wider scope of actors involved in governance is echoed by other scholars (Ojendal & Dellnas 2010). As implied above, these relationships are thought to occur more frequently in an urban setting. This definition serves as an overall framework to understand urban governance in general, but it is rather broad in that it does not specify exactly what influences the everyday interactions between those stakeholders. Although urbanisation in Cambodia is in its infancy and urban areas might still retain some of the characteristics necessary for successful local governance, this article agrees with Ojendal and

¹ Prepared by Chheat Sreang, Ann Sovatha, research associate and Kim Sedara, senior research fellow, Democratic Governance and Public Sector Reform Programme, CDRI.
² The commune is the unit of calculation to determine whether it is qualified to be “urban” or “rural”. Conventionally, sangkat refers to an urban commune, but if the 2004 definition is applied, not all sangkats in Cambodia’s 26 municipalities qualify as urban; see http://db.ncdd.gov.kh/cdbonline/home/index.castle (accessed 26 May 2012)
Dellnas (2010) that it is difficult to transpose a local governance model onto a (modern) urban setting.

**Brief Decentralisation Context**

Cambodia embarked on decentralisation reform to address political legitimacy and improve economic development through forging local participation in decision making and holding local government accountable. The first commune elections were held in 2002. Commune/sangkat councillors are directly elected for a five-year mandate according to the proportional electoral system based on the party list. Specific objectives of the reform include enhancing local democracy, improving service delivery to local people and bettering the livelihoods of local people (RGC 2005). Starting in 2009, district, municipal, capital and provincial level councillors are elected by commune/sangkat councillors. In principle, district and provincial councillors are supposed to be accountable to the commune/sangkat councillors who elected them (Organic Law 2008), but the reality is still questionable (Chheat et al. 2011). Within this new framework, the local councils consult and represent the views of local people on local planning so that they can be responsive to local needs. The law provides that they are accountable to the people; however, limited allocation of financial resources hinders their genuine accountability towards their electorates. That the budget transfer is still meagre means that fiscal decentralisation has yet to materialise (Pak 2011).

While the decision to undertake this bold political and administrative reform was highly praised for the eventual contribution to development underpinned by theoretical foundations (Öjendal 2005), a number of challenges remain. These include legal framework, institutional design and mechanisms for sub-national governments to coordinate and support commune councils (Rusten et al. 2004). The reform has been credited for its contribution to local democracy and poverty reduction (Öjendal & Kim 2011, 2011a) and has allowed space for women’s involvement in local government, but other aspects of the reform could still be improved (Manor 2008). Even though a clear mandate and functions were set in the legal framework, the communes/sangkats have only performed minor tasks such as civil registration, basic conflict resolution, and socio-economic data collection for various national agencies (Kim & Henke 2005). Politically sensitive topics such as land, forest and natural resource management remain beyond their reach despite the provisions for delegating such responsibility and authority to them as stipulated in the legal framework (Kim & Öjendal 2011).

This backdrop to the reform has been unveiling as socio-economic changes have affected Cambodia for better or worse. Cambodian urban population is projected to increase at a high rate of 3.5 percent per annum reaching 8 million or 35 percent of the population by 2030. Rapid urbanisation is leading to growing urban deficiencies and problems such as limited public services, squatter settlements and environmental pollution (Benghong 2006; OCM, undated). Decentralisation is believed to assist in addressing these problems (Devas 2004). However, the reality on the ground has yet to be assessed.

**Why Urban Governance?**

Despite its recent vibrant economic growth, Cambodia is still a developing country and development assistance is still very much needed. However, it is rather alarming to note that most development assistance has been directed towards rural areas where poverty is the most prevalent, to the detriment of urban poverty which has been somewhat overlooked. If urban issues are to be properly addressed, more competent and capable urban local governance together with spatially sensitive decentralisation policy are called for. In this section, we discuss a number of reasons why more attention must be paid to urban governance.

First, that urban governance has been treated indifferently in research on democratic governance and decentralisation in Cambodia is illustrated by a number of key studies. Blunt and Turner’s (2005) article arguing that socio-cultural and institutional context in Cambodia is ill-fitted for decentralisation reform seems to completely neglect the differences between rural and urban areas. Similarly, the urban reality is overlooked in Smoke and Morrison’s (2008) evaluation of decentralisation progress in Cambodia. The report discusses whether decentralisation reform in Cambodia is a means to consolidate central power or to create a platform for downward accountability towards the citizens, but it seems to conflate the urban and rural realities; there is no examination of the conditions common in the urban setting that either propel or hinder decentralised urban governance. A great sense of optimism pervades Öjendal and Kim’s (2011) report on the progress towards genuine democratic decentralisation in Cambodia, but urban reality does
not feature in this optimistic picture. They argue that such optimism can be attributed to the fact that the reform came from within (Ojendal & Kim 2011), as opposed to being imported wholesale. These studies have one shortcoming in common that there is a lack of or even the omission of urban spatial dimensions in their analyses of socio-political phenomena or the theoretical topics they investigated. Just a few examples are discussed here, but this argument resonates across the whole body of literature on this issue. This goes to show that in the sphere of research on local administration in Cambodia, there is still a vacuum to be filled on governance in the urban setting.

