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## CAN COMMUNITY-BASED ECOTOURISM IMPROVE LOCAL LIVELIHOODS? A CASE STUDY OF CHAMBOK COMMUNITY-BASED ECOTOURISM, SOUTHWEST CAMBODIA<sup>1</sup>

### Introduction

Community-based ecotourism (CBET) has become a popular tool for promoting inclusive growth and creating new sources of income that can also help to protect natural assets such as forest and biodiversity, especially in developing countries (Hernandez *et al.* 2005; Honey 2008; Khanal and Babar 2007; Kiss 2004; Men 2006). Ecotourism is broadly defined as “responsible travel to natural areas that conserves the environment and improves the wellbeing of local people” (TIES 2012). In the context of environmental protection, CBET is a form of community-based natural resource management (CBNRM); like other forms of CBNRM, CBET seeks a win-win outcome, that is, positive synergy of nature conservation and local livelihood improvement (TIES 2012).

Ecotourism in Cambodia has grown rapidly over the last 10 years. The emergence of areas of outstanding natural beauty and special interest such as forests, waterfalls, rivers and wildlife as popular travel destinations has brought the number of ecotourism sites to 56 (Phnom Penh Post 2013). In 2012, the northeastern provinces of Cambodia, where there is considerable potential for ecotourism expansion and improvement, the number of ecotourists increase by 9.7 percent – a total of 53,374 tourists – compared with 2011. Most



The most successful example of CBET, Chambok commune, Phnom Sruoch district, Kompong Speu province, July 2012

of the ecotourists come from France, China, the UK, Germany, Vietnam, Australia, the Netherlands, the US, Switzerland and South Korea. With natural assets such as the Irrawaddy dolphin, the Mekong River, unspoiled forests and mountain scenery, the northeast could attract as many as 1 million

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<sup>1</sup> Prepared by Lonh Pichdara, research associate of the Natural Resources and Environment Programme, this article draws on empirical study by Lonh *et al.* (2012).

international and 5 million domestic tourists by 2020 (Phnom Penh Post 2013).

Many articles promote the achievements and potential of CBET, but much of the information available is anecdotal and lacks quantitative data and objective analysis (Kiss 2004:232). Recent systematic review of community forestry, a form of CBNRM, also reveals a dearth of quantitative data, particularly on local people's welfare (Bowler *et al.* 2011). In general, few studies using appropriate evaluation impact design and combined quantitative and qualitative approaches provide a reliable measure of the effectiveness of CBET (Persha *et al.* 2011). Towards filling that knowledge gap, this article presents the main findings of empirical research conducted in Chambok commune, Kompong Speu province, to examine the effectiveness of CBET enterprises in forest conservation and livelihood improvement (Lonn *et al.* 2012).

### Objective

The overall objective of this case study is to evaluate the impact of CBET on local livelihoods in Chambok commune. The guiding research question it seeks to address is: Has CBET improved local livelihoods? Specifically, the study aims to compare the main income sources of CBET households and non-CBET households between 2002 and 2010, before and after the establishment of CBET enterprises.

### Method

A carefully designed questionnaire was used to collect information on changes in household socioeconomic status between 2002 and 2010. The sampling frame comprised 174 households, about 23 percent of the commune's total population; 77 CBET households and 97 non-CBET households, selected at intervals of 2 along the commune's main and sub-roads, were interviewed in August 2011.

The filled-in questionnaires were checked to ensure consistent, complete and accurate observations including the reasons mentioned for changes in living conditions and when these changes occurred. Information from the household survey was compiled and used to assess the differences in incomes and other characteristics between CBET households and non-CBET households. Information

obtained from focus group discussions and key informant interviews was used to crosscheck and complement the household data.

To assess changes in livelihood status, households were divided into three groups: "slightly better off", "no change" and "poor." Households in the first group reported some improvements in their standard of living such as higher incomes (>USD1/day/person), better housing, increased food consumption and improved food security. Those in the "no change" group had experienced minor hardships or setbacks. Households in the "poor" group had contended with difficult living conditions, for example, low income (<USD1/day/person), no cattle, no assets and poor housing, and some had resorted to relying on help from the community development fund in order to cope.

To gauge ecotourism's potential to generate sustainable and equitable income for local communities, the Gini coefficient, a standard income inequality measure that ranges from zero (complete equality) to one (complete inequality, whereby one person has all the income), was calculated on household incomes from agriculture, non-agricultural activities, forestry and ecotourism.

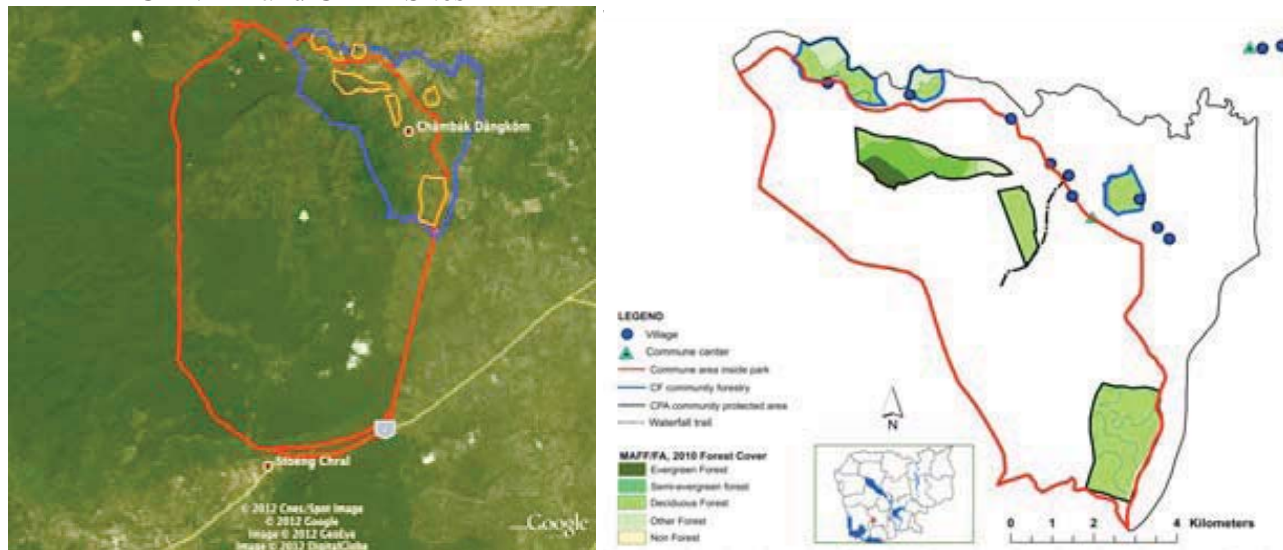
### Study Area

Chambok commune, located in Phnom Sruoch district, Kompong Speu province, was selected for case study because of (i) its standing as the most successful example of CBET, (ii) its proximity to a protected area (Kirirom National Park), and (iii) the various forms of CBNRM and CBET operating there. The biggest tourist attraction is the spectacular more than 40-metre high waterfall located in old-growth forest. Other popular tourist activities include forest trekking, cycling, bird watching and visiting bat caves in the area.

The commune consists of four villages and has a population of 3670 persons or 761 households; average household size in 2010 was 4.6 persons.<sup>2</sup> About half of the commune's total area of 8257 ha falls within Kirirom National Park (Figure 1). There are three types of CBNRM in Chambok: community forestry (CF) areas established by the Forest Administration in 2005 cover 286 ha bordering the national park; community protected areas (CPA) set aside by the Ministry of Environment (MOE) in 2002 occupy 758 ha within the national park; and

<sup>2</sup> Interview with commune councillor, August 2011.

Figure 1: Chambok Commune and Its Juxtaposition with Kirirom National Park, and Location of CBNRM and CBET Sites



Note: The nine villages marked on the commune map have been amalgamated to form four villages: Chambok Dangcum, Beng, Krangchek and Thmei. Source: Field survey, August 2011; CF area – Forest Administration (2010); CPA area – Mlup Baitong (2011)

CBET sites designated by the MOE in 2003 extend over 161 ha inside the national park (FAO 2012). A few poles and signs marked CF and CPAs at the time of study in 2011, but the CBET sites lacked clear demarcation as the proposed boundaries were awaiting official approval from the MOE.

CBET was established to manage ecotourism activities in the commune in order to provide alternative income sources for forest dependent communities, and to build local forest management capacity and raise local awareness about the importance of sustainable natural resource management for long-term benefits. These activities received initial support from Mlup Baitong (a local environmental NGO) working with the Lutheran World Federation Cambodia (LWF), as well as from the MOE, the Forestry Administration and local authorities. Outside support ceased in 2010, since when the various natural resource management communities in Chambok have been operating independently under their elected management committees with advice from Mlup Baitong and relevant ministries.

Chambok's community-based tourism (CBT) committee, similarly to the CF and CPA committees, is elected every five years. Village and commune chiefs and local authorities are not allowed to serve

on the CBT committee, which has 15 members (leader, deputy, treasurer and representatives from each village) nine of whom are women.<sup>3</sup> The CBT committee is entrusted to oversee ecotourism activities, maintain the ecotourism sites, look after the CBT fund and distribute benefit fairly among community members. These three communities have their own internal rules and regulations and work together to protect local natural resources and for local people's prosperity. For example, the CBT committee usually provides some basic financial assistance or equipment for CF and CPA committees' management activities. Anecdotal evidence suggests that forest crime has declined since 2003 because of the regular patrolling of CF and CPAs by local rangers directly paid for by the CBT fund.<sup>4</sup>

### Findings

Ecotourism has brought money into the local economy through the generation of new income sources and opportunities; these include:

- Entrance fees – make up 70 percent of total ecotourism income (Men 2006)
- Parking fees – contribute about 14 percent of total ecotourism income (Men 2006)
- Ox-cart rides – bring in about 10 percent of total ecotourism income (Men 2006)
- Bicycle rental
- Selling souvenirs made of bamboo, wood or rattan

<sup>3</sup> Interview with the leader of Chambok CBT committee, 24 October 2013.

<sup>4</sup> Interview with the chief of Pich Antoung village (one of the nine former villages), Chambok commune, August 2011.

