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Cambodia: Economic Growth and Sectoral Performance in 2006

Phim Runsinarith discusses the 2006 national accounts estimates of the NIS and describes some of the key outputs of those estimates and comments on a number of issues arising from them.*

This article discusses the 2006 national accounts estimates of the National Institute of Statistics (NIS), released in May 2007. It describes some of the key outputs of those estimates and comments on a number of issues arising from them, including the linkages of some key sub-sectors to the rest of the economy and the ongoing revisions to the national accounts.



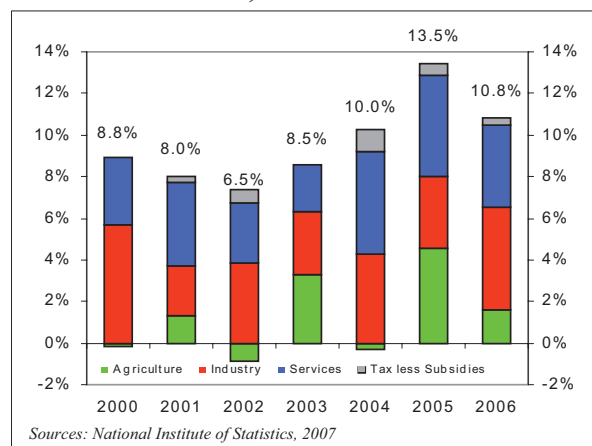
Farmers growing organic rice in Takeo province, 2006

Overall Real GDP Growth

Cambodia's economy continued to perform remarkably well in 2006. Real gross domestic product (GDP) increased by 10.6 percent in 2006, the third consecutive year of double digit growth. It was, however, down from 13.6 percent growth in 2005 due to slower growth in agriculture, as shown in Chart 1 and Table 1. Per capita GDP increased to 1718 m riels (\$419) in 2006, an 8.2 percent increase from 2005. The growth impetus came mainly from the industry sector, reflecting substantial increases in garments and construction, and from the services sector,

underpinned by significant increases in tourism, real estate and business services and other services. Agriculture grew significantly more slowly in 2006 than in 2005, following a typical bad-year good-year pattern that is often evident in Cambodia. This sector, however, plays an important role in livelihoods in rural areas, where most still depend on paddy cultivation for subsistence.

Chart 1. GDP Growth, 1994–2006



* Mr Phim Runsinarith is research associate at CDRI. This article is based on the 2006 national accounts estimates of the National Institute of Statistics (NIS), released in May 2007.

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Table 1. Real GDP and Growth by Sectors

	2000	2001	2002	2003	2004	2005	2006
Real GDP (bn riels)	14,083	15,215	16,210	17,589	19,351	21,956	24,334
Real Per Capita GDP (thousand riels)	1111	1180	1237	1320	1428	1588	1718
<i>Real Growth Over Previous Year (%)</i>							
Agriculture	-0.4	3.6	-2.5	10.5	-0.9	15.7	5.5
Industry	31.2	11.2	17.1	12	16.6	12.7	18.3
Services	8.9	10.8	7.6	5.9	13.3	12.7	10.3
Taxes on Products less Subsidies	4.5	2.5	12.6	0.6	21.2	11.7	7.6
GDP	8.8	8	6.5	8.5	10	13.5	10.8
GDP Per Capita	7	6.3	4.8	6.7	8.2	11.2	8.2

Source: National Institute of Statistics 2007

Agriculture

Cambodia's agricultural sector, which accounts for 28 percent of GDP and employs 57.4 percent of the labour force, contributed 1.6 percent to the overall GDP growth of 10.6 percent in 2006 (see Table 2). Agriculture comprises four sub-sectors: crops, livestock, fishing and forestry. In 2006, the sector's real gross value added rose by 5.5 percent, compared to 15.7 percent in 2005. This was due to crop production, the sector's main component, growing more slowly than in the preceding year as a consequence of floods, drought, disease or insects, which destroyed crops in some provinces.¹ In general, the growth rate of the crops sub-sector is highly variable, marked by peaks and troughs, reflecting the high reliance on rainfall and the susceptibility to adverse weather conditions.

Table 2. Performance of Agriculture Sector, 2005–2006 (%)

	Real Growth Rate		GDP Share		GDP Growth Contribution	
	2005	2006	2005	2006	2005	2006
Agriculture	15.7	5.5	29.5	28.1	4.5	1.6
Crops	27.6	5.3	15	14.3	3.7	0.8
Livestock & Poultry	5.6	8.2	4.5	4.4	0.3	0.4
Fisheries	5.6	3.8	7.8	7.3	0.5	0.3
Forestry & Logging	5.1	7	2.2	2.1	0.1	0.2