Second, how much the decentralisation policy, which led to the establishment of the new sub-national government structure, incorporates the complexity and diversity of the urban setting is unknown. The new provincial/district councils and their functions and duties were set up against a background of rapid urbanisation that accompanied sustained economic growth in Cambodia. Poverty in urban areas is a structural phenomenon that is partly pushed by the pressure of job loss and traditional way of life in rural areas and partly pulled by the attractive way of life in the cities and economic opportunities promoted by the neo-liberal economic system. The urban poor mainly live in slum areas where basic services are lacking due to deprivation or the low capacity of urban government. Their participation in local planning and decision-making that would affect their lives has rarely been valued by the city government, a situation that even further marginalises these people (Devas 2004). A careful look into Cambodia’s reform as it evolves in the urban setting will shed light on civic participation and how it has been understood.

Lastly, what the government would need to ensure successful decentralisation policy implementation, especially in urban settings, might not have received adequate attention. The government’s everyday implementation of decentralisation reform appears to lack spatially sensitive policy recommendations and suggestions on how to deal with rapid urban growth. While the relative success of local development through decentralisation and deconcentration reforms during the last decade is undeniable, the current “spatially blind” policy towards development and poverty reduction does not allow the maximisation of government intervention. To turn this trend around, UNCDF (2010) reports there is a policy need to address the specific challenges facing rural and urban provinces or communes.

**Preliminary Field Insights**

Our preliminary fieldwork in Kampot and Battambang provinces has enriched our understanding of the socio-economic and geographical situations and current state of local administration in the urban setting. While potential improvements in service delivery capacity and financial income have been identified, the many challenges facing the current local administration in delivering and performing their mandate in urban areas require systematic study so as to understand the complexity of these issues and how to address them.

Indeed, the definition renders the socio-economic situation in urban settlements different from that in rural settings and is an expression of the linkage between the two. Most urban dwellers are vendors, civil servants or waged/salaried workers, and many are migrants from rural areas. Such composition poses a huge challenge to local governments mobilising citizen participation in local decision-making and dialogue. It also creates an environment where local councillors are expected to perform in a way that is acceptable and beneficial to rich or well-connected urbanites, though this social group tend to bypass local authority whenever they need services due to their closeness to the upper echelons of the state who still retain responsibility for service delivery. While such close proximity could encourage better cooperation between different levels of sub-national government, it also creates confusion in an environment where the roles and functions of each level have yet to be clarified.

The proximity and space also necessitates intersangkat interaction and cooperation in delivering services and addressing social problems. The construction of physical infrastructure such as water supply pipes and sewers, roads and powerlines, services that are of utmost importance for urban lives, requires strong cooperation and understanding between sangkats. Likewise, the same approach is required to address social issues such as gangs, crime, immigration and pollution.

As part of a campaign for more efficient and

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1 Interview with H.E. Leng Vy, Head of Department of Local Administration, Ministry of Interior, 4 May 2012.
2 Fieldwork was conducted in Kampot on 19-20 January 2012 and in Battambang on 8-10 February 2012.
effective service delivery within the framework of decentralisation reform, One Window Service Offices (OWSO) is an alternative mechanism to provide services at district/municipality level (Thon et al. 2010). It promotes a concept of service delivery and transparency within the state system. Such modality might be considered an effective mechanism to delegate certain functions to the sangkat councils for them to be more responsive to local needs. The sangkat councils in urban areas play a critical role in registering property and collecting property tax, newly introduced in urban areas. Such potential in service delivery and revenue should provide a better insight into the urban socio-economic environment where local government has a high stake.

The multi-party system has been criticised for “window-dressing” democratic politics in Cambodia. In local urban government, decision-making within the council falls short of dialogue or consultation across the political affiliation. Opposition party councillors are very often ignored in decision-making, engagement with development partners such as private sector and non-governmental organisations and official functions. Moreover, the concept of “civil society” is yet to be widely or even evenly understood in the urban setting, from being hardly heard of in urban sangkats in Kampot to its role being frequently mentioned in urban governance in Battambang’s provincial town.

CDRI Proposed Research

Having identified this knowledge gap, CDRI has designed a study to examine urban governance in decentralised Cambodia. This research seeks to answer the question: How has decentralisation policy affected urban governance in Cambodia? Specifically, it will look at how the reform has affected local government’s accountability and responsiveness to local citizens and how the latter have responded and participated in local decision-making processes in the context of decentralisation.