- Home gardening and handicrafts
- Tourist guides
- Arts performances by primary school children
- An all-women run restaurant – provides jobs as chefs, servers and kitchen aides on a rota basis for more than 300 women; individual earnings are very small as each woman can only work there for a short period once a year
- Creation of 21 women’s informal saving (self-help) groups
- Forest rangers
- Homestay – a main ecotourism income for individual households; the USD3/night fee is split between the CBT fund (USD0.25), local guide (USD0.25) and the host (USD2.5)

A fundamental aspect of CBET is that community members contribute a fixed percentage of their tourism income or a set fee, which is determined by the CBT committee, to the CBT fund. As Figure 2 shows, the CBT fund does not receive contributions

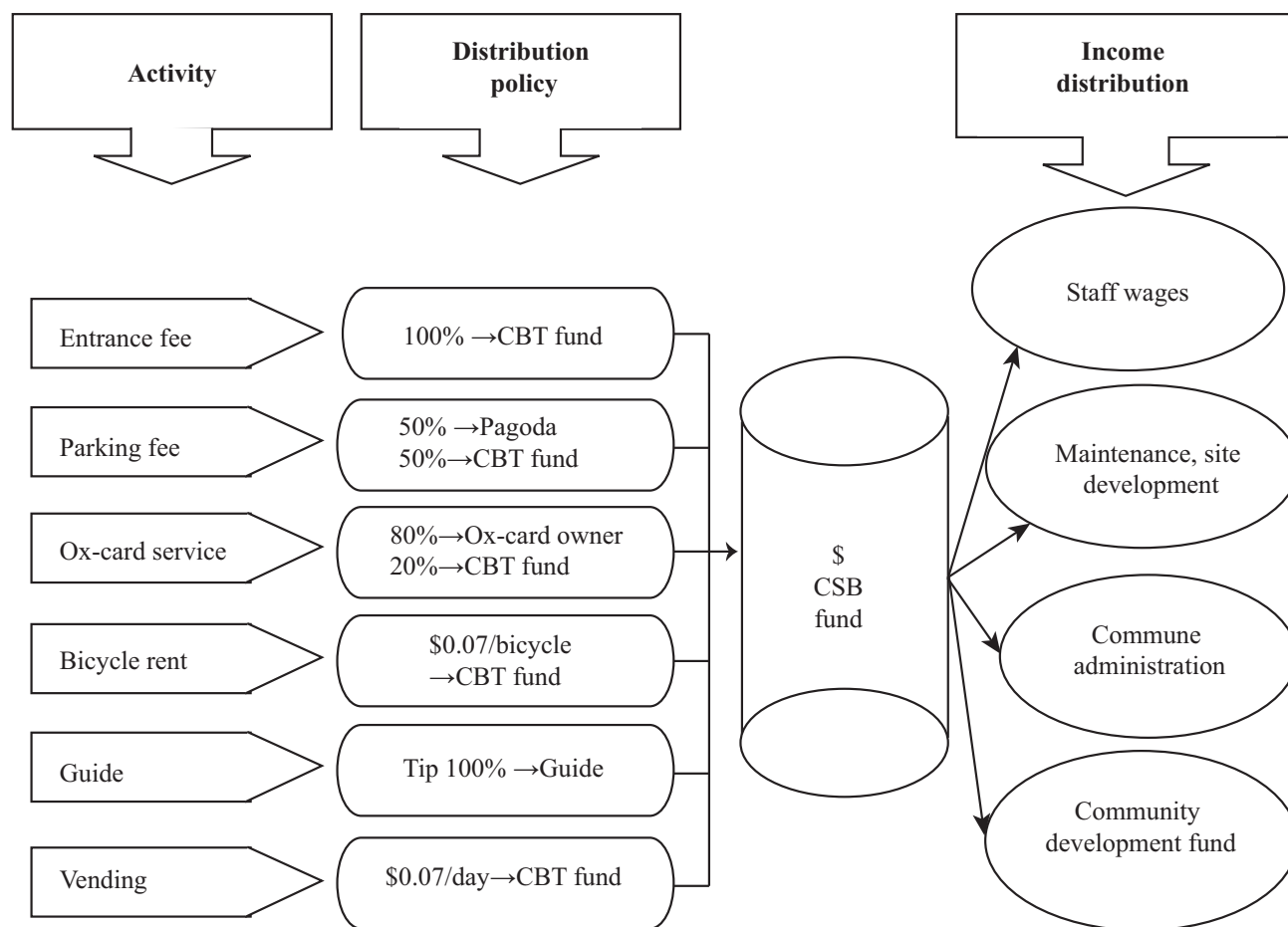
from all ecotourism-related activities, for example, arts performances and the women-run restaurant. The policy needs to be reformed so that the pooled community development fund receives a portion of all tourism revenues.

About 99 percent of the interviewed households felt satisfied with CBET and the number of 11,200 tourists, 80 percent of whom were Cambodian, that visited the area in 2011 (Lonn *et al.* 2012).

It is important to note, however, that not all people in the commune were interested in taking part in CBET activities or had been able to participate equally. For example, in principle, homestays are rotated among households in the commune but only a dozen had houses that were appropriate, i.e., clean, secure, sturdy and big enough to accommodate tourists comfortably. Of the 35 village homestays so far, 13 were in Thmei, 7 in Chambok Dangkum, 9 in Beng and 6 in Krangchek.

When asked about their living conditions, 72 percent of the interviewed households rated their

Figure 2: Income and Expenditure Policy of the CBT Committee



Source: adopted from Men (2006)

standard of living as satisfactory. The results indicate that increased employment for adults (men and women) was the main factor that helped to improve local standard of living, and that CBET contributed to direct and indirect income-earning opportunities for local people. In addition to earnings from ecotourism-related activities (guide, restaurant, handicrafts, ox-cart rides, homestay, and parking and entrance fees), local people generated income from the collection and sale of non-timber forest products (NTFPs), wage labour, and small-scale enterprise/self-employment repairing vehicles and electronic appliances, selling groceries and making cakes. Another positive development was the formation of informal self-help groups, notably women’s saving groups.

As regards income, between 2002 and 2010, ecotourism in Chambok commune generated average annual revenue of USD10,000 (Lonn *et al.* 2012). Based on respondents’ recall of their earnings in the previous year, in 2011 the median monthly income of CBET households was USD74.1 (n=77) and that of non-CBET households was USD64.3 (n=96). The difference is not statistically significant, with Wilcoxon signed-ranked test of  $p=0.3675$  at >5 percent level of significance (Table 1). This suggests that in terms of income, CEBT households were no better off than non-CBET households or vice versa.

Table 1: Household Monthly Income (USD) in 2011

	Number of households*	Median	Standard deviation	Wilcoxon test (p-value)
CBET households	77	74.1	112.3	0.3675
Non-CBET households	96	64.3	65.6	

\* Of the total sample, only one non-CBET household declined to answer the question on income sources.

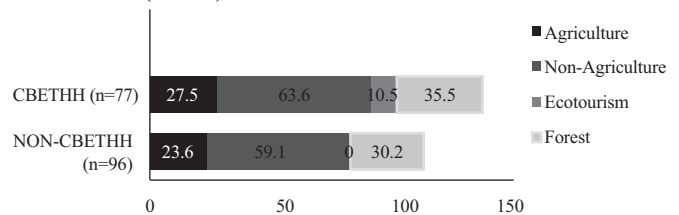
Comparison of the distribution of main income sources among households reveals that ecotourism income, at a Gini coefficient of 0.73, indicates a higher level of inequality than other sources (Table 2). Households in the 20 percent highest income quintile were able to capture 80 percent of total ecotourism income because they have better quality houses suitable for homestay and own assets such

Table 2: Distribution of Household Income in Chambok Commune, August 2010 to August 2011 (percent)

Source of Income	1st Quintile (lowest 20%)	5th Quintile (highest 20%)	Gini coefficient
Agriculture (n=163)	4.4	49.0	0.4
Ecotourism (n=68)	1.0	80.6	0.7
Forestry (n=91)	1.5	62.9	0.6
Non-agriculture (n=130)	1.7	54.2	0.5
Total (n=173)	4.0	48.7	0.4

as ox-carts, whereas households in the lowest 20 percent income quintile have no or limited assets and gained only 1 percent of ecotourism income. Ecotourism contributes the smallest share – 7.7 percent, or USD10.5 – of CBET households’ average monthly income (Figure 3).

Figure 3: Average Monthly Income by Source (USD) in 2011



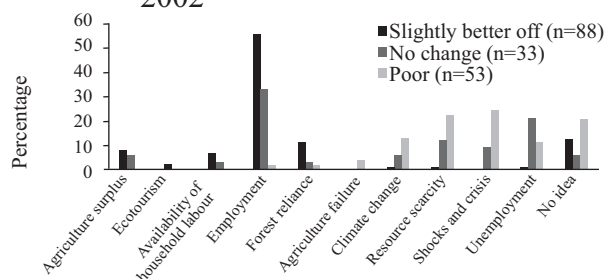
Majority of respondents rated their livelihood status in 2011 as being “slightly better” than it was in 2002. There were more job opportunities available in general (Figure 4); ecotourism was not their main source of income – it was an additional one. Most of them reported having set up small businesses, for example, repairing motorbikes, making cakes and noodles, or selling groceries; others worked as wage labourers for a local teak plantation company. Cash income from collecting and selling bamboo, rattan and mushrooms helped to cover daily expenses. Young people had found employment as garment or construction workers in the town or capital city. As one informant pointed out, without those jobs and income sources (within and outside the locality), efforts to stop overharvesting of Chambok’s forest resources will never succeed.<sup>5</sup>

In terms of job accessibility, households in the “slightly better off” group could rely on a wider variety of jobs and had a greater chance of benefitting

<sup>5</sup> Interview with a community member, August 2011.

from ecotourism as their houses could accommodate more homestay tourists than the smaller houses of households in the “poor” group. Security was another factor that influenced the success of homestay. Most of the better off households resided in the central part of the commune near the CBET centre, a more secure location for homestays than villages farther away. Despite the policy of hosting guests on a rotation basis to distribute income among all homestay hosts in the commune equally, profits from homestay often accrued to better-off households.

Figure 4: Reasons for Livelihood Changes Since 2002



Source: HH interviews, Chambok commune, Kompong Speu province, August 2011

When asked about changes in their livelihoods, both CBET and non-CBET households in the “poor” and “no change” groups said their standard of living had declined due to lack of paid work and rice yield losses during the 2011 drought (Figure 4). The availability of natural resources was another issue. Population pressure and growing demands on declining forest resources had reduced the quantity of NTFPs households could harvest, further lowering their incomes and limiting their livelihood choices. Besides resource scarcity, lack of household labour and difficulty transporting NTFPs such as bamboo and rattan meant that the majority of non-CBET households could collect just enough NTFPs to survive. In addition, households in both groups reported experiencing illness and death of family members. Caring for a sick family member diverts cash and household labour, and the loss of a family member puts significant pressure on households that already lack productive resources including labour to generate sufficient income.

### Discussion and Conclusion

Employment was a main factor behind improvements in local livelihoods. Although Chambok CBET

has attracted many visitors and helped to create direct and indirect jobs and other benefits for local people, the extra revenue generated by tourism has remained small and the new opportunities have provided only supplementary earnings. The study found no statistically significant link between CBET and improved household income. The difference between CBET and non-CBET households’ median monthly incomes can be explained by different NTFP availabilities in each village’s territory, job availability and accessibility, and the unequal distribution of ecotourism income compared to other income sources. Nonetheless, on average, ecotourism generated 7.7 percent of CBET households’ monthly income. The study results support previous research findings that ecotourism attractions and services can provide complementary income sources for the local population (Men 2006; Reimer and Walter 2012; Walpole and Goodwin 2001; Wunder 2000).