Source: National Institute of Statistics 2007

During the same period, livestock, fisheries and forestry increased significantly but together contributed less than 1 percent to GDP growth, about the same as the contribution of crops. Livestock and poultry production continued to be constrained by infectious diseases. According to the Ministry of Agriculture, Forestry and Fisheries, the number of avian influenza outbreaks increased to six in 2006, from only two in 2005, causing 7767 poultry deaths and 1113 birds to be culled. In the fishery sub-sector, small-scale and household aquaculture has increased notably during the past four years. Value added in the

forestry sub-sector could be underestimated due to illegal logging and an undercounting of the real value of non-timber forest products. For instance, a significant number of people living in poverty depend on forests not only for firewood but also for non-timber products for income generation and nutritional intake. Community pressures, in the form of fuel wood collection, swidden agriculture and permanent land conversion, are also important causes of deforestation and forest degradation. CDRI studies show that governance of natural resources is critical and must be sustainably managed for poverty reduction.²

Industry Sector

Industry provided 29 percent of GDP and employed about 14.5 percent of the total labour force in 2006. The contribution of this sector to GDP growth was 4.9 percent, up from 3.4 percent in 2005 (Table 3) largely due to higher gains in manufacturing, led by the garment industry, and a continuing boom in construction in Phnom Penh and Siem Reap.

Textile and apparel production has been the main pillar of growth of industry as well as of the whole economy. It has expanded rapidly since the late 1990s, largely due to favourable trade conditions created by the Multi-Fibre Agreement (MFA). After the MFA ended on 1 January 2005, some predicted that Cambodia's economy would be hit severely, but the latest figures have disproved such dire predictions. Cambodia's post-MFA garment exports

Table 3. Performance of Industry Sector, 2005–2006 (%)

	Real Growth Rate		GDP Share		GDP Growth Contribution	
	2005	2006	2005	2006	2005	2006
Industry	12.7	18.3	26.9	28.7	3.4	4.9
Mining	26.3	15.9	0.4	0.4	0.1	0.1
Manufacturing	9.7	17.4	19.6	20.8	2	3.4
Electricity, Gas & Water	12.5	31.3	0.5	0.6	0.1	0.1
Construction	22.1	20	6.4	6.9	1.3	1.3

Source: National Institute of Statistics 2007

have not yet been affected by the textile giant, China, as some predicted, due to the additional restrictions on Chinese garments put in place in May 2005 by the United States and European Union. These safeguard measures will expire in 2008, and this could cause problems for Cambodia.

The construction sub-sector has grown strongly over the past several years. The construction boom is driven by three major factors: political stability, robust economic performance and continuing assistance from the international community for infrastructure development. The construction comprises one-third public construction, including infrastructure, and two-thirds private construction, including factory buildings and expansion, hotels and housing. However, there is concern about over-investment in housing in Phnom Penh, where 8000 to 10,000 apartments are built each year.

Other sub-sectors, including mining, and electricity, gas and water, also registered steady positive growth from a year earlier, but their contributions to the expansion of industry and to the overall growth of GDP remained minimal. Nevertheless, mining has a significant potential. Geological and mineral surveys indicate that Cambodia has significant minerals including bauxite, gemstones, solid fuel, metallic and non-metallic minerals and quarry materials.³ As for electricity, there was an improvement in power supply in urban areas but residents still suffered from rolling blackouts, especially in the hottest months, April and May. The high cost of electricity affects all productive sectors and hinders industrial investment and competitiveness.

Services Sector

The services sector, which accounts for 38.2 percent of GDP and employs 28.1 percent of the labour force, grew by 10.3 percent in 2006, compared to 12.7 percent in 2005 (see table 4 below). All sub-sectors contributed to this growth but the main contribution came from the expansion in trade, hotels and restaurants, real estate and

business services, and other services. Tourism has forward and backward linkages to other sectors, yet, despite strong growth in tourism, local agricultural produce is not being widely used in restaurants because the supply is irregular and the quality variable. Cambodia could strengthen the linkages between tourism and agriculture by encouraging regular local supply of high quality food.

Real estate and business services posted healthy growth, but it was the expansion of real estate that mainly contributed to the growth of this sub-sector. Other services strengthened impressively; private education and health services, recreational services, community services and personal and other services were key contributors.

It should be noted that GDP figures are subject to revision as coverage is expanded and as more reliable data become available.

Revisions to GDP

The NIS has continued to refine GDP data annually to improve the accuracy of the estimates. The revisions are necessary because, as the NIS has become more proficient at estimating national income, it has been able to expand the economic activity included in the accounts and has also been able to obtain improved data. The ongoing revisions are a sign of better quality data and lead to better quality estimates of national income.