The conceptual research framework is particularly mindful of the spatial dimensions of social relations that influence relationships between actors. This complex, yet important, process of connecting authority and citizens can then be understood through three major concepts commonly found in the literature on governance and decentralisation: accountability, responsiveness and participation. This study approaches these concepts from a spatial dimension, that is, with an understanding that they occur within the dense space of an urban environment as opposed to the more abundant space of a rural setting. It is critical that space is seen as the focus of these concepts, rather than the commonly perceived notion as the locus where these concepts manifest. Participation in local politics and development is a crucial aspect of democratic decentralisation. It allows citizens to engage and to express their preferences/voices in relation to community needs and development. When local people have the opportunity to participate in project formulation and budget planning, they are better informed about the activities of council/leaders and have a better sense of ownership (Kim 2012).

Accountability refers to being answerable for actions (Grindle 2011). It could be defined as an obligation to answer for actions according to a particular framework (Kim & Ojendal 2012) or the use of authority (Moncrieff 2001). There are at least three factors that citizens should hold elected officials accountable for their actions: (i) citizens can use the vote effectively to reward or punish officials’ general or specific performance; (ii) citizens can generate response to their collective needs from local governments; and (iii) citizens can be assured of fair and equitable treatment from public agencies at local levels (Grindle 2011). The term as it is used in democratic decentralisation in Cambodia refers to three different kinds of accountability: upward, horizontal and downward (Hughes & Devas 2007; Kim 2012).

Responsiveness refers to the authorities’ ability to fulfil their own promises (rather than inflating expectations of constituents). Responsiveness is the ability to provide what people demand, for example material outputs and local services. It is thus a matter of being answerable to local interests, which in Cambodia’s case requires knowledge of local conditions (Kim 2012). Manor has defined the practices of responsiveness in three ways: (i) the speed of response usually increases because elected councils at lower levels have enough independent power to react quickly to problems and pleas that arise from ordinary people; (ii) the quantity of responses also increases because councils tend to stress many small projects rather than the much smaller number of large projects which higher authorities favour; and (iii) the quality of responses improves if we measure quality according to the
degree to which responses from government conform to the preferences of ordinary people.

**Final Words**

This article argues that urban governance has been largely neglected in the overall democratic decentralisation framework in Cambodia, not only in terms of policy but also in terms of research. As Cambodia’s urbanisation is moving forward fast, there is an urgent need for a decentralisation policy that is sensitive to socio-economic, spatial and geographical differences. Urbanisation in Cambodia is still in its very early stage, and thus there is still plenty of room to ascertain successful urban governance. Therefore, ample attention should be paid now to better train and equip urban local government with proper resources and tools to tackle issues common in a big metropolis such as congestion, pollution and slums. With its awareness of space, the Urban Governance Project is a modest initiative to contribute to the knowledge base and to inform the debate on decentralisation reform in Cambodia with immediacy, richness and policy responsiveness.

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Kim S. (2012), *Democracy in Action: Decentralisation in Post-conflict Cambodia*, PhD dissertation, School of Global Studies, Department of Peace and Development Research, Göteborg University, Sweden


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Royal Government of Cambodia (RGC) (2005), *Continued on page 19*
Economy Watch—External Environment

This section describes economic indicators of major world economies and economies in East Asia.

The still faltering global economic environment continued to impede recovery efforts of east Asian countries and major industrialised economies as growth prospects in the first quarter of 2012 fluctuated, compared to a quarter earlier and the same period last year.

Indonesia’s real GDP growth decreased slightly to 6.3 percent, from 6.5 percent a year earlier. Malaysia’s GDP growth fell in the first quarter to 4.7 percent, from 5.2 percent a quarter earlier. Economies of some of the Asian tigers continued to slip. Singapore’s real GDP growth dropped to 1.6 percent, from 6.8 points a year earlier. Growth in Hong Kong and Taiwan contracted to 0.4 percent, the lowest since 2010. Thailand recovered only to the level of a year earlier after a sharp decline in the fourth quarter of last year. The International Monetary Fund is optimistic that the Thai economy will rebound to 5.0 percent growth this year and 5.5 percent in 2013. China’s economy increased, yet slower, in the first quarter, yet remained high, at 8.1 percent compared to 9.7 percent a year earlier. South Korea’s growth was 3.0 percent, down from 4.2 percent a year earlier.

Growth in the euro zone in the first quarter contracted to the lowest level since 2010: zero growth. European leaders are struggling to resolve the debt crisis in Greece and problems of other EU members. After three bail-out packages and associated austerity measures, Greece still needs to restore investor and business confidence. June elections might affect Greece’s decision to implement further austerity to qualify for another bail-out package, raising the possibility that Greece might leave the euro. Attention is also focused on a gloomy situation regarding bank solvency in Spain.

The U.S. performed relatively well, achieving growth of 2.1 percent in the first quarter. Japan returned to growth, 2.7 percent, after negative or no growth since 2011. However, it remains to address the still weak global demand for consumer goods, the strong yen, post-tsunami economic reconstruction and energy policies if Japan decides to continue without nuclear power.