Most of the households felt that their livelihoods had improved since the establishment of CBET in the commune, and 99 percent were satisfied with CBET. Yet, the study findings indicate that Chambok CBET is still underdeveloped and much needs to be done to overcome the many difficulties local communities face, especially natural resource scarcity due to unsustainable/unplanned harvesting of NTFPs, unclear land tenure and user rights, no demarcation around ecotourism sites, and inadequate tourism infrastructure (road access, electricity/power supply, transportation, sanitation). Another issue is that local people often lack the necessary skills and knowledge relating to food preparation, hygiene, hospitality, the provision of local guides (and related language skills), site maintenance and environmental management.

Making CBET work to reduce poverty and income inequality faces some critical constraints that need to be eased in order to realise the anticipated economic, social and environmental benefits. In the meantime, CBET clearly has the potential to supplement local household incomes directly and indirectly through the creation of more local opportunities and jobs. A more subtle but equally important benefit worth noting is that the majority (about 94 percent) of people that benefit from ecotourism and related sources of income both lessen their dependence on forest resources and foster positive attitudes and behaviour towards

conservation efforts (Walpole and Goodwin 2001). Future CBET initiatives must consider how to promote fairer distribution of ecotourism income so that poor households in particular are able to reap the benefits of their stewardship of ecotourism sites.

In addition, setting up a local network to provide vocational and skills training related to running an ecotourism enterprise in Cambodia would provide more employment and income opportunities.

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# Making Rice Contract Farming Work for Smallholders and Agribusiness<sup>1</sup>

## Introduction

Cambodia is a largely agrarian society. Agriculture is the main source of income and livelihood for 80 percent of the population, and the average landholding size for around two million farm households is one hectare or less (Mund 2011). The country was able to produce up to 8.78 million tonnes of paddy rice, leaving a potential exportable surplus of roughly 3.21 million tonnes in 2011 (FAO/WFP 2012: 2). However, the rice sector's significant progress has not translated into substantial benefits for smallholder farmers and limited post-harvest processing capacity continues to hinder further productivity improvement and export expansion. As a policy to ease constraints on the rice sector, rice contract farming has been organised by Angkor Kasekam Roongroeng Co., Ltd. (AKR), a Cambodian company established in 1999 (Cai *et al.* 2008). Yet there is little information available on contract farming schemes in Cambodia, specifically smallholder inclusion and poverty reduction, contractual arrangements, and benefits and challenges.

This article highlights the findings of a wider study that examines three aspects of rice contract farming and the agreement between contract farmers and AKR: smallholder inclusion and contractual arrangements, the benefits of contract farming for farmers, and the difficulties faced by farmers and agribusiness firms. AKR was selected for case study because it is the largest rice contract farming company in Cambodia. Analysis draws on qualitative interview data collected in Kampong Speu province in May 2012 and June 2013; respondents included 10 farmers, 4 village chiefs, 1 commune clerk, 2 AKR staff and 3 local NGO staff. Study findings will contribute to policy issues integral to the success of rice contract farming in Cambodia and help shape a developmental approach that makes contract farming work in smallholder agriculture.

## Smallholder Inclusion and Contractual Arrangements

At the start of its contract farming operation, AKR considered several factors in deciding where to develop contract schemes. The most important of these was agronomic conditions. Pkar Malis variety is suitable for rain-fed lowland areas with low flood risk. Some communes, villages and farmers, despite being in the same province, were excluded from contract farming schemes due to unsuitable agronomic conditions. Another criterion was the spatial concentration of production. The requirement for a high level of varietal purity excluded villages where interested farmers had a dispersed landholding pattern. Size of land was not an initial condition for selecting farmers; however, as of 2000, only 5 percent of AKR's contract farmers had less than one hectare of land. Even so, the company soon realised that working with farmers owning very small plots of land was too difficult and introduced the one hectare rule. Poor living conditions often pushed smallholder farmers to break the contract and restrained the company from taking legal measures against them. The present policy of collective purchase enables farmers owning very small rice fields to sell rice to AKR, but the company has no record of the number of such farmers taking part in their scheme. The contract farming scheme, therefore, does not discriminate against the poor and the poorest.

To establish trust with farmers and to ensure efficient supply management, AKR established commune associations. The associations had various roles including helping AKR select contract farmers, evaluating farmers' agronomic suitability and commitment, monitoring contract farmers, and keeping AKR informed of production progress and challenges.

Contracts between AKR and farmers were not prepared in a participatory manner. The company drafted the contract and farmers simply signed it. Although the contract specified a number of necessary clauses, it lacked several important aspects. Signing a contract to supply rice to AKR gave farmers access to quality seeds (initially only Pkar Malis but recently Romdoul and Angkong Seuy varieties as well), extension services, a secure market and competitive prices. The contract did not specify a purchase price, but stated that farmers would be paid 60 riels per kg more than the market rate at the

<sup>1</sup> Prepared by Nou Keosothea, programme coordinator, and Heng Molyaneth, research fellow, Social Development Programme. This article summarises the findings of a study conducted as part of the ACIAR Project (ASEM/2009/023) "Developing Agriculture Policies for Rice-based Farming Systems in Laos and Cambodia", due to end in May 2014.



time of selling. For every hectare of contracted land, farmers were expected to supply between 1.5 to 2.5 tonnes of paddy, though this rule could be waived in case of crop failure. The contract also indicated the quantity of seed farmers could borrow, but not the leasing cycle. It described AKR's obligation to cover the cost of transporting paddy rice to the company and to pay commune association members for their services. It also included the conditions under which the company would buy paddy rice from farmers. The penalty clause specified the punishment for farmers in breach of contract, but stated nothing about punishment for the company. The contract failed to stipulate when farmers should return borrowed seeds, the duration of contract and how either party could end the contract.

### Benefits of Contract Farming

Access to a competitive market was the main and most important reason for farmers to join the contract farming scheme. The price offered by AKR

was competitive in two ways: it was much higher than the prices farmers could get for ordinary varieties, for example Chong Banlar and Krachok Chab, and it beat the prices paid by informal traders. However, AKR's higher price came with many production challenges (for example, strict requirements for varietal purity and moisture content), which deterred some farmers from joining the contract scheme. The presence of AKR and the Cambodian Center for Study and Development in Agriculture (CEDAC) created a more competitive market, preventing informal traders from setting unreasonably low prices. Realising these dynamics, some farmers considered maintaining their AKR or CEDAC membership, despite the production challenges, in order to keep the market price of Pkar Malis variety consistently high.

The second most important benefit was access to quality seeds. In the early phase of contract farming, when rice farming was for domestic market and household consumption, farmers cared less about

Table 1: Yield, Price and Revenue for Wet Season Rice by Farmer Type, 2012

	Unit	Former contract farmer	Contract farmer	Non-contract farmer
Land size	ha	1	1	1
Yield	kg/ha	2,500	2,000	2,000
Price	riels/kg	1,350	1,450	1,350
Total revenue	riels/ha	3,375,000	2,900,000	2,700,000
Revenue: contract farmer vs. non-contract farmer	riels/ha		200,000	0
	%		107	100
Revenue: former contract farmer vs. contract farmer	riels/ha	475,000	0	
	%	116	100	
Revenue: former contract farmer vs. non-contract farmer	riels/ha	675,000		0
	%	125		100

Source: Authors' calculations based on information from interviews

Table 2: Comparison of Profit by Farmer Type, 2012

	Unit	Former contract farmer	Contract farmer	Non-contract farmer
Total revenue	riels/ha	3,375,000	2,900,000	2,700,000
Total costs	riels/ha	1,230,000	986,000	1,000,000
Profit	riels/ha	2,145,000	1,914,000	1,700,000
Profit: contract farmer vs. non-contract farmer	riels/ha		214,000	0
	%		113	100
Profit: former contract farmer vs. contract farmer	riels/ha	231,000	0	
	%	112	100	
Profit: former contract farmer vs. non-contract farmer	riels/ha	445,000		
	%	126		100

Source: Authors' calculations based on information from interviews

the varietal purity of harvested paddy rice. With the establishment of an export market, the availability of quality seeds became a primary reason for farmers joining AKR's contract scheme. AKR supplied seeds that produce high yield with excellent varietal purity, one of the conditions for export to high-end markets. CEDAC also bought Pkar Malis rice, but it did not have a policy of leasing quality seeds to farmers.

Access to quality extension services was the third benefit of contract farming with AKR. The company was not the sole provider, however. Some local NGOs also provided technical extension services to farmers. Other secondary benefits received from AKR were access to low interest credit, payment for services rendered to commune associations, payment for transporting rice to the company, and a fair and accurate system of weights and measures.

The benefits enabled contract farmers to increase their income from rice farming. Contract farmers' revenues and profits were higher than non-contract farmers' (never joined the scheme) but lower than those of former contract farmers (joined the scheme but later quitted) (Tables 1 and 2). The differences between contract and non-contract farmers' revenues and profits could be explained by the production knowledge and higher prices provided by AKR. On the other hand, former contract farmers had more control over production in terms of fertiliser use, varietal purity and moisture content because they sold rice to informal traders who put no conditions on purchase.

### **Challenges of Working under a Contract**

High varietal purity and low moisture content are the two most important criteria used to determine quality rice suitable for export to high-end markets. Some former AKR contract farmers cited their failure to comply with these two requirements as their main reasons for quitting contract farming with AKR despite the higher price. Although informal traders paid a lower price, there were no conditions attached. AKR attributed some farmers' failure to produce rice with a high level of varietal purity to their low commitment and cancelled its contracts with them. However, the company is cognisant of its own failing in not having rice dryers that would enable it to buy wet rice from farmers. This limited capacity means AKR has been unable to meet export demand, especially from high-end markets, and has had to resort to buying dried paddy from informal traders.

Limited access to quality seeds is another challenge faced by farmers. The terms of contract obligated AKR to lease seeds to farmers at no

interest, but the contract did not specify the leasing cycle. Drought and contract farmers' lack of commitment resulted in reduced yields and lower levels of varietal purity at great cost to AKR. Learning from this experience, the company now only leases seeds to a few communes where farmers are committed to meeting its stringent requirements. A local organisation also leased seeds to farmers but the scheme was not large enough to cover all farmers and the seeds were a different variety from what AKR purchased.

AKR's irregular payments for paddy rice delivered to it and for services rendered to the associations created hardship for contract farmers and commune association members. The contract stipulated that AKR would pay these costs but in practice the company did not always fulfil these contractual obligations, incurring financial losses to contract farmers. In addition, despite promising to pay each commune chief 30 riels and each village chief 40 riels for every kilogram of paddy supplied by their members, the company only occasionally upheld this commitment. Even though the contract was legally binding, farmers had no power to hold the company liable for its actions or to claim compensation for breach of contract. Conversely, AKR had to contend with farmers' breach of contract. Extra-contractual marketing – farmers supplying paddy, which is supposed to be sold to AKR, to other buyers – was the main long-standing problem reported by AKR. No contract members have been penalised for this malpractice, however. Another issue AKR raised is the misuse of membership cards. Farmers reportedly lend their card to relatives or friends or "rent" it to informal traders who can then take advantage of the higher price AKR pays its members.