The latest changes mainly reflect expanded coverage of economic activities, revised data from government agencies, ministries and other organisations and revised compilation methods. The coverage was expanded to include palm oil production, hunting and wildlife and gathering of non-wood products. The improved compilation methodology encompassed more accurate estimates of non-metallic and metallic outputs to align better with observed construction industry demand, changes in trade and transport margins from 2000 onwards and changes in the price deflators used for the finance industry and public administration since 2003. In addition to the revisions due to changes to coverage

Table 4: Performance of Services Sector, 2005–2006 (%)

	Real Growth Rate		GDP Share		GDP Growth Contribution	
	2005	2006	2005	2006	2005	2006
Services	12.7	10.3	38.4	38.2	4.9	3.9
Trade	8.5	7.1	8.7	8.4	0.8	0.6
Hotels & Restaurants	22.3	13.2	4.3	4.4	0.9	0.6
Transport & Communications	13.3	4.3	6.8	6.4	0.9	0.3
Finance	19.6	24	1.1	1.3	0.2	0.3
Public Administration	5.9	-1.2	1.5	1.4	0.1	0
Real Estate & Business Services	7.8	10.9	7.6	7.6	0.6	0.8
Other services	17.4	16.7	8.3	8.7	1.4	1.4

Source: National Institute of Statistics 2007

Table 5: Revisions to Production Estimates in Constant Prices

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revision (bn riels)	26	20	13	20	18	25	-46	-7	46	101	96	117	143
Revised data	-23	-31	-39	-33	-36	-31	-103	-64	34	64	30	23	12
Improved coverage	49	51	52	54	55	56	57	57	0	0	0	0	0
Change in methodology	0	0	0	0	0	0	0	0	12	37	67	94	131
Revision %	0.3	0.2	0.1	0.2	0.2	0.2	-0.4	0	0.3	0.6	0.6	0.6	0.7
Real GDP Growth													
Preliminary 2006		9.1	6.4	5.4	5.6	5	11.9	8.8	8	6.5	8.5	10	13.5
Previously published		9.2	6.5	5.3	5.7	5	12.6	8.4	7.7	6.2	8.6	10	13.4
Revision		-0.1	-0.1	0.1	0	0	-0.6	0.3	0.4	0.3	-0.1	0.1	0.1

Source: National Institute of Statistics 2007

and compilation, the NIS also introduced changes related to data sources, including revised data obtained from a number of ministries and the National Bank of Cambodia.

As indicated in Table 5, the revisions to the previous estimates have resulted in the overall level of GDP at constant prices being revised upwards by an average of 0.3 percent, with revised levels increasing by 0.3 percent in 1993 and by 0.7 percent in 2005. The revisions have also resulted in minor changes in nominal and real growth rates.

Comments from data users, particularly those making use of time series analysis, caused the NIS to change its revision policy in 2005, when it proposed that in the future the data series would incorporate revisions only back to 2001. However, the current national accounts estimates incorporate changes in coverage and data revisions back to 1993 (Table 5). Ouch Chandarany and Keith Carpenter (2006) argued for a full revision of data series for improved national accounts estimates. It is pleasing to see that the full revision has occurred with the current estimates.

Despite the improved quality of the estimates, they remain hampered by the lack of comprehensive and reliable sectoral information. For the services sector estimates, there is apparently no accurate accounting of the number of government officials. Thus the contribution of the public administration sub-sector to GDP cannot be accurately measured, nor can its productivity be estimated. With recent improvements in civil administration and public accounting, an accurate estimate of the number of public servants should not be particularly difficult. The statistics law requires respondents to provide “accurate, complete and timely information to a designated statistical officer”; this is one small area where the government could provide a positive example to civil society.

In general, the national accounts for 2006 were still adversely affected by the lack of source data for critical areas, including annual establishment or enterprise survey data and annual labour force survey data, as well as the continuing lack of producer, trade, export and import price indices. The compilation of a producer price index (PPI), begun experimentally in 2005, has been discontinued due

to resource constraints. This will, in turn, have adverse effects on the quality of the GDP estimates.

Conclusion

Cambodia’s economy, despite its narrow base, continued to register solid growth in 2006. The economy was underpinned by the expansion in garment manufacturing and by a tourism boom. The linkages between these two sub-sectors and the rest of the economy remain thin. Given changes in international policies governing trade in textiles and clothing, ongoing efforts to increase productivity and competitiveness of the garment sector, as well as to diversify exports, are essential to promote further economic growth.

Endnotes

1. Ministry of Agriculture, Forestry and Fisheries (2007).
2. Eng Netra and Phim Runsinarith (2007).
3. Council for the Development of Cambodia, Investment Information, <http://www.cambodiainvestment.gov.kh/>

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Are All Rural Female-Headed Households Poor?

*Brett M. Ballard and Ingrid FitzGerald look at the relationship between the sex of rural household heads and a number of important variables concerning land-related matters, including landholding size, land acquisition, household assets and income, labour resources, rice sufficiency and rice production investments.**

Earlier international and Cambodia-specific literature suggested that female-headed households are generally poor. Recent evidence from several CDRI studies suggests otherwise, with important implications for policy.