World Inflation and Exchange Rates

Cambodia’s inflation in the first quarter increased to 5.5 percent from 3.6 percent a year earlier. High domestic oil prices and inflation in neighbouring countries like Vietnam further affect retail prices in Cambodia because of the integrated product markets. Vietnam continued to normalise relatively high inflation, which stood at 16.0 percent in the first quarter compared to 12.8 percent in the same period last year. Inflation rates in east Asian and industrialised countries were reasonable. China’s annual inflation contracted to 3.8 percent in the first quarter, from 5.1 percent a year earlier. Inflation in the euro zone increased to 2.7 percent, from 2.5 percent in the same period last year. In the same period, the riel depreciated year on year by 0.1 percent against the dollar and against the euro by 4.1 percent. The yen appreciated against the dollar by 3.8 percent.

Commodity Prices in World Markets

In the first quarter, prices of maize (US No. 2) decreased by 1.0 percent year on year, to USD277.5/tonne, of palm oil (north-western Europe) by 11.5 percent to USD1106.7/tonne and of rubber (SMR 5) by 29.8 percent to USD3701.2/tonne. The price of rice (Thai 100 percent B) rose by 3.9 percent to USD549/tonne, while the price of soybeans (US No. 1) decreased by 8.6 percent to USD490.8/tonne. Gasoline (US Gulf Coast) went up by 16.3 percent to USD0.78/litre and diesel (US Gulf Coast) by 15.5 percent to USD0.84/litre.

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1 Prepared by Roth Vathana, research associate at CDRI.
### Economy Watch—External Environment

#### Table 1. Real GDP Growth of Selected Trading Partners, 2006–2012 (percentage increase over previous year)

<table>
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<tr>
<th>Year</th>
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Sources: Food and Agriculture Organisation and US Energy Information Administration

#### Table 2. Inflation Rates of Selected Trading Partners, 2006–2012 (percentage price increase over previous year—period averages)

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Sources: International Monetary Fund, Economist and countries’ statistic offices

#### Table 3. Exchange Rates against US Dollar of Selected Trading Partners, 2006–2012 (period averages)

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Sources: International Monetary Fund, Economist and National Institute of Statistics

#### Table 4. Selected Commodity Prices on World Market, 2006–2012 (period averages)

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Sources: Food and Agriculture Organisation and US Energy Information Administration
Main Economic Activities
Despite the still weak global economic environment—due mainly to the financial crisis and the current debt crisis in Greece and a few other European countries—Cambodia’s economy remains relatively strong, having GDP growth of 7.0 percent in 2011. Economic prospects in the fourth quarter were more optimistic than in the same period of the previous year. Total fixed asset investment approvals rose by 9.6 percent from a year earlier, of which agriculture received 32.9 percent, industry 13.1 percent and services 54.0 percent. Agriculture rebounded, its investment approvals in the fourth quarter increasing by 1100 percent from a year earlier, to USD440.6 m. Investment in industry rose by 99.4 percent year on year; garments received 67.8 percent of the total investment, a 137.4 percent rise. Investment in services went down by 34.1 percent from a year earlier to USD722.6 m; hotels and tourism, which accounted for 35.6 percent of the total values, decreased 76.3 percent from the same period a year earlier. However, the number of foreign visitors to the kingdom rose by 13.9 percent year on year. In the first quarter of this year, construction continued to recover, its total approval values increasing by 636.9 percent from a year earlier.

Exports continued to be vibrant, having year on year growth in the first quarter of 25.8 percent. Of the total value, garments brought in 83.6 percent with a 21.6 percent increase. The US still topped the list of customers, accounting for 46.1 percent of the total garment exports, followed by the EU (30.6 percent), the rest of the world (17.9 percent), Japan (4.6 percent) and ASEAN (0.6 percent). However, the year-on-year increase in garment exports to the US was relatively small (6.2 percent) compared to the EU (41.5 percent), ASEAN (68.4) and Japan (46.1 percent). In the same quarter, agricultural exports increased by 8.8 percent, wood rising 43.5 percent and “other” exports by 78.6 percent. Exports of rubber dropped by 19.2 percent and of fish by 16.6 percent. Total imports went up by 11.1 percent to USD809.9 m, of which gasoline rose 8.7 percent, diesel 17.2 percent and construction materials 1.6 percent. The trade surplus rose by 62.9 percent year on year to USD470.2 m.

Public Finance
In the fourth quarter, total government revenue increased by 17.6 percent from a quarter earlier (6.1 percent year on year), to KHR1776.6 bn, current revenue accounting for 97.9 percent of the total. Total current revenue rose by 16.2 percent from the previous quarter (10.8 percent year on year), to KHR1740.1 bn. Tax revenue, 83.6 percent of the current revenue, went up by 18.3 percent year on year, to KHR1454.3 bn; non-tax revenue, accounting for 16.4 percent, dropped by 16.2 percent, to KHR285.8 bn. In the same quarter, total expenditure increased by 60.1 percent year on year, to KHR3115.5 bn. Capital expenditure (46.4 percent of the total) went up by 113.8 percent from a year earlier, to KHR1444.9 bn, and current expenditure (53.6 percent of the total) increased by 31.5 percent, to KHR1670.2 bn. Wages, accounting for 36.4 percent of total current expenditure, increased 7.2 percent from the preceding year. Subsidies and social assistance rose by 110.6 percent, to KHR487.3 bn.