Limited access to sufficient credit has imposed significant constraints on contract farmers and AKR. Credit-constrained farmers were under pressure to sell their paddy rice to informal traders straight after harvest in order to raise cash quickly, or were reluctant to supply rice to AKR on credit because of the company's tendency to delay payment which risks pushing them into hardship. Informal traders smoothed the transaction for farmers by not attaching conditions related to moisture content and varietal purity and by paying farmers immediately. By contrast, contract farmers used to be obligated to supply rice to AKR on credit, resulting in a large number of farmers quitting the scheme. The company has improved its financial arrangements and has been paying its members cash on delivery since 2010, but the extent to which it can sustain immediate payment is questionable. Credit

constraints have also prevented AKR from investing in rice dryers, which would enable the company to relax its rule about moisture content and buy wet rice.

Natural disasters have had direct negative impacts on contract farmers' rice production and indirect negative consequences for AKR. Crop damage caused by drought hit farmers particularly hard: lower yields meant they failed to produce enough paddy rice to fulfil their contractual obligations. AKR staff reported that frequent losses due to drought had forced the company to terminate contracts with several drought-prone communes.

### Conclusions and Policy Options

Overall, AKR's contract farming scheme has evolved by increasingly providing space for the poor and poorest farmers to participate, particularly since the implementation of the collective purchase policy. Access to important benefits has increased contract farmers' profits from rice farming. Flawed contractual arrangements and the requirements for producing high quality rice, however, pose considerable challenges that must be addressed if contract farming is to benefit both smallholder farmers and agribusiness firms. Well-directed contract farming can enhance the potential benefits for both parties and contribute to rice sector development and rural poverty reduction. Below are some policy options that the government could consider.

- 1. Raise farmers' awareness of costs and benefits of contract farming:** Better business skills would help boost farmers' commitment to AKR; the Ministry of Agriculture, Forestry and Fisheries (MAFF) could deliver information and/or training on cost-benefit analysis through its extension services or the commune associations created by AKR.
- 2. Remove technical constraints on paddy drying:** MAFF could collaborate with the International Rice Research Institute (IRRI) to provide

training on drying techniques; government could encourage the private sector (for example, rice millers) to invest in drying technology and/or provide agricultural loans/credit to AKR to invest in high-capacity rice dryers.

- 3. Improve farmers' access to quality seeds and irrigation:** Seed varieties currently distributed by the local authority, for example Sen Pidor and Chulsar, are more for household consumption. The government should coordinate with rice exporters, prioritise the varieties to be promoted, and distribute quality seeds in order to produce rice to meet export market demand. Policy to improve irrigation infrastructure and coverage is included in the rice policy. The government, therefore, can improve farmers' access to quality seeds and irrigation by accelerating implementation of the current rice policy (RGC 2010).
- 4. Ease credit constraints on both farmers and agribusiness firms:** Improving farmers' access to credit would help reduce the problem of extra-contractual marketing. Enhancing agribusiness firms' access to agricultural credit and/or increasing subsidies would enable greater investment in rice mills and dryers and ease cash flow requirements for regular payments to farmers, which would improve farmers' cash flows as well. Again, this can be achieved by speeding up implementation of the current rice policy (RGC 2010).
- 5. Establish a sub-national body to enforce and regulate contracts:** This would help ensure balanced bargaining power between smallholder farmers and agribusiness and reduce the incidence of loss arising from breach of contract by both parties. For efficient and effective operation, the sub-national committee should be accessible to farmers and consist of representatives from four groups: farmers, local authorities, agribusiness firms, and MAFF (as the relevant ministry).

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## Economy Watch—External Environment<sup>1</sup>

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

Recovery in the global economy seems to be underway, yet uncertainty and vulnerability continued as fluctuations and slowdown in major industrialised economies persisted in the second quarter of 2013. South-east and east Asia remained the major driving force in the global economic recovery, despite slower growth in some countries.

In the second quarter, Indonesia's real GDP growth decreased slightly, to 5.8 percent from 6.0 percent a quarter earlier and 6.4 percent a year earlier. Malaysia's GDP growth rose to 4.3 percent from 4.1 percent in the preceding quarter, but dropped from 5.4 percent a year earlier. GDP growth in Singapore increased to 3.7 percent, the highest since 2011, from 1.9 percent a year earlier. Albeit more slowly, China's economy continues to be one of the fastest growing, averaging 7.6 percent for the last five quarters. Real GDP growth in China in the second quarter dropped slightly, to 7.5 percent from 7.7 percent a quarter earlier and 7.6 percent a year earlier. There is speculation that China's economy might slow further unless serious structural adjustment is implemented. Issues such as corruption by high officials, inefficiency of state-owned enterprises and a business environment discriminating against foreign investors have to be addressed. China would also need to seek a peaceful resolution with other claimants to the disputed territories to ensure that these conflicts do not escalate to military action, which would be politically and economically damaging. Real GDP growth in Hong Kong increased to 3.3 percent from 2.8 percent a quarter earlier; in South Korea it rose to 2.3 percent from 1.5 percent.

Recovery in the euro zone is uncertain as fluctuation continued in the second quarter. GDP growth contracted to 0.7 percent in the second quarter from 1.1 percent a quarter earlier. Unemployment, particularly among youth, remains high in countries such as Spain and Italy. Achieving business competitiveness among members is also a challenge. Japan's economy was also slow, with

growth of 0.4 percent, compared to 2.8 percent a year earlier. The US continued to perform well compared with other rich economies, despite a slight drop in the second quarter to 1.4 percent from 1.8 percent a quarter earlier. Nonetheless, there are speculations that the US might plunge back into recession because of the political stalemate over the budget and raising the debt ceiling. The shutdown of some government services impacted businesses by reducing the personal consumption of furloughed officials. The effects might also jeopardise global recovery.

### World Inflation and Exchange Rates

Inflation in the second quarter in nearly all economies was reasonable. In Cambodia, inflation increased to 2.2 percent from 1.5 percent a quarter earlier, down from 2.9 percent a year earlier. Inflation in Vietnam continued to subside, to 6.6 percent from 8.6 percent a year earlier. Japan experienced a decrease in overall prices, putting upward pressure on real interest rates. Deflation persists in Japan although massive spending has been initiated through "Abenomics".

In the second quarter, the riel depreciated 0.9 percent from the previous quarter against the dollar, but appreciated 0.5 percent year on year. The Indonesian rupiah depreciated 1.1 percent from a quarter earlier (5.4 percent year on year). The Malaysian ringgit appreciated 3.2 percent from a quarter earlier. The Thai baht depreciated 0.3 percent from a quarter earlier, but appreciated 4.5 percent year on year. The euro remained unchanged against the dollar while the Japanese yen depreciated 7.0 percent (23.3 percent year on year), further increasing Japanese export competitiveness.

### Commodity Prices in World Markets

In the second quarter, the price of maize decreased 4.5 percent from the preceding quarter to USD291.4/tonne, but year on year increased by 7.7 percent. Prices of palm oil dropped by 0.3 percent (21.5 percent year on year) to USD850.3/tonne and of rubber by 17.6 percent (25.7 percent year on year) to USD2497/tonne. In the same period, the price of Thai rice decreased by 6.1 percent from a quarter earlier (5.0 percent rise year on year) to USD570/tonne, while that of soybeans rose by 2.0 percent

<sup>1</sup> Prepared by Roth Vathana, research associate at CDRI.

(4.3 percent year on year) to USD569.8/tonne. The price of crude oil went down 7.9 percent from the previous quarter (5.4 percent year on year) to USD100.9/barrel. The US gasoline price dropped by 4.8 percent from a quarter earlier (3.8 percent year on year) to USD0.71/litre and that of diesel by 7.2 percent (2.8 percent year on year) to USD0.76/

litre. The overall decrease in prices of major commodities along with oil and gas partly signifies decreased consumption by emerging economies like China. US efforts to become fuel independent may have reduced demand, thus putting downward pressure on prices.

## Economy Watch—External Environment

**Table 1. Real GDP Growth of Selected Trading Partners, 2008–13 (percentage increase over previous year)**

	2008	2009	2010	2011			2012				2013	
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Selected ASEAN countries												
Cambodia	6.8	0.1	-	-	-	-	-	-	-	-	-	-
Indonesia	6.1	4.2	6.2	6.5	6.5	6.5	6.3	6.4	6.2	6.1	6.0	5.8
Malaysia	4.6	-2.4	9.0	4.0	5.8	5.2	4.7	5.4	5.2	6.4	4.1	4.3
Singapore	1.1	-4.5	14.7	0.9	5.9	3.6	1.6	1.9	0.3	1.5	0.2	3.7
Thailand	2.6	3.3	7.9	2.6	3.5	-9.0	0.0	4.2	3.3	19.5	5.4	2.6
Vietnam	6.2	4.7	6.7	5.7	7.2	6.1	-	-	-	-	-	-
Selected other Asian countries												
China	9.0	8.2	10.4	9.5	9.1	8.9	8.1	7.6	7.4	7.9	7.7	7.5
Hong Kong	2.4	-3.2	6.9	5.1	4.3	3.0	4.2	3.6	1.3	2.5	2.8	3.3
South Korea	2.2	-1.0	6.1	3.4	3.4	3.4	3.0	2.4	1.5	1.6	1.5	2.3
Taiwan	0.1	-3.6	11.1	4.9	3.4	1.9	0.4	-0.2	1.0	3.7	1.7	2.3
Selected industrial countries												
Euro-12	0.9	-3.8	1.6	1.6	1.4	0.7	0.0	-0.4	-0.6	-0.9	1.1	-0.7
Japan	-0.7	-5.4	4.1	-1.0	0.0	-1.0	2.8	3.5	0.1	0.5	0.4	0.9
United States	1.1	-2.5	2.7	1.5	1.6	1.6	2.1	2.2	2.5	1.6	1.8	1.4

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

**Table 2. Inflation Rate of Selected Trading Partners, 2008–13 (percentage price increase over previous year—period averages)**