This article looks at the relationship between the sex of rural household heads and a number of important variables concerning land-related matters, including landholding size, land acquisition, household assets and income, labour resources, rice sufficiency and rice production investments. Two striking patterns emerge from data collected in early 2004 for CDRI's rural land titling baseline survey conducted for the Land Management and Administration Programme (LMAP).¹ The first pattern is that female-headed households generally have less access to and control over productive assets than male-headed households across all landholding intervals. Although this tends to affirm the general impression that female-headed households are one of the groups in rural society most vulnerable to falling into and remaining in poverty, a second pattern reflects a substantial degree of differentiation among lower and upper income female-headed households in terms of access to and control over productive assets. This in turn suggests that female-headed households employ different livelihood strategies according to their asset holdings and available labour. These two sets of observations may help policy makers better design and target poverty reduction interventions.

Landholdings

Generally speaking, the average number and size of agricultural plots steadily increases along with total household landholdings. This pattern holds for both male- and female-headed households. However, the average number and size of plots is less for female-

headed households than for those headed by males in each landholding size interval. Table 1 shows that male-headed households average 4.44 plots per household and 0.39 hectares per plot, while female-headed households average 3.78 plots per household with an average of 0.30 hectares per plot.

Table 1. Agricultural Land Summary, by Gender

Land Size (ha)	No. HH		Area/HH		Plots/HH		Area/Plots	
	M	F	M	F	M	F	M	F
< 0.5	123	78	0.28	0.26	2.28	2.36	0.12	0.11
0.5 – 0.99	164	59	0.70	0.69	3.78	3.89	0.18	0.18
1.0 – 1.99	180	49	1.40	1.40	4.86	4.40	0.28	0.31
2.0 – 2.99	102	20	2.43	2.29	5.29	5.65	0.46	0.40
> 3.0	113	19	5.36	4.59	6.32	5.89	0.76	0.77
Total	682	225	1.75	1.17	4.44	3.78	0.39	0.30

The baseline survey data also show that 34 percent of the female-headed households own less than one half hectare of agricultural land, while 18 percent of the households headed by males own less than one half hectare. Moreover, 60 percent of female-headed households own less than one hectare, while 42 percent of those headed by males own less than one hectare. Conversely, 17 percent of the households headed by females own more than two hectares, while 31 percent of the households headed by males own more than two hectares. This pattern of land distribution may have important implications concerning farming productivity and income. Broadly speaking, this also suggests that land fragmentation and atomisation may tend to run in the direction of female-headed households,² while land concentration and consolidation may run more in the direction of male-headed households. These two propositions would need to be tested by research specifically focused on rural households headed by single women.

Land Acquisition

The mode of land acquisition also reveals several important factors concerning the relationships between the sex of household head and land ownership. Table 2 shows that female-headed households have a much higher percentage of plot acquisitions from the state (70.9 percent) than do male-headed households (51.3 percent). The percentage of plot acquisitions by inheritance is much lower for

Table 2. Land Acquisition by Gender (percent)

Land Size (ha)	From State		Inheritance		Purchase		Cleared	
	M	F	M	F	M	F	M	F
< 0.5	39.5	73.1	43.1	19.4	14.9	6.5	2.5	1.1
0.5 – 0.9	52.0	71.6	29.6	6.7	15.7	16.4	2.6	4.9
1.0 – 1.9	58.7	77.9	21.5	6.9	14.9	8.3	4.9	6.9
2.0 – 2.9	51.5	73.5	18.5	12.4	18.5	6.2	11.4	8.0
> 3.0	46.1	50.0	22.1	12.5	16.7	22.3	15.2	15.2
Total	51.3	70.9	24.7	11.0	16.1	11.6	7.8	6.3

* Brett M. Ballard is senior research adviser at CDRI and Ingrid FitzGerald is CDRI's gender adviser. The data tables used in this article were created by Mr So Sovannairth. The authors would also like to acknowledge further assistance with data analysis from Mr Phim Runsinarith.

Table 3. Household Assets and Labour (average value in mouen riels per household)

Land Size (ha)	Livestock *		Durable Assets		Non-Farm Fixed Assets		Farm Assets Non-Machine		Farm Assets Machine		HH Labour	
	M	F	M	F	M	F	M	F	M	F	M	F
0	54.7	41.3									4.1	4.6
< 0.5	111.8	87.6	36.4	28.1	29.9	2.4	3.7	3.4	9.2	2.0	3.6	2.9
0.5 – 0.99	167.0	150.7	40.7	37.8	10.4	3.3	11.2	5.8	22.1	3.4	4.2	3.8
1.0 – 1.99	212.2	127.0	62.4	14.1	23.9	0.8	14.8	9.5	36.7	5.2	4.5	2.2
2.0 – 2.99	245.9	129.9	51.7	27.8	12.8	5.3	23.5	13.2	41.5	11.6	4.9	4.4
> 3.0	309.4	318.7	60.6	43.5	24.6	22.3	40.2	20.2	45.9	29.6	5.1	4.4
Total	197.4	128.7	50.7	28.8	20.4	4.1	18.2	7.8	31.4	6.7	4.4	3.4

* N = 888 households reported owning livestock.

female-headed households (11.2 percent) than for male-headed households (24.6 percent). This difference is not surprising given traditional practices in rural Cambodia where land tends to be passed on to sons.