Inflation and Foreign Exchange Rates
In the first quarter, inflation in Phnom Penh (all items) rose to 5.5 percent, from 3.6 percent in the same period last year. Inflation of food and non-alcoholic beverage prices rose to 6.9 percent from 3.9 percent a year earlier and of transportation prices to 7.8 percent from 5.0 percent. In the same period, the riel depreciated 0.1 percent against the dollar, while appreciating 1.8 percent against the Thai baht and 3.0 percent against the Vietnamese dong. Prices of diesel fuel increased year on year by 15.6 percent to KHR5120.2/litre and of gasoline by 13.6 percent to KHR5395.8/litre.

Monetary Developments
In the fourth quarter, net foreign assets went up 1.1 percent from a quarter earlier (7.2 percent year on year) to KHR17,893.9 bn and net domestic assets by 16.1 percent (107.3 percent year on year). Credit to the private sector increased by 7.1 percent (31.6 percent year on year) to KHR17,552.8 bn, a sign of recovery in private lending and new business opportunities.

Poverty Situation
CDRI’s regular quarterly survey of vulnerable workers, conducted during May, found an increase in

1 Prepared by Roth Vathana, research associate, Ourn Vimoil and Pon Dorina, research assistants, at CDRI.
daily earnings for most groups compared to the same period last year. This included cyclo drivers, porters, small vegetable traders, waiters/waitresses, rice-field workers, garment workers, motor taxi drivers, skilled construction workers and unskilled construction workers. Among these, cyclo drivers’, porters’ and motor taxi drivers’ earnings rose the most.

The real daily earnings of cyclo drivers went up dramatically, by 29 percent to KHR10,686, in May. Their daily consumptions increased by 15 percent, from KHR4543 in May 2011. Only 12 percent of cyclo drivers interviewed owned their cyclo, while the rest rented. The proportion of cyclo drivers who lived on the road or in a pagoda declined from 68 percent in May last year to 65 percent. The average period of being a cyclo driver was nine years.

Daily earnings of porters rose by 29 percent from the same period in 2011, to KHR12,713; their expenses jumped by 15 percent, from KHR5455 to KHR6255 per day. Ninety-two percent said that they rented their house, which held an average of 10 people; 5 percent stayed on the road or in a pagoda, and 3 percent stayed in a relative’s house. Seventy-two percent said their family’s condition was better since they began this occupation; 20 percent said it was the same and 8 percent worse.

Motor taxi drivers’ daily incomes expanded 28 percent from the previous year, to KHR13,616. Of motor taxi drivers interviewed, 92 percent were the breadwinner for their family, which had an average of five members. Forty-eight percent had attended primary school, 42 percent secondary school, 8 percent high school and 2 percent no school.

For unskilled construction workers in May, real daily earnings increased by 23 percent from KHR9415. Skilled construction workers’ income went up only 3.9 percent from KHR12,368. Eighty-five percent of unskilled construction workers rented housing while working in Phnom Penh. In contrast, 88 percent of skilled construction workers stayed at the construction site. Only 10 percent of skilled construction workers knew about the construction worker association, and none of them were members.

There was a rise in small vegetable traders’ daily earnings of 15 percent. Most small vegetable traders spent a great deal of time in the market, an average seven hours per day, including getting up at 3 a.m. to buy goods to sell. They needed capital of around KHR70,000 a day to run their businesses. However, 58 percent of them said that this amount was not enough. Only 2.5 percent of small vegetable sellers were male.

Rice-field workers’ daily incomes increased 7.5 percent, to KHR6431. Their daily consumption went down 0.2 percent, to KHR2083. Fifty percent of them were landless, 45 percent had land under one hectare, and 5 percent a hectare. Fifty-five percent of interviewed rice-field workers thought their earning was just barely enough for their family, while 45 percent thought it was not enough although they worked an average eight hours per day.

Daily earnings of garment workers increased by 5.6 percent from previous year, to KHR8391. Of garment workers interviewed, 98 percent were female. Reflecting increased activity in the garment industry, 72 percent reported that they frequently work overtime, 16 percent sometimes and 12 percent never. Fifty-five percent wanted to change their job because they are not able to save for the future.

The average real daily earnings of scavengers contracted 4.6 percent year on year from KHR8661 in May 2011, due to the price and sources of rubbish both shrinking. Of interviewed scavengers, 73 percent were from Prey Veng, 12 percent Svay Rieng, 10 percent Takeo, 2.5 percent Pursat and 2.5 percent Kandal. Eighty percent came to Phnom Penh with their families, while 20 percent came alone.

Continued from page 15 Urban Governance...