	2008	2009	2010	2011			2012				2013	
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Selected ASEAN countries												
Cambodia	19.7	-0.5	4.1	6.2	6.7	4.9	5.5	2.9	1.6	1.8	1.5	2.2
Indonesia	10.1	4.7	5.1	5.9	4.7	4.1	3.8	4.5	4.5	4.4	5.3	5.7
Malaysia	5.3	0.4	1.7	3.3	3.4	3.2	2.3	1.7	1.4	1.3	1.4	1.8
Singapore	6.5	0.5	2.9	4.7	5.5	5.5	4.9	5.2	4.2	4.0	3.6	1.6
Thailand	5.5	-0.9	3.1	4.1	4.1	4.0	3.4	2.6	2.9	3.2	3.1	2.3
Vietnam	23.3	7.3	9.0	19.4	22.5	19.8	16.0	8.6	5.6	7.0	6.9	6.6
Selected other Asian countries												
China	5.9	-0.8	3.2	5.7	6.3	4.6	3.8	2.9	1.9	2.1	2.4	2.4
Hong Kong	4.3	-0.3	2.4	5.1	6.5	5.7	5.2	4.2	3.1	3.8	2.2	4.0
South Korea	4.6	2.8	3.0	4.2	4.8	4.1	2.9	2.4	1.6	1.7	1.4	1.1
Taiwan	3.2	-1.1	1.0	1.6	1.3	1.4	1.3	1.6	3.0	1.9	1.8	0.8
Selected industrial countries												
Euro-12	3.3	0.4	1.6	2.7	2.7	2.9	2.7	2.5	2.5	2.3	1.8	1.5
Japan	1.4	-1.3	-0.7	0.3	0.2	-0.3	0.3	0.2	-0.4	-0.2	-0.3	-0.3
United States	3.8	-0.4	1.7	3.5	3.8	3.3	2.8	1.9	1.7	1.9	1.7	1.4

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

**Table 3. Exchange Rates against US Dollar of Selected Trading Partners, 2008–13 (period averages)**

	2008	2009	2010	2011	2012				2013			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Selected ASEAN countries												
Cambodia (riel)	4054.2	4140.5	4187.1	4044.9	4095.7	4071.9	4046.0	4054.3	4060.2	3995.9	3995	4032.9
Indonesia (rupiah)	9699.0	10413.8	9089.9	8593	8625.8	8985.7	9078.6	9281.3	9490.3	9614.6	9681.9	9783.6
Malaysia (ringgit)	3.3	3.5	3.2	3.0	3.0	3.2	3.1	3.1	3.1	3.1	3.1	3.0
Singapore (S\$)	1.4	1.5	1.4	1.2	1.2	1.3	1.3	1.3	1.6	1.2	1.2	1.2
Thailand (baht)	33.4	34.3	31.7	30.3	30.2	31.0	31.0	31.3	31.3	30.7	29.8	29.9
Vietnam (dong)	16,382.0	17,725.2	19200.8	20,693.6	20,699.6	20,997.7	20,971.2	20,849.7	20,847.5	20,839.3	20,829.6	20,828.0
Selected other Asian countries												
China (yuan)	6.9	6.8	6.76	6.5	6.4	6.36	6.3	6.3	6.4	6.2	6.2	6.2
Hong Kong (HK\$)	7.8	7.8	7.77	7.8	7.8	7.78	7.8	7.8	7.8	7.8	7.8	7.8
South Korea (won)	1137.2	1277.8	1156.3	1084.3	1084.9	1144.87	1131.2	1152.6	1132.9	1089.9	1085.9	1123.4
Taiwan (NT\$)	31.5	33.0	31.3	28.9	29.2	30.26	29.7	29.6	29.8	29.2	29.5	29.9
Selected industrial countries												
Euro-12 (euro)	0.8	0.7	0.8	0.7	0.7	0.74	0.8	0.8	0.8	0.8	0.8	0.8
Japan (yen)	102.5	93.6	87.8	81.7	77.9	77.78	79.3	80.1	78.6	81.3	92.3	98.8

Sources: International Monetary Fund, Economist and National Bank of Cambodia

**Table 4. Selected Commodity Prices on World Market, 2008–13 (period averages)**

	2008	2009	2010	2011	2012				2013			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Maize (USNo.2)—USA (USD/tonne)	218.2	167.3	167.3	311.6	302.8	270.8	277.5	270.5	327.1	310.9	305.2	291.4
Palm oil—north-west Europe (USD/tonne)	912.2	686.8	834.7	1147.0	1079.0	1024.7	1106.7	1083.3	993.0	809.3	852.7	850.3
Rubber SMR 5 (USD/tonne)	2586.3	1884.8	3152.2	4968.8	4617.6	3658.0	3701.2	3361.0	2799.2	2941.5	3029.5	2497.2
Rice (Thai 100% B)—Bangkok (USD/tonne)	615.3	524.5	456.2	514.3	581.3	610.3	549.0	600.3	595.7	597.0	607.0	570.0
Soybeans (US No.1)—USA (USD/tonne)	460.4	414.0	375.4	525.7	514.0	454.8	490.8	546.5	649.4	577.8	558.4	569.8
Crude oil—OPEC spot (USD/barrel)	95.4	60.5	71.6	113.3	108.9	109.1	117.3	106.7	106.6	107.3	109.5	100.9
Gasoline—US Gulf Coast (cents/litre)	62.2	42.9	49.8	78.7	74.6	68.5	79.0	74.0	71.6	73.4	74.8	71.2
Diesel (low sulphur No.2)—US Gulf Coast (cents/litre)	76.20	43.05	51.6	75.7	77.3	77.3	83.8	77.8	81.1	80.3	81.5	75.6

Sources: Food and Agriculture Organisation and US Energy Information Administration

## Economy Watch—Domestic Performance<sup>1</sup>

### Main Economic Activities

Cambodia's economy recovered in the second quarter of 2013 from a slowdown in the preceding quarter. Despite political uncertainty arising from the result of the July national election, growth is predicted to be strong. The Asian Development Bank maintains its growth projection at 7.2 percent for this year. However, there are structural challenges to be addressed in major sub-sectors, particularly garments and agriculture, if the predicted growth rate is to be achieved.

Fixed asset investments approved by the Council for the Development of Cambodia in the second quarter skyrocketed to USD2091 m from USD219 m in the first quarter and USD273 m a year earlier. The significant increase was attributable to increased investments in agriculture, industry and services. However, investments in garments dropped by 30.2

percent from a quarter earlier (21.6 percent year on year) to USD76.4 m. The decrease might be explained by three factors: (1) economic diversification to other sub-sectors, (2) vulnerable recovery in the US and the EU and (3) political uncertainty that could affect the government receiving foreign aid and other special preferences. Since Cambodia's economy has not been greatly diversified, the drop was mainly caused by the last two factors. Frequent strikes by unions and union federations might also hold up new investments in these important sub-sectors. Investment in agriculture rose significantly from the preceding quarter, but dropped by 30 percent year on year. This presents some challenges to improve competitiveness and productivity in the sector, particularly rice. Slow investment might also affect the export goal of the government's rice policy.

Investment in hotels and other tourism-related businesses in the second quarter increased 100

<sup>1</sup> Prepared by Roth Vathana, research associate and Pon Dorina, research assistant, at CDRI.

percent from a quarter earlier, to USD106 m. Cambodia continued to attract more tourists as foreign visitor arrivals in the first quarter increased by 20.9 percent from a year earlier.

Recovery in construction, one of the pillars of growth, has been uncertain. The total value of construction in the second quarter decreased 36.5 percent from the previous quarter (15.6 percent year on year) to USD282 m; villas and houses dropped by 92.9 percent (84.5 percent year on year) to USD10.3 m and flats by 71.1 percent (85 percent year on year) to USD33 m.

Exports also dropped. Total exports in the second quarter declined 8.8 percent from a year earlier to USD1620.1 m. Garments—accounting for 77.7 percent of the total export value—dropped by 14.6 percent to USD1259 m. The decrease was mainly caused by lower exports to the US (24.3 percent) and the EU (5.3 percent). Exports of agricultural commodities, of which rubber and rice are the most important, rose by 4.1 percent from the previous quarter (27.2 percent year on year) to USD128.9 m. While rice exports increased by 50.6 percent year on year, exports of rubber, wood and fish decreased in the same period. In the second quarter, total imports rose 40.2 percent from a quarter earlier (17.3 percent year on year) to USD2.2 bn. Imports of gasoline went up 0.6 percent year on year, of diesel 8.6 percent and of construction materials 25.9 percent.

### Public Finance

Continuing to strengthen tax and non-tax revenue collection is important for the government and economy. In the second quarter, total revenue rose by 21.1 percent from the preceding quarter (7.8 percent year on year) to KHR2205 bn. The increase was attributable to the increase of current revenue, rising by 20.9 percent from a quarter earlier (13.7 percent year on year). Tax revenue went up 28.5 percent (17.6 percent year on year) to KHR2024 bn. Tax revenue, consisting of revenue from domestic taxes and taxes on international trade, accounted for 92.3 percent of the total current revenue. The government also needs to focus on strengthening non-tax revenue (e.g. property income, sales of goods and services) to compensate for continuing reductions in taxes on international trade (18.3 percent of tax revenue), which are due mainly to regional and bilateral trade agreements. There

were also signs of improvement in efforts to curb government spending, as total expenditure in the second quarter dropped by 20.6 percent from a year earlier; current expenditure went down 1.4 percent. Expenditure on wages declined 18.6 percent, while that on subsidies and other social assistance rose 24.9 percent. This is a sign that the government is trying to avoid excessive numbers of civil servants. Capital expenditure decreased by 66.5 percent from a year earlier, affecting building and maintenance of roads, bridges and government buildings.

### Inflation and Foreign Exchange Rates

Although growing, inflation was well manageable in the second quarter at 2.2 percent, compared to 1.5 percent a quarter earlier and 2.9 percent a year earlier. The price index of food and non-alcoholic beverages went up to 2.7 percent, compared to 1.7 percent a quarter earlier, but year on year decreased from 3.4 percent. In the same period, the riel depreciated 1.0 percent from a quarter earlier (0.5 percent appreciation year on year) against the US dollar. In the first quarter, the price of gold dropped by 4.6 percent from the preceding quarter (3.4 percent year on year) to USD197.1/chi. The price of diesel fuel in the second quarter declined by 2.8 percent from the previous quarter to KHR4992/litre, but year on year rose 12.0 percent. The price of gasoline went down 2.5 percent from a quarter earlier (0.6 percent year on year) to KHR5274.5/litre.

### Monetary Developments

Total liquidity in the first quarter of 2013 went up 6.6 percent from a quarter earlier (22.6 percent year on year) to KHR30,481 bn, indicating increased credits available for business investment. Credit to the private sector rose 5.5 percent from a quarter earlier (32.1 percent year on year) to KHR24,820 bn. In the same period, the money supply rose 11.2 percent (12.9 percent year on year) and quasi-money by 5.8 percent (24.4 percent year on year). However, the government needs to be attentive to the level of money in circulation to avoid monetary-induced inflation even though inflation figures have not shown such upward pressure.

### Poverty Situation

In August, the real daily earnings of two among the

total of 10 groups of vulnerable workers contracted compared with the same period last year.

Rice-field workers earned KHR7723 per day, 9.0 percent less than in the previous year. Compared with May, these earnings were 20 percent higher due to increasing wage rates because of a decline in the number of workers. Fifty-four percent of respondents worked almost the whole month, while others worked fewer than 20 days per month. Seventy-seven percent responded that their income at least could cover their daily expenditure, which accounted for around 51 percent of their income.

Real daily earnings of cyclo drivers fell by 1.1 percent from the preceding year to KHR10,572. All the respondents were the main income earner in their family. They came to Phnom Penh from the provinces; a majority were from Svay Rieng and Takeo. Only 18 percent rented a house, sharing costs with other drivers. Workers spent an average 81 percent of their total income.