Table 2 also shows that the percentage of plot acquisitions by purchase and clearing is generally fewer for female-headed households than for male-headed households. Taken together, the lower percentages for inheritance, purchase and clearing suggest that female-headed households are less able to acquire additional plots than male-headed households, except for households with three or more hectares of land. Table 3 helps to explain this observation. It shows that female-headed households in each landholding interval have, on average, less assets and income than male-headed households. Fewer assets, especially farm-related assets and adult labour, suggest a constraint on the amount of land that can be farmed or cleared, while less income suggests a constraint on buying new land.

Rice Sufficiency

Not surprisingly, rice sufficiency corresponds closely to landholding size. Generally speaking, the percentage of households producing enough rice or a surplus tends to increase with landholding size, while the percentage of households that must buy rice for nine or more months of the year decreases sharply as landholding size increases.

Larger landholding households seem to have an advantage over smaller landholders in other respects as well. For example, households with three or more hectares of land account for 23 percent of the households producing a surplus, even though they are only 13 percent of the households in the sample. Households with 0.5 hectares or less (including the landless) account for 6.8 percent of surplus producers but 27 percent of the households in the population. Landless households account for 37 percent of households that must buy all their rice, yet they represent only 6.3 percent of the households in the survey.

Interestingly, households with two or more hectares account for 24 percent of the households that must buy all their rice. At first glance this does not appear correct, as one would expect households with that much land to produce at least some rice. One possible explanation for this is crop losses due to pests, flood or drought. This would also help explain why many smaller landholders had to buy all their rice as well. This proposition is supported by the data concerning household crises and shocks showing that 67 households in the LMAP survey group experienced at least some crop damage from pests, including 15 households with three hectares or more of agricultural land. A total of 398 also reported crop damage from floods or drought, including 71 with three or more hectares of land. Moreover, it should be kept in mind that 2003, the year for which agricultural data was collected,

Table 4. Rice Sufficiency

Land size (ha)	Surplus		Enough		7-10 months		3-6 months		< 3 months		Buy all		total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F
0	5	0	3	0	0	0	0	0	0	1	32	20	40	21
< 0.5	9	5	13	4	32	21	33	20	19	17	17	11	123	78
0.5 – 0.9	52	12	17	13	45	16	25	9	14	3	11	5	164	58
1.0 – 1.9	65	12	33	7	30	7	24	9	15	8	13	6	180	49
2.0 – 2.9	40	10	15	1	13	3	13	0	7	3	14	3	102	20
> 3.0	56	7	17	2	15	1	11	4	9	2	5	3	113	19
Total N	227	46	98	27	135	48	106	42	64	34	92	48	722	245
% total F/M	31.4	18.8	13.6	11.0	18.7	19.6	14.9	17.1	8.9	13.9	12.7	19.6		
Total	273		125		183		148		98		140		967*	

* N = 3 missing

was characterised by flood and drought in various parts of the country, including some areas in the survey sample.

The rice sufficiency data show that male-headed households tend to have an advantage over female-headed households. For example, male-headed households account for 83.2 percent of surplus-producing households, while representing 74.6 percent of all households. Female-headed households account for 34 percent of the households that must buy rice year round, although they are 25 percent of the surveyed households. Female-headed households also account for 53.1 percent of households that produced enough rice for only three months or less, and 39.6 percent of the households that produced enough for three to six months. The distribution of rice sufficiency among female-headed households can be explained in part in terms of their smaller land holdings, fewer assets and less available adult labour.

Rice Production Expenditures

In addition to land and capital assets and labour, the difference in rice sufficiency across the different landholding sizes can also be explained by the amount of investment in rice production. Table 5 shows that the average amount of rice production investment generally increases with landholding size. This pattern is observed for both male- and female-headed households across all landholding sizes. It is also interesting to observe that male-headed households generally invest more than female-headed households in each landholding category, except for the largest landholding size, in which female-headed households on average invested about 60 moeun riels per household compared to 50 moeun riels for male-headed household. Given the general shortage of labour in the female-headed households, it is quite likely that female-headed households will compensate for less labour whenever they have the resources with which to do so.