Strategic Framework for Decentralisation and Deconcentration Reform (Phnom Penh: National Committee for the Management of Decentralisation and Deconcentration Reform)
Thon V., Heng S., Kruy V. & Ly T. (2010), Qualitative Impact Assessment of One Window Service Offices (Phnom Penh: CDRI)
UNCDF (2010), Local Development Outlook: Cambodia (New York: UNCDF)
UNDP (2003), “The Urban Governance Initiative (UNDP-TUGI)”, Environment and Urbanisation, pp. 159-170
### Table 1. Private Investment Projects Approved, 2005–11*

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total imports</td>
<td>2513.0</td>
<td>512.2</td>
<td>554.8</td>
<td>1010.9</td>
<td>2239.0</td>
<td>731.3</td>
<td>677.1</td>
</tr>
<tr>
<td>Percentage change from previous year</td>
<td>-61.2</td>
<td>35.3</td>
<td>-58.7</td>
<td>76.7</td>
<td>219.7</td>
<td>-39.9</td>
<td>117.1</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism

### Table 2. Value of Construction Project Approvals in Phnom Penh, 2005–12

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total - - - - - -61.2</td>
<td>35.3</td>
<td>-58.7</td>
<td>76.7</td>
<td>219.7</td>
<td>-39.9</td>
<td>117.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>- -</td>
<td>- -</td>
<td>-21.4</td>
<td>8.3</td>
<td>21.2</td>
<td>10.4</td>
<td>-22.1</td>
<td>15.4</td>
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</tbody>
</table>

Source: Department of Cadastre and Geography of Phnom Penh municipality

### Table 3. Foreign Visitor Arrivals, 2005–11

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>34.7</td>
<td>19.7</td>
<td>28.4</td>
<td>5.3</td>
<td>0.5</td>
<td>15.8</td>
<td>19.4</td>
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</tbody>
</table>

Source: Ministry of Tourism

### Table 4. Exports and Imports, 2005–12

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total exports</td>
<td>2452.4</td>
<td>2922.8</td>
<td>3161.6</td>
<td>3209.5</td>
<td>2901.6</td>
<td>1045.4</td>
<td>1070.9</td>
<td>1017.6</td>
</tr>
<tr>
<td>Of which: Garments</td>
<td>252.2</td>
<td>2810.8</td>
<td>3090.2</td>
<td>3097.8</td>
<td>2565.3</td>
<td>938.3</td>
<td>942.7</td>
<td>880.5</td>
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<tr>
<td>To U.S.</td>
<td>1556.5</td>
<td>1851.7</td>
<td>1991.0</td>
<td>1512.6</td>
<td>531.9</td>
<td>524.8</td>
<td>464.5</td>
<td>466.7</td>
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<tr>
<td>To EU</td>
<td>506.9</td>
<td>603.0</td>
<td>660.9</td>
<td>693.4</td>
<td>644.7</td>
<td>239.4</td>
<td>248.0</td>
<td>232.0</td>
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<tr>
<td>To ASEAN</td>
<td>70.7</td>
<td>80.4</td>
<td>90.3</td>
<td>99.6</td>
<td>6.9</td>
<td>2.9</td>
<td>3.0</td>
<td>3.8</td>
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<tr>
<td>To Japan</td>
<td>25.0</td>
<td>40.6</td>
<td>30.1</td>
<td>26.5</td>
<td>44.6</td>
<td>25.5</td>
<td>26.3</td>
<td>34.3</td>
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<tr>
<td>To rest of the world</td>
<td>194.6</td>
<td>235.1</td>
<td>309.0</td>
<td>365.3</td>
<td>356.5</td>
<td>138.6</td>
<td>140.7</td>
<td>145.9</td>
</tr>
<tr>
<td>Agriculture</td>
<td>61.3</td>
<td>59.7</td>
<td>55.6</td>
<td>44.6</td>
<td>73.1</td>
<td>44.9</td>
<td>72.3</td>
<td>74.0</td>
</tr>
<tr>
<td>Fishing</td>
<td>36.7</td>
<td>41.5</td>
<td>41.0</td>
<td>35.8</td>
<td>51.6</td>
<td>25.4</td>
<td>38.1</td>
<td>49.9</td>
</tr>
<tr>
<td>Wood</td>
<td>10.3</td>
<td>8.6</td>
<td>8.7</td>
<td>3.4</td>
<td>3.5</td>
<td>8.8</td>
<td>18.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Other</td>
<td>10.1</td>
<td>5.7</td>
<td>3.2</td>
<td>2.7</td>
<td>1.1</td>
<td>0.5</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>2513.0</td>
<td>3122.5</td>
<td>554.8</td>
<td>1010.9</td>
<td>2239.0</td>
<td>731.3</td>
<td>677.1</td>
<td>728.7</td>
</tr>
</tbody>
</table>

Import data include tax-exempt imports. Sources: Department of Trade Preferences Systems, MOC and Customs and Excise Department, MEF (web site)
Waitresses' earnings do not include meals and accommodation provided by shop owners. Surveys on the revenue of waitresses, rice-field workers, garment workers, motorcycle taxi drivers, unskilled construction workers, and skilled construction workers began in February 2000. Source: CDRI.
Continued from page 24  CDRI Update

Small Less Developed Economies Need from Any New Approach and Why?