Porters' daily earnings increased by 13 percent to KHR14,071, 9.7 percent higher than in the May survey. All the respondents rent housing; they shared the cost and spent on average USD5 per month. Only 33 percent came to Phnom Penh with their families. Their daily expenditure took 74 percent of their income.

Vegetable sellers were the main income source for their families. Their earnings improved from the previous year, but decreased 1.3 percent compared

with May. Traders' daily expenditure accounted for 72 percent of their income.

Daily earnings of unskilled construction workers went up by 21 percent from a year earlier to KHR12,944, but fell 5.7 percent from the previous survey. All respondents were from the provinces. Among them, 78 percent rented housing. Their daily spending took 58 percent of their income, but they were not able to save.

Ninety percent of motor-taxi drivers were from the provinces. They earned on average KHR13,573 per day, a 6.0 percent increase from last year and 8.4 percent more than in May. Ninety-seven percent of respondents could afford their daily expenses from their earnings.

Waiters/waitresses earned KHR6750 per day, a 21 percent rise from the same month last year. All the respondents were from the provinces; they were given accommodation by the restaurant owners. Seventy-five percent were an important source of income in their family. These workers could not save for the future.

Garment workers' earnings rose by 7.9 percent from a year earlier to KHR10357 per day. None of the interviewed workers had completed primary education. However, 19 percent participated in skills training before being employed in the factory. They worked six days for a total 58 hours per week. With this income, they could not completely support their families left behind.

## Economy Watch—Indicators

Table 1. Private Investment Projects Approved, 2008–13\*

	2006	2007	2008	2009	2010	2011	2012	2013				
							Q1	Q2	Q3	Q4	Q1	Q2
	Fixed Assets (USD m)											
Agriculture	498.0	135.6	92.0	615.0	530.68	725	154.7	81.2	181.1	114.6	2.3	56.8
Industry	365.3	709.1	724.9	818.5	403.66	2860.1	208.7	173.7	245.6	196.5	195.4	1928.3
<i>. Garments</i>	89.4	170.7	142.8	90.1	122.81	393.9	139.4	97.5	107.2	152.9	109.5	76.4
Services	2939.1	1742.5	10,003.2	4432.0	1337.34	3425.4	50.9	18.0	2.1	845.6	21.2	106.0
<i>. Hotels and tourism</i>	345.0	1048.3	8758.1	3980.1	1105.14	2850.9	50.9	0.0	0.0	640.6	0.0	106.0
Total	3802.4	2587.2	10,570.9	5865.5	2271.7	7010.42	414.4	273.0	428.8	1156.6	218.9	2091.1
	Percentage change from previous quarter											
Total	-	-	-	-	-	-	-69	-33.9	55.6	169.8	-81.1	855.5
	Percentage change from previous year											
Total	275.6	246.6	308.6	-44.5	-61.3	209	48.4	-89.6	-84.4	-13.6	-47.5	666.0

\* Including expansion project approvals. Source: Cambodian Investment Board



**Table 2. Value of Construction Project Approvals in Phnom Penh, 2008–12**

	2006	2007	2008	2009	2010	2011	2012				2013	
							Q1	Q2	Q3	Q4	Q1	Q2
	USD m											
Villas and houses	33.1	79.1	154.7	64.3	36.2	185.5	64.8	66.6	18.3	8.5	145.2	10.3
Flats	213.3	297.2	221.6	149.6	183.8	219.6	60.8	219.3	61.6	10.2	114.1	33.0
Other	76.8	259.6	740.9	227.3	269.7	199.9	197.2	47.8	94.9	41.2	154.4	238.3
Total	323.3	635.8	1117.0	441.2	489.8	605.0	322.8	333.6	174.9	59.9	443.7	281.6
	Percentage change from previous quarter											
Total	-	-	-	-	-	-	117.1	3.3	-47.6	-65.8	590.9	-36.5
	Percentage change from previous year											
Total	-9.9	96.7	75.7	-60.5	11	23.5	637.1	331.1	-29.3	-59.7	28.1	-15.6

Source: Department of Cadastre and Geography of Phnom Penh municipality

**Table 3. Foreign Visitor Arrivals, 2008–13**

	2006	2007	2008	2009	2010	2011	2012				2013	
							Q1	Q2	Q3	Q4	Q1	Q2
	Thousands											
By air	33.1	79.1	1239.4	1111.7	1304.3	1480.4	513.6	317.1	370.5	500.7	611.2	398.1
By land and water	213.3	297.2	881.9	999.7	1094.6	14014.6	481.5	424.3	450.3	506.1	560.9	522.5
Total	76.8	259.6	2121.3	2111.5	2398.9	28818.6	995.2	761.4	820.9	1006.8	1172.1	920.5
	Percentage change from previous quarter											
Total	-	-	-	-	-	-	24.9	-23.5	7.8	22.6	16.4	-21.5
	Percentage change from previous year											
Total	-9.9	96.7	5.3	0.5	13.6	20.1	27.8	25.5	17.3	26.3	17.8	20.9

Source: Ministry of Tourism

**Table 4. Exports and Imports, 2008–13\***

	2006	2007	2008	2009	2010	2011	2012				2013	
							Q1	Q2	Q3	Q4	Q1	Q2
	USD m											
Total exports	2922.8	3161.6	3097.8	2901.6	3630.2	4929.5	1280.1	1775.9	1595.8	1454.7	1576.9	1620.1
Of which: Garments	2810.8	3050.2	2986.2	2565.3	3223.4	4259.6	1070.8	1474.7	1329.1	1140.83	1225.2	1258.95
<i>To US</i>	1851.7	1959.9	1908.3	1512.6	1853.9	2055.3	493.3	627.3	566.6	456.07	526.8	474.62
<i>To EU</i>	603.0	660.9	689.0	644.7	809.5	1322.2	328.4	504.1	462.7	421.82	397.5	477.47
<i>To ASEAN</i>	80.4	90.3	10.76	6.9	9.9	17.63	6.4	11.7	11.4	9.76	13.0	12.66
<i>To Japan</i>	40.6	30.1	25.2	44.5	86.5	146.97	50.1	48.9	47.1	42.47	57.6	51.39
<i>To rest of the world</i>	235.1	309.0	352.9	356.5	463.6	717.5	192.5	282.7	241.3	210.71	230.3	242.81
Agriculture	59.7	55.6	44.5	73.1	164.9	362.05	80.5	101.3	86.1	108.77	123.8	128.9
<i>Rubber</i>	41.5	41.0	35.8	51.6	89.1	197.63	40.3	46.4	46.1	43.84	36.6	38.67
<i>Wood</i>	8.6	8.7	3.4	3.5	34.1	48.79	8.9	12.4	4.1	11.6	14.5	8.88
<i>Fish</i>	5.9	3.2	2.3	3.9	2.8	3.12	0.5	0.7	0.4	0.4	0.3	0.5
<i>Rice</i>	3.7	2.7	2.6	10.9	34.7	106.56	27.1	37.5	31.7	50.2	65.8	56.47
Other agriculture	52.3	55.8	0.5	3.0	4.1	5.95	3.9	4.4	3.9	2.8	6.6	24.41
Others	512.2	554.8	67.1	263.22	242.0	307.86	128.8	199.9	180.6	205.1	274.9	232.24
Total imports	38.8	58.7	4272.5	4331.5	5190.6	6375.9	1609.2	1885.4	2015.2	1938.2	1576.9	2211.4
Of which: <i>Gasoline</i>	113.0	122.8	84.8	91.13	108.6	294.4	70.7	76.7	78.0	78.8	1225.2	77.19
<i>Diesel</i>	56.5	69.0	19.5	180.67	203.8	447	139.4	126.6	138.3	139.9	526.8	137.44
<i>Construction materials</i>	303.9	304.3	56.3	49.74	57.6	48.09	13.5	14.1	16.5	16.6	397.5	17.75
<i>Other</i>	2410.6	2606.8	4011.8	4010	4820.6	5586.4	1386	1668.0	1782.4	1703.0	13.0	1979
Trade balance	2922.8	3161.6	-1174.7	-1429.9	-1560.5	-1446.4	-329.1	-642.2	-419.4	-483.6	-1606.68	-591.24
	Percentage change from previous quarter											
Total garment exports	-	-	-	-	-	-	-5.2	-37.7	-9.9	-14.2	7.4	2.8
Total exports	-	-	-	-	-	-	-3.3	38.7	-10.1	-8.8	8.4	2.7
Total imports	-	-	-	-	-	-	-6.0	17.2	6.9	-3.8	13.1	0.9
	Percentage change from previous year											
Total garment exports	19.5	8.5	1.6	-14.1	25.7	32.1	21.6	53.0	3.4	1.0	14.4	-14.6
Total exports	19.2	8.2	1.6	-6.3	25.1	35.8	25.8	56.9	9.6	9.9	23.2	-8.8
Total imports	-79.6	8.3	1.3	1.4	19.8	22.8	10.6	11.6	32.7	13.2	36.2	17.8

\*Import data include tax-exempt imports. Sources: Department of Trade Preference Systems, MOC and Customs and Excise Department, MEF (web site)

**Table 5. National Budget Operations on Cash Basis, 2008–13 (billion riels)**

	2006	2007	2008	2009	2010	2011	2012	2013				
								Q1	Q2	Q3	Q4	Q1
Total revenue	3259.2	1146.1	5290.0	5988.99	2805.83	6251.4	1728.9	2045.1	1900.8	2017.0	1820.2	2204.8
Current revenue	2881.8	1141.6	5210.7	5859.08	2786.12	6179.3	1725.8	1928.6	1796.4	1993.1	1814.3	2193.3
Tax revenue	2270.9	965.2	4409.9	4692.96	2457.02	5277.5	1403.82	1721.8	1560.7	1648.5	1575.3	2024.1
Domestic tax	-	661.8	3248.4	3533.57	1727.10	4071.6	1092.27	1403.4	1230.0	1277.2	1253.1	1653.0
Taxes on international trade	-	303.5	1161.5	1159.39	639.00	1205.9	311.253	318.4	330.7	371.4	322.3	371.1
Non-tax revenue	610.9	176.4	800.8	1166.13	507.13	901.8	330.98	206.9	235.7	344.6	239.0	169.2
Property income	-	13.6	78.0	291.13	4.87	63.8	91.28	13.1	22.5	16.2	8.2	18.1
Sale of goods and services	-	124.3	424.7	460.07	268.08	588.7	166.899	171.4	132.8	196.3	152.8	137.0
Other non-tax revenue	-	38.5	298.2	408.91	391.70	249.3	63.8	22.4	80.5	132.1	78.0	14.0
Capital revenue	377.4	4.5	79.3	129.92	2019.39	72.1	3.148	116.4	104.4	23.9	5.9	11.5
Total expenditure	4174.7	1689.7	6297.8	8784.65	4259.67	9032.4	1688.33	2425.6	2951.3	2751.5	925.9	1925.7
Capital expenditure	1638.1	807.4	2574.4	2853.23	1495.19	3546.9	699.937	716.2	1194.5	1017.7	146.3	239.8
Current expenditure	2536.8	882.3	3809.0	4773.07	2848.81	5341.2	988.398	1709.4	1756.7	1733.9	879.6	1685.8
Wages	822.0	362.6	1397.0	2048.81	1208.81	2170.6	508.919	725.2	657.5	595.0	395.3	590.2
Subsidies and social assistance	-	194.2	927.1	1099.42	613.31	1518.8	189.594	514.6	462.1	420.5	247.4	642.5
Other current expenditure	-	325.5	1384.9	1624.84	1067.07	1651.8	289.9	469.7	637.1	718.4	236.9	453.2
Overall balance	-915.6	-543.6	-1007.8	-2795.66	-1453.83	-1271.4	196.5	-380.6	-1050.5	-734.5	0.0	279.2
Foreign financing	1360.7	741.5	2055.10	1845.21	772.81	-2781.0	577.8	491.5	959.3	429.2	894.4	129.0
Domestic financing	-445.1	-185.8	-127.00	938.64	567.96	2379.2	-565.7	148.4	22.1	62.4	-44.2	0.0