Discussion

The rural land titling baseline survey data provide a useful snapshot of the variation in assets among female-

and male-headed households across and within different landholding sizes and corroborate other studies that highlight the many disadvantages that female-headed households face in terms of land tenure security and maintaining livelihoods. However, there are at this point insufficient data with which to trace such patterns over time. For example, at what point do women become single household heads, and what then happens to their landholdings and other assets? We can also assume that, on average, female-headed households probably received less land during the 1989 land distribution, but what have been their trajectories since then?

Rural female-headed households are often portrayed as among the most vulnerable and the most prone to moving into poverty. This impression was borne out in CDRI's recent participatory poverty assessment (PPA) of the Tonle Sap, which found that the majority of female-headed households were either poor or destitute in all the study villages, regardless of livelihood strategy. Moreover, in several locations, villagers reported that there were more poor and destitute female-headed households in 2005 than in 2000.

International analysts and more recent Cambodian studies have challenged such findings.³ They suggest that while female-headed households are often less well off in the aggregate than male-headed households, there is also significant variation in income and consumption as well as asset distribution among female-headed households. For example, CDRI's Moving Out of Poverty Study (MOPS) found that while female-headed households were over-represented among those trapped in chronic poverty, a substantial proportion of female-headed households were able to move out of poverty, and some that were well off remained so. Although female-headed households in aggregate earned less and had smaller landholdings than male-headed households, better off female-headed households had incomes and assets comparable to better-off male-headed households. Upwardly mobile female-headed households were also likely to be landless, suggesting they rely on other sources of income apart from agriculture to move out of poverty.⁴

The rural land titling baseline survey data affirm that female-headed households tend to be at a disadvantage in term of landholding size and land acquisition patterns compared to

Table 5. Rice Production Inputs (moeun riels/hh)

Input	< .5		0.5 – 0.99		1.0 – 1.99		2.0 - 2.99		> 3.0		Total Ave
	M	F	M	F	M	F	M	F	M	F	
Ch. Fert.	5.8	5.7	10.6	8.7	12.0	8.3	13.6	8.9	17.6	32.7	11.21
Pesticide	1.4	.8	2.1	1.2	2.0	1.1	1.5	1.5	3.1	3.1	2.06
Pumping	3.2	2.7	4.0	4.0	5.1	4.1	7.5	3.0	11.5	15.0	5.59
Lbr: Prep	4.6	3.1	6.7	5.2	11.6	7.1	10.6	5.5	18.4	17.3	9.01
Lbr: Tran	6.8	5.7	9.2	8.3	11.8	8.8	14.5	11.1	22.5	33.5	12.2
Lbr: Harv	5.3	3.4	6.2	4.0	8.3	5.4	12.1	9.9	13.5	18.3	8.46
Threshing	2.7	2.3	2.8	2.3	3.9	3.2	5.8	3.6	6.7	9.3	4.2
Repairs	1.5	1.1	2.2	1.6	2.3	2.4	1.7	.95	1.9	15.0	2.07
Transport	1.8	2.0	2.7	2.6	3.2	2.6	3.5	1.9	6.6	3.9	3.23
Rent land	7.5		6.1	1.7	10.8		6.0		10.9		7.7
Rent Live	.2	5.0	4.9		3.2	5.0		6.0	10.0	1.5	4.48
Other	4.6	.97	4.4	5.5	10.6	20.0	3.1	10.0	7.4	6.3	7.2
Total	14.4	10.8	23.1	17.0	34.4	20.0	32.8	25.0	50.7	60.2	30.7 19.8
Total	13.03		21.57		31.77		31.6		51.98		28.2

male-headed households, due in part to the history of land distribution as well as limited assets and human capital. Like the MOPS, however, the rural baseline survey data show significant differences between female-headed households, which again suggests that not all of those households are poor. For example, Table 1 shows that 17 percent of the surveyed female-headed households had landholdings of two hectares or more. Table 3 shows a remarkable gap between the smaller and larger landholding households in terms of the value of livestock and capital assets. Table 5 shows that larger landholding households invest almost four times as much in rice production as the smaller landholding households.

These findings have important implications for effective targeting of policy. For example, land-titling initiatives should continue making special efforts to ensure that female-headed households receive land titles. In light of gendered inheritance patterns and less capacity to retain current landholdings and acquire new land, security of title is particularly important for these households to protect existing assets and promote access to formal credit. Access to formal credit is especially important in terms of facilitating more investment in small businesses, which are an increasingly important source of income for female-headed households. Land titles may even enable some female heads of households to sell their land for a better price in order to take advantage of non-farming income opportunities. Although this would show up as an increase in landlessness or near-landlessness among female-headed households, it might not represent a negative outcome if viable employment and business alternatives were available.

The above discussion suggests there is need for more gender-specific research regarding land tenure in Cambodia. One important dimension of such research would look at how land titles have improved or strengthened women's land tenure security within both male- and female-headed households, as well as the well-being of female-headed households. An important component of this research would focus on livelihood strategies and income sources according to the sex of household head. In both cases, qualitative research methods would need to be employed because many related issues may be sensitive and complex, and would therefore not be easily captured with a quantitative survey instrument. Indeed, many of the issues pertaining to gender equity in the areas of land tenure rights and security, including land concentration and atomisation as mentioned above, are primarily social and cultural in nature and therefore require innovative research methodologies.