RESEARCH

Democratic Governance and Public Sector Reform (DGPSR)

Seven research projects, mainly funded by the Swedish International Development Cooperation Agency (Sida), are being undertaken within the programme. The semi-structured questionnaire for the study Transformed Society in the Face of D&D: Implications of State Society Reciprocal Relations in Cambodia has been revised. The project document for Urban Governance in Decentralised Cambodia has been finalised and presented within CDRI to solicit comments to improve and publish it as a CDR article. Preliminary interviews have been conducted at local and national level for Nested Governance of Water for Agriculture: Decentralisation, Multi-level Government, and Local Community in Tonle Sap Basin, a study partially supported by The Asian Institute of Technology (AIT)’s M-Power-CPWF Research Fellowship Programme. Conceptual framework has been revised and the semi-structured questionnaire is being developed for Rural Water and Sanitation: Challenges and Opportunities. For the project Gendered and Democratic Decentralisation: Analysis of Gender in Political Parties in Cambodia, fieldwork in four provinces was completed and the data is now being analysed.

Two projects are in the early stages of implementation. ‘All Good Things do Not Go Together’ – Analysing Contradictions between Peace-building and Democratisation, being undertaken in partnership with the University of Gothenburg to identify how and why conflicts emerge (in the short- and long-term) in the wake of, and possibly triggered by, peace-building interventions, is pending finalisation of the contract. State Capacity in Support of Labour Management in Cambodia, a follow-up study on state capacity, has been initiated and is at the design stage.

Economy, Trade and Regional Cooperation (ETRC)

The Vulnerable Worker Survey and Provincial Price Survey are in good progress. Other ongoing studies are the three-year research project on Building and Strengthening a Sustainable GMS-DAN 2011-14: Collaborative Policy Relevant Research on Inclusive Growth and Sub-regional Integration in the GMS, and the five-year research on Inclusive Growth focusing on high and sustainable growth; economic growth, inequality and poverty reduction; economic growth and the development of SMEs; economic growth, trade and poverty reduction; and how to achieve inclusive growth.

The first draft reports on What are the Constraints to Inclusive Growth in Cambodia? and Industrial Clusters, Business Associations and SMEs’ Productivity: Evidence from Enterprise Survey of Cambodia have been submitted to ARTNeT for further comment. The final report on the Rapid Assessment of the Impact of Rising Food Prices on The Poor and Vulnerable Groups in Cambodia has been submitted to the NGO Forum and the key findings presented at its Quarterly Members Meeting on 27 April. The third research workshop to discuss the key findings of the IDRC-funded Global Financial Crisis and Vulnerability in Cambodia project was held on 8 June.

The ETRC team continues to compile data for and produce the Monthly Flash Report on the Cambodian Economy. The cover pages for the book “Labour Migration in the GMS (DAN6)” have been approved and the final proofs are pending indexing. The manuscripts for “Impact of China on Poverty Reduction in the Greater Mekong Sub-region (DAN8)”, “Surviving the Global Financial and Economic Downturn: The Cambodian Experience” and “Land Policy and Land Practice in Cambodia” are pending production.

Natural Resources and the Environment (NRE)

Six research projects are being implemented. The national draft report on the Social Impact Monitoring and Vulnerability Assessment Baseline Survey, conducted to support the Mekong River Commission Climate Change and Adaptation Initiative, is being reviewed against the regional report. Secondary materials are being analysed for the study Gender and Water Governance: Irrigation Management and Development in the Context of Climate Change, part of the programme’s
Climate Change, Adaptation and Livelihoods for Inclusive Growth Initiative supported by Sida. The draft report has been developed and revised for Strengthening Aquatic Resources Governance (STARGO), a project aiming to improve the governance of contested aquatic resources and to support projects and interventions that improve nutrition, income, welfare and security around the Tonle Sap Lake.

NRE researchers participated in several meetings to move forward the study on Climate Change Impact and Resilience: A Case of Irrigation, Land Use, Rainfall Changes and Water Governance, a joint project with the Royal University of Phnom Penh (RUPP). The team is also working on two cross-programme research studies: for Critical Incident Inquiry: Cambodians Negotiating Gender Norms, a joint study with SD, the first round of data collection has been completed and transcription and translation of the audio recordings is in progress; for the Impact Assessment of the CARF-Funded Projects, a joint study with PARD, project implementation is being reviewed and evaluation methodology designed.

The proposal on Water Resource and Adaptation to Climate Change was shortlisted. The team is now addressing additional comments received from IDRC.

Poverty, Agriculture and Rural Development (PARD)

The team completed the Impact Assessment of Farmer Organisation on Food Security of the Rural Poor with the submission of the final report. The key findings have been presented to the World Bank and AusAID.