Source: MEF web site

**Table 6. Consumer Price Index, Exchange Rates and Gold Prices (period averages), 2008–13**

	2006	2007	2008	2009	2010	2011	2012	2013					
								Q1	Q2	Q3	Q4	Q1	Q2
(October-December 2006:100)	Consumer price index (percentage change over previous year)												
Phnom Penh													
- All Items	4.7	5.8	19.7	-0.7	4.1	5.4	2.9	2.9	1.6	1.8	1.5	2.2	
- Food & non-alcoholic bev.	6.4	9.9	33.1	-0.3	4.4	6.5	3.4	3.4	1.3	1.4	1.7	2.7	
- Transportation	9.1	5.8	19.4	-10.7	7.0	6.9	3.0	3.0	1.1	1.2	-0.8	-1	
	Exchange rates, gold and oil prices (Phnom Penh market rates)												
Riels per US dollar	4119.0	4062.7	4058.2	4140.5	4187.1	4063.6	4046.0	4054.3	4060.7	3995.9	3995	4033.1	
Riels per Thai baht	108.7	122.8	123.5	121.1	133.13	133.2	130.2	129.0	129.3	131.3	134.7	135.74	
Riels per 100 Vietnamese dong	25.1	25.0	24.8	23.4	21.725	19.7	19.3	19.4	19.5	19.2	19.3	19.34	
Gold (US dollars per chi)	70.6	83.2	105.9	113.1	147.58	184.5	204.1	194.5	198.3	206.5	197.1	196	
Diesel (riels/litre)	3140.0	3262.3	4555.2	3170.9	3859.3	4761.2	5193.9	4458.3	4983.9	5128.8	5134.4	4992	
Gasoline (riels/litre)	4004.0	4005.0	4750.8	3593.1	4368.1	5044.5	5395.8	5308.3	5251.3	5295.4	5410.5	5274.5	

Sources: NIS, NBC and CDRI

**Table 7. Monetary Survey, 2007–12 (end of period)**

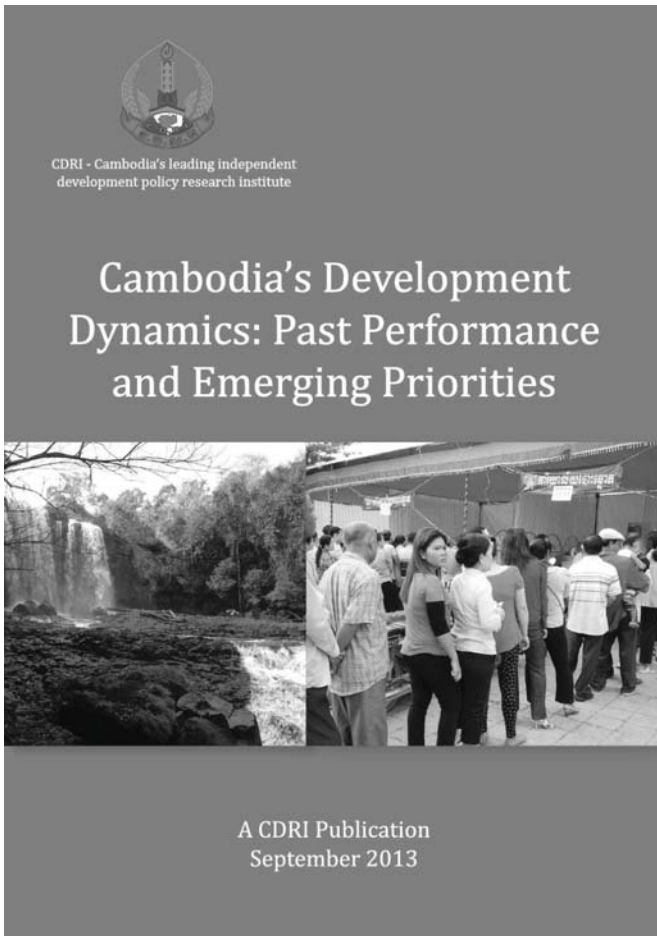
	2005	2006	2007	2008	2009	2010	2011	2012	2013				
									Q1	Q2	Q3	Q4	Q1
	Billion riels												
Net foreign assets	5475.0	7224.0	10,735.0	10,345.0	14,655.0	16,697.9	17893.9	18,652.3	18,729.6	18,463.8	18,154.5	19,976.7	
Net domestic assets	-450.0	-282.0	576.0	1513.3	1573.0	2778.9		6211.2	7922.3	8400.3	10437.4	10,504.1	
Net claims on government	-421.0	-953.0	-1816.0	-2987.0	-2252.0	-2126.6	-2123.1	-2542.4	-2399.9	-2440.6	-2486.4	-2991.6	
Credit to private sector	2394.0	3630.0	6386.0	9894.0	10,532.0	13,331.2	17552.8	18,789.0	20,081.4	21,398.2	23,536.6	24,820.2	
Total liquidity	5025.0	6942.0	11,311.0	11,858.0	16,228.0	19,476.8	23654.7	24,863.5	26,651.9	26,864.1	28,591.9	30,480.8	
Money	1323.0	1658.0	2052.0	2399.0	3120.0	3220.9	3956.2	3984.6	3871.8	3818.2	4045.7	4500.6	
Quasi-money	3702.0	5285.0	9259.0	9459.0	13,108.0	16,255.9	19698.5	20,878.9	22,780.1	23,046.0	24,546.2	25,980.2	
	Percentage change from previous year												
Total liquidity	16.1	38.1	62.9	4.8	36.9	20.0	17.8	20.2	21.1	18.6	20.9	22.6	
Money	14.7	25.3	23.8	16.9	30.1	3.2	16.9	11.4	9.4	3.7	2.3	12.9	
Quasi-money	16.6	42.8	75.2	2.2	38.6	24.0	17.9	22.0	23.4	21.5	44.6	24.4	

Source: National Bank of Cambodia

**Table 8. Real Average Daily Earnings of Vulnerable Workers (base November 2000)**

	Daily earnings (riels)									Percentage change from previous year		
	2008	2009	2010	2011	2012	2013			2013			
					Aug	Nov	Feb	May	Aug	Feb	May	Aug
Cyclo drivers	12,628	8091	9055	9532	10690	10454	9588	10,681	10,572	2.2	-0.0	-1.1
Porters	9005	9549	9964	10,785	12,479	12,574	12,744	12,823	14,071	18.0	0.9	12.8
Small vegetable sellers	9926	8273	8266	8337	10,347	10,542	9949	11,571	11,421	-19.1	16.9	10.4
Scavengers	4652	5857	6698	8388	9139	9328	9483	10,440	9561	18.7	26.3	4.6
Waitresses*	4327	4646	5607	5986	5569	6436	6527	6744	6750	5.6	7.7	21.2
Rice-field workers	8697	6197	5691	5695	8483	5000	5828	6427	7723	23.8	-0.1	-9.0
Garment workers	6554	7085	7746	8409	9599	8989	10,000	9776	10,357	16.9	13.6	7.9
Motorcycle-taxi drivers	15,691	10,685	10,623	11,568	12,807	13,042	14,427	12,522	13,573	17.7	-8.0	6.0
Unskilled construction workers	8779	8343	8790	10,307	10,690	11,375	12,548	13,728	12,944	17.7	18.5	21.1
Skilled construction workers	12,710	12,487	11,952	13,159	14,029	14,270	15,156	14,136	15,726	9.6	10.0	12.1

\* 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 and construction workers began in February 2000. Source: CDRI



CDRI’s new publication, *Cambodia’s Development Dynamics: Past Performance and Emerging Priorities*, is the first in a series of broader development studies to provide timely, independent, objective, accessible and policy-oriented development research.

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## CDRI UPDATE

### Major Events

In early August CDRI participated in the United Nations Development Programme (UNDP)'s initial stakeholders consultative meeting on the 2014 Cambodia Human Development Report on the theme *Investing in Human Development on the Road to Inclusive Growth*, emphasising the importance of effective engagement and ownership by local institutions. Over the July-September period, CDRI also hosted roundtable briefings on CDRI's work and major development priorities for Cambodia with the Australian Ambassador, HE Alison Burrows, and AusAID Counsellor, Mr Paul Keogh, and UN Resident Coordinator/UNDP Resident Representative, Ms Claire Van der Vaeren.

CDRI's mid-year Board of Directors meeting was held on 23 August. The Board welcomed the acceptance of invitations to join the Board by three new Board members who will officially take up their positions at the next full Board meeting in February 2014 – Dr Suthad Setboonsarng, President of the NawachiOne Foundation of Thailand and a former Thai trade representative and senior ASEAN official; Ms Sandra D'Amico, Managing Director of HR Inc Cambodia and Vice-President of the Cambodian Federation of Employers and Business Associations; and Ms Eva Mysliwiec, Chair of the Board of Youth Star Cambodia and CDRI's founding director.

During September, CDRI's Executive Director participated in an *International Forum on ASEAN+3 Connectivity: Towards an Integrated East Asia - Perspectives and Prospects*, hosted by the National Institute of International Strategy (NIIS) of the Chinese Academy of Social Sciences (CASS), in Beijing, making a presentation on *ASEAN+3 Connectivity: Benefits for Cambodia and the Greater Mekong Subregion (GMS)*; and in The 9<sup>th</sup> East Asian Institutes Forum on *East Asian Economic Integration and the Regional Comprehensive Economic Partnership (RCEP)*, co-hosted by the Korea Institute for International Economic Policy (KIEP) and Indonesia's Centre for Strategic and International Studies (CSIS) in

Jakarta, making a presentation on *How RCEP Could Help the CLMVs: Options and Issues*.

On 25-27 September CDRI, in partnership with the International Food Policy Research Institute (IFPRI) and Cambodia's Council for Agricultural and Rural Development (CARD), co-hosted an Asian regional workshop on *Agricultural Transformation in Asia: Policy Options for Food and Nutrition Security* in Siem Reap, with 140 participants from East, South and Central Asia, and support from USAID.