Endnotes

1. The survey data cover 970 rural households in 32 villages in the four LMAP provinces of Kompong Cham, Kompong Thom, Sihanoukville and Takeo. Of

these households, 63 reported owning no agricultural land. As a result, the data referring to landholdings cover a sample of 907 households, 682 male-headed (75.2 percent) and 225 female-headed (24.8 percent).

2. One possible explanation may be found in the reasons a household has a female head. For example, women who are widowed, divorced, or abandoned may lose productive assets, including land (Fitzgerald, 2007).
3. See Chant (2003) for a discussion of the problems associated with the assumption that all-female headed households are vulnerable and/or poor. See Urashima et al. (2007) for an analysis of differences between female-headed households in Cambodia using CSES 2004 data. This analysis suggests that female-headed households without adult males and with more dependants are more likely to be poor than those with adult men and fewer dependants.
4. One possible explanation for the contrast between the findings in the rural land titling baseline survey and the MOPS on the one hand and the PPA on the other hand concerns the research methodologies. The PPA focused on poor households and communities and used qualitative methods, while the MOPS included both poor and non-poor households and communities in its samples. The MOPS also gathered quantitative data on household assets and expenditures that enable comparison of male- and female-headed households.

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Understanding Social Capital in Response to Floods and Droughts

*Ang Sopha, Oeur Il, and John McAndrew explore the role of social capital in helping villagers respond to severe floods and droughts in the years 2000/01 to 2004/05 in two ecological zones of Kompong Thom province.**

Introduction

Cambodia entered the twenty-first century with the hope of an era of peace and prosperity, only to suffer the devastation of floods and droughts for five successive years. The flood of 2000/01, considered the worst in 70 years, affected 3.4 million people. The flood of 2001/02 affected 2.1 million people in regions still recovering from the deluge of the previous year. The drought of 2002/03, reported by the government as the worst in two decades, affected more than 2 million people. The drought of 2003/04 caused lakes in the deepest part of the flood plain to dry out. The drought of 2004/05 affected 2 million people and resulted in widespread food shortages (Chan 2001; Nhim Vanda 2002; Asian Disaster Reduction Center 2003; Helmers and Jegillos 2004; Mao 2005). This article examines the effects of floods and droughts on rice yields and livelihood structures during these years in two ecologically distinct communes of Kompong Thom province and explores the role of social capital in enabling those affected to deal with the exigencies of their situations.

Research Methods

The field research for the study was conducted in June 2005 in two ecological zones of Kompong Svay district, Kompong Thom province. Three villages of San Kor commune made up one ecological zone of the study. These villages are located in the floodplain of the Tonle Sap Lake along the western boundary of National Road 6 near the San Kor commune market. Two villages of Damrei Slab commune constituted the other ecological

zone. These villages are situated on higher ground outside the floodplain of the Tonle Sap Lake, off the eastern boundary of National Road 6, about eight to 12 kilometres from the San Kor commune market. Overall, 155 households were surveyed in the three San Kor villages of Ampil, Chey and Slaeng Khpos, while 100 households were surveyed in the two Damrei Slab villages of Sangkum and Voa Yeav. In addition to the survey, focus group interviews were convened with local authorities, local leaders, village men and village women. Key informant interviews were likewise conducted with selected village households.¹

Concept of Social Capital

The concept of social capital offers much promise in the analysis of how people respond to natural disasters such as floods and droughts. Robert Putnam, whose work helped to popularise the concept, defines social capital as the “features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions” (1993). For Putnam, the primary source of social trust is found in norms of reciprocity and networks of civic engagement, which can be measured by people’s participation in associations. The density of such associations, gauged mainly through quantitative surveys, indicates the extent to which a society possesses a solid supply of social capital.

Recent critiques of Putnam’s approach, employing more qualitative research methods, focus on people’s access to stocks of social capital and the context in which social networks are embedded (Grix 2001). Factors such as education, employment and social class are crucial in understanding one’s access to social capital, given that participation in associations and networks depends largely on one’s resources and social status. Similarly, specific social contexts shape the forms of social capital that emerge and the direction that access is likely to take.

Access to various stocks of social capital in society determines to a large extent one’s social inclusion or exclusion. In this regard, social networks may be classified into three basic types: bonds, bridges and links (Woolcock 1998; Narayan 1999). Bonding social capital comprises the strong horizontal ties which connect family members, friends and neighbours. Bonding with family, friends and neighbours helps to reduce vulnerability and provides a social safety net. Bridging social capital embodies the weak horizontal ties which connect people from different groups and networks with those of similar economic backgrounds. Bridging with people inside and outside the community opens up opportunities for improving livelihoods and mobility. Linking social capital represents the vertical ties that connect people with those in positions of power and influence such as banks, government agencies and elected officials. Linking

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Table 1. Household Experience of Severe or Normal Floods in Years 2000/01 to 2004/05, Ampil, Chey and Slaeng Khpos villages, San Kor commune, June 2005

Year	Experienced severe flood		Experienced normal flood	
	Number	Percent	Number	Percent
2004/05	3	2	102	66
2003/04	9	6	105	68
2002/03	58	37	70	45
2001/02	134	86	18	12
2000/01	147	95	5	3
N=155				

with powerful individuals and institutions allows people to leverage resources for long-term benefits. People who have strong networks within and across all three types are normally better able to cope with disasters such as floods and droughts.

Experience of Floods²

The households surveyed in the San Kor villages of Ampil, Chey and Slaeng Khpos had experienced severe floods in the five year period 2000/01 to 2004/05 (Table 1). A large majority of those surveyed suffered severe flooding in 2000/01 and 2001/02, and more than one-third experienced severe flooding in 2002/03. More than one-fourth of the households interviewed were forced to evacuate their homes as a consequence of flooding. Nearly nine out of 10 households had members who had become ill, most commonly from diarrhoea and intestinal ailments. The successive years of severe floods caused huge and widespread losses in agricultural earnings and prevented villagers from making a swift recovery. Assistance from external agencies was helpful but limited, compelling households to rely mainly on their own resources for rehabilitation. Reciprocal assistance from neighbours and friends, prominent at the onset of the floods, was circumscribed by the poor villagers' poverty. Of note, the households interviewed in the two Damrei Slab villages, situated outside the Tonle Sap floodplain, experienced no flooding during these years.

Experience of Droughts

The households surveyed in the two communes had experienced severe droughts from 2000/01 to 2004/05

(Table 2). Except for the crop year 2002/03, the three San Kor villages suffered a higher annual incidence of severe drought in the five years under study than the two Damrei Slab villages. This is notable given that the San Kor villages likewise endured severe floods during the same period. However, the incidence of related health problems, again most commonly diarrhoea and intestinal ailments, and of income

losses due to damaged rice seedlings or crops during severe droughts, was slightly higher in the Damrei Slab villages. This perhaps accounts for the higher percentage of households in Damrei Slab receiving assistance during severe droughts. Generally, needs were much less visible during severe droughts than during severe floods.

Rice Yields 2000/01 to 2004/05

The three San Kor and two Damrei Slab villages surveyed were heavily reliant on rain-fed wet season paddy rice production. As a consequence of the severe floods and droughts, villages in both communes recorded extremely low rice yields in the disaster-prevalent years under study (Tables 3 and 4). Due to village topography, rice harvests in the San Kor villages were at their lowest during the highest incidence of severe floods, while yields in the Damrei Slab villages were at their lowest during the highest incidence of severe droughts. Even in the best years and despite their location in two different ecological zones, rice productivity in both communes averaged less than one-half tonne per hectare {In 3 of the 5 years, it was above ½ tonne in Damrei Slab, and in one year in San Kor.}. Rice shortages, common even in normal times, increased in the two communes during times of disaster and resulted in reduced rice consumption for a large majority of households.

Sales and mortgages of paddy rice land in the villages were predominantly a consequence of severe floods and droughts. The loss of rice farms made it difficult for subsistence households to recover fully from the exigencies of severe floods and droughts and still pursue rice cultivation as their main livelihood activity.

Table 2. Household Experience of Severe or Normal Droughts in Years 2000/01 to 2004/05, Ampil, Chey, and Slaeng Khpos villages, San Kor commune, and Sangkum and Voa Yeav villages, Damrei Slab commune, June 2005

Year	San Kor villages				Damrei Slab villages			
	Experienced severe drought		Experienced normal drought		Experienced severe drought		Experienced normal drought	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2004/05	67	43	66	43	7	7	69	69
2003/04	92	59	55	35	41	41	53	53
2002/03	67	43	73	47	76	76	21	21
2001/02	42	27	66	43	19	19	72	72
2000/01	34	22	65	42	9	9	67	67
N= 155					N=100			

Table 3. Average Household Rice Yields, 2000/01 to 2004/05, Ampil, Chey, and Slaeng Khpos villages, San Kor commune, June 2005

Year	Average wet season production (kg)	Average dry season production (kg)	Average total production (kg)
2004/05*	696	166	693
2003/04**	410	180	406
2002/03***	328	0	325
2001/02****	207	480	210
2000/01*****	120	480	124

*N = 125 for wet season, 6 for dry season, 127 for total.

**N = 102 for wet season, 2 for dry season, 104 for total.

***N = 88 for wet season, 1 for dry season