Four projects are ongoing. The fourth draft report for Promoting Gender Equality for the Labour Market for More Inclusive Growth has been sent to ADB for comment. Data for the Study on the Contribution of Arbitration Council (AC) Services in Improving Industrial Relations in Cambodia: A Case Study of Garment Factories has been collected and preliminary findings presented to the Arbitration Council Foundation. Preliminary results for the project Developing Agricultural Policies for Rice-based Farming Systems in Cambodia and Laos were presented in Laos on 14 June and the first draft report is being developed. The literature review for the Sida-supported study on the Impact of Contract Farming on Smallholder Livelihoods is in progress.

Work has started on three new projects. The contract for the Impact Assessment of the CARF-Funded Projects has been signed and the inception report is being drafted. The inception report for the Mid-term Follow-up Study and End-term Study of Arbitration Council Foundation (ACF) Demand for Good Governance has been submitted, and the team is preparing for field data collection. For the HARVEST Baseline Assessment Study, funded by USAID-FINTRAC, the design of the methodology, including the survey questionnaire, is in progress.

Social Development (SD)

The team is working on six projects. Three of these are components of the six-year DFID-funded research programme consortium on Building Pro-Poor Health Systems during the Recovery from Conflict “REBUILD”. Having received approval from the National Ethics Committee for Health Research, two of the studies are now underway: The Impact of Health Financing Policy Change on Pattern of Poor Rural Household Expenditure for Health Care in Cambodia: An Analysis of Household Health Expenditure, and Policies to Attract and Retain Health Workers in Rural Areas: A Review of Policy Drivers, Implementation and Effectiveness in Post-conflict Cambodia. The team is now applying for ethical approval to implement the third component: The Change Process of Contracting Arrangements in Cambodia.

Fieldwork for Tertiary Education Governance in Cambodia, a study funded by Sida, is in progress. Also supported by Sida, the project on Supply and Demand of Workforce in Cambodia is now at the design stage. For Critical Incident Inquiry: Cambodians Negotiating Gender Norms, a research funded by GIZ and a component of Navigating the Mainstream Research of the MoWA–GIZ Technical Cooperation Project on Access to Justice for Women, data collection for Phase 1 interviews is complete, the interview transcripts are under review, and project status was reported to the 6th Meeting of the National Working Group on 11 June.
CDRI UPDATE

MAJOR EVENTS

The 2012 Cambodia Outlook Briefs, published in Khmer and English and capturing the major issues and policy priorities from the 2012 Cambodia Outlook Conference, were circulated to coincide with the ASEAN Summit, chaired by Cambodia and held in Phnom Penh in early April. The briefs are accessible on CDRI’s website at www.cdri.org.kh. Immediately following the ASEAN Summit, on 5 April, Malaysia’s Asian Strategy and Leadership Institute (ASLI) hosted The 9th ASEAN Leadership Forum in Phnom Penh; CDRI’s Executive Director moderated a session on People Connectivity through Education, Culture, Tourism and People Movement.

In May, CDRI and the Swedish International Development Agency (Sida) conducted their annual review meeting under Sida’s 2011-16 financial support for both research and operations. The review meeting considered CDRI’s general performance in 2011 against its 2011-15 strategic plan and the specific results assessment framework agreed between CDRI and Sida, focusing on Sida-funded research on democratic governance and public sector reform, inclusive growth, climate change, and tertiary and vocational education. A mid-term review will be held in late 2013. Strategies were also discussed to promote the CDRI-Sida model of long term partnership for policy relevant research, capacity development and institutional strengthening with other development partners.

Also in May, H.E. Dr Hang Chuon Naron, former Chair of CDRI’s Board of Directors, and now Chair of the Steering Committee of the Development Research Forum (DRF) of Cambodia Phase II for 2012-15, chaired the launch of Phase II. The DRF is a partnership of CDRI, the Cambodia Economic Association, the Learning Institute, the National Institute for Public Health, the Supreme National Economic Council, the Royal University of Agriculture, and the Royal University of Phnom Penh with support from IDRC. In this phase, research interest groups will focus on Inclusiveness and Growth, Cambodia and its Region, Governance of Natural Resources, Agricultural Development, and Education and Health.

In early June, at the invitation of the Asia Business Daily, a media company based in Seoul, CDRI’s Director of Research participated in the Seoul Asian Financial Forum, speaking on the subject of Asian Financial Development from a Global Perspective.

On 25-26 June CDRI’s Executive Director attended a workshop in Beijing co-hosted by Professor Zhang Yunling, head of the Academic Division of International Studies of the Chinese Academy of Social Sciences (CASS) and the Economic Research Institute for ASEAN and East Asia (ERIA) for the ERIA study on Moving Toward a New Development Model of East Asia: The Role of Domestic Policy and Regional Cooperation. CDRI’s contribution is on the topic Searching for a New Development Approach: What do the ASEAN

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