### Research

#### *Democratic Governance and Public Sector Reform (DGPSR)*

Nine research projects are in progress. Three research studies have been finalised and are being published as working papers, namely the report on *Gendered and Democratic Decentralisation: Analysis of Gender in Political Parties in Cambodia* and two papers on civil society – *Sub-National Civil Society in Cambodia: A Gramscian Perspective* and *20 Years After UNTAC: Cambodian Civil Society Strengthened?*

Four projects are at the data collection stage. Key informant interviews at national and local levels have been conducted for the project *Emerging Youth's Role in Political Activities*. For *Linking Local Governance and SME Development*, the literature review has been submitted and fieldwork at national level undertaken. Fieldwork was carried out at local level for the study on *Cambodian State: How is it Developmental?* which uses the developmental state model to assess the impacts of governance reforms on the state's institutional ability to promote development, and for the project *Political Settlement and Inclusive Growth in Cambodia*, part of a multi-country study that uses political settlements analysis to understand how fast a country develops, how inclusive that development is, and whether the development is sustainable.

Two projects are nearing completion. The second report for *All Good Things Do Not Go*

*Together' – Analysing Contradictions between Peace-building and Democratisation'*, a project 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 being finalised for publication. For *Urban Governance in Decentralised Cambodia*, the first report is being finalised based on comments received from advisors and the second report is being developed.

### ***Economy, Trade and Regional Cooperation (ETRC)***

The quarterly *Vulnerable Worker Survey*, which seeks to capture the average income of 10 urban poverty groups, and the monthly *Provincial Price Survey* in 12 provinces are progressing well. The working paper *Leveraging Trade for Economic Growth in Cambodia*, a component of the Sida-supported five-year research project on *Inclusive Growth*, has been published.

Three studies are at the data analysis and interpretation phase: *Pro-Poorness of Fiscal Policy-Education Expenditure, Labour Market Policy and Economic Growth, Inequality and Poverty Reduction*. The preliminary draft report on *Labour Migration in Cambodia: Causes and Impact on Poverty, Inequality and Productivity*, a study funded by the Partnership for Economic Policy (PEP), was submitted to the project advisor for comment and is now being finalised. The final reports on *Context Monitoring for the Annual Report (MERV)* and *Assessment of the Mekong/CLMV Context Development* were well received by the Swiss Agency for Development and Cooperation (SDC). Both the household and enterprise surveys for the study on *The Usage of US Dollar in Cambodia* for ASEAN+3 Macroeconomic Research Office Ltd (AMRO) have been completed. Work has started on the research project *Interrelations between Partner Countries' Public Policy, Migration and Development: Case Studies and Policy Recommendations*. Funded by the Organisation for Economic Cooperation and Development (OECD), this project will run until the end of 2015.

The programme, as coordinator of the GMS Development Analysis Network (GMS-DAN), has finalised and submitted the concept note on *Labour Markets, Skill Gaps and Labour Mobility in the Greater Mekong Sub-region: Implications of the Asian Economic Community (DAN 9 Stage II)* and budget to the International Development Research Centre (IDRC) for review. Just released is the latest book in the GMS Development Series, "Assessing China's Impact on Poverty in the Greater Mekong Subregion", published by the Institute of Southeast Asian Studies (ISEAS), Singapore.

### ***Natural Resources and the Environment (NRE)***

The team has recently completed the project *Practical Approaches to Supporting Competitiveness of Low/Lower-Middle Income Countries in a Carbon Constrained World*. The report for *Gender and Water Governance* is being reviewed for publication as a working paper, and the working paper *Adaptive Capacity of Rural People in the Main Agro-ecological Zones* is being prepared; the Swedish International Cooperation Agency (Sida) funded both of these studies.

Initial fieldwork for *China Goes Global*, a project funded by the Economic and Social Research Council, is underway. For the IDRC-funded project on *Climate Change and Water Governance in Cambodia*, the first progress report was approved and the first working paper is being drafted. In addition, the team organised three commune workshops and started the process to select candidates for 5 master's and 12 bachelor's degree scholarship places at the Royal University of Agriculture (RUA) and the Institute of Technology of Cambodia (ITC). With funding from DanChurchAid, the team is implementing a new project on *Reducing Vulnerability to Drought and Flood and Increasing Agricultural Productivity*.

The team has submitted two joint research proposals: *Mainstreaming Climate Change Resilience into Development Planning*, with Hatfield Consultants to the Asian Development Bank (ADB); and *Water Sustainability and Climate Change: Hydrological Connectivity, Ecosystem*

*Services and Socioeconomic Adaptations in the River Flood-Plain System of the Lower Mekong Basin of Cambodia*, with the University of Chicago to the National Science Foundation's Water Sustainability and Climate Program.

### **Poverty, Agriculture and Rural Development (PARAD)**

The final report was submitted and the results of the *Baseline Assessment Study for Cambodia HARVEST* (Helping Address Rural Vulnerabilities and Ecosystem Stability) presented to the USAID team in late August; the project was then concluded.

The team is working on four projects. The first phase of the study *Developing Agricultural Policies for Rice-based Farming Systems in Cambodia and Laos* was completed. Four case studies on farm credit, fertiliser value chain, rice value chain and rice contract farming were finalised for publication in the ACIAR monograph, "Policy in Practice: Using Evidence from Field Studies to Inform Rice Policy in the Mekong Region". The second phase of this project is now underway with the conduct of two case studies – *Livestock Production and Market* and *Impact of Agricultural Extension on Rice Production*; preliminary results will be presented at a regional workshop in Phnom Penh in early November. Field data collection for the Sida-supported study on the *Impact of Contract Farming on Smallholder Livelihoods* is nearly complete. The research framework for the Sida-funded *Study on Farm Mechanisation and Labour Market Trends in Agriculture* has been formulated, secondary data sources have been collected and data analysis is in progress. The first draft report for the *Position Paper on the Development of the Fertiliser Industry in Cambodia*, a cross-country study covering Southeast Asia, South Asia and Central Asia, with funding support from USAID through the International Food Policy Research Institute (IFPRI), was completed; key preliminary findings were presented at the international conference held in Siem Reap on 25–27 September.

The team is also participating in three collaborative research projects: *ReBUILD* with the SD programme; *Labour Migration in Cambodia: Causes and Impacts on Poverty, Inequality and Productivity* with the ETRC programme; and

*Exploring Women's Perception and Professional Progression at CDRI*, an initiative of CDRI's Gender Working Group.

### **Social Development (SD)**

The programme completed three commissioned projects: *Verification of Sanitation Outcomes*, *Rice Contract Farming* and *Monitoring System for Development-Relevant Changes*, a joint project with DGPSR and ETRC where SD contributed two of five chapters. Also accomplished was the article "Making Rice Contract Farming Work for Smallholders and Agribusiness" for publication in the *Cambodia Development Review*.

Three major projects are in progress. The DFID-funded *ReBUILD* project, composed of three sub-projects on Health Financing, Health Human Resources and Health Contracting, is progressing to plan. About two-thirds of the fieldwork interviews have been administered, with some key informant interviews postponed due to the national election. Five members of the project team participated in the annual meeting in Liverpool, UK, 4–16 September. Two of the four sub-projects of the *Child Labour Study* are being implemented this year, one on child domestic work and the other on the impact of adult migration on child labour. This study is part of the Cambodian-EXCEL project of World Vision Cambodia and is funded by the United States Department of Labor (USDOL) for four years from early 2013 to the end of 2016. The fieldwork for the first sub-project (involving 1000 survey respondents and 30 key informant interviews) is almost complete; however, that for sub-project two was delayed due to the finalisation of the questionnaires. Fieldwork for both sub-projects is expected to finish in November. The *Assessment of the Complementary Feeding Communication Campaign for Children aged 6 to 24 Months in Cambodia* is funded by UNICEF and is a qualitative study of child nutrition programmes in the country. The fieldwork is complete and interviews are being transcribed. This project is expected to finish in November.

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gender guidelines to raise gender awareness and to mainstream gender in our research and in our institutional arrangements, establishing a gender working group of young Cambodian women and men from across our organisation to work together to make sure gender issues were not just commitments on paper but part of our everyday work.

In her role as Research Adviser, she was a tireless mentor and supporter of young Cambodian researchers, particularly young women researchers, and keen to improve the quality of their research design, methodologies and writing. Each day at CDRI, she sat with researchers patiently providing both written and verbal advice and guidance on how to better conceptualise research, tighten analysis, and improve the communication of research results and their policy implications. She cared about them and the quality of their work and they cared about her and greatly valued her commitment to them.

One of her major recent achievements, in collaboration with many others here today, was the leadership and design of a groundbreaking training programme on research project design and implementation. Developed specifically for the Cambodian environment, the programme has greatly benefited young researchers from CDRI and other DRF member institutions, and resulted in the development of an invaluable resource manual to support Cambodian researchers in their research and training efforts.

In conclusion, let us also not forget that, for someone so professional and serious of purpose, she had a great sense of humour, a ready wit and was great fun to be with. As we move through the next two days together, and beyond, may we reflect on and celebrate the life and legacy of this most remarkable woman.



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**Tribute to  
Dr Rebecca (Pem) Catalla  
by  
Larry Strange, Executive Director CDRI  
at  
Opening of 2013 Development Research Forum Symposium  
16 October 2013**

Excellencies, Distinguished Guests, Colleagues and Friends, this year's Development Research Forum (DRF) Symposium is what in English we would call a bitter sweet experience for CDRI and for many other research colleagues here today. The sweet part of course is that we again meet together for this very enjoyable two days. The bitter part is that last Friday evening CDRI and the broader Cambodian research community lost one of its most valued and popular figures, Dr Rebecca (Pem) Catalla, who died suddenly from a heart condition. Please allow me this morning to take some time to pay tribute to this remarkable woman and to celebrate her legacy in the company of so many of her colleagues and friends.

Over her more than 15 years in Cambodia, Pem lived and breathed development policy research with passion and commitment. She was an accomplished social policy researcher in her own right, working with government agencies, development partners, international and national NGOs, and research and capacity building institutions on a broad range of development issues – poverty and livelihoods, maternal health and wellbeing, access to education and health services, child welfare and nutrition, the economic and social value of women in development, peace building and conflict resolution, gender awareness and mainstreaming, people living with HIV/AIDS, and the education and empowerment of women and girls.

She was a woman of strong personal and professional values, with a deep commitment to social justice, professionalism, honesty and integrity, productivity, and institutional accountability. She was a team player and an important bridge between more junior and senior members of our organisation, always keen to ensure that the voices of more junior researchers had been heard and their needs met.

Pem took the issue of gender awareness and gender mainstreaming very seriously, a strong advocate of the rights and interests of women and girls, but also keen to emphasise that gender equity was about both women and men, a shared responsibility with men and women working together to achieve social and gender equity. She was the prime driver in developing CDRI's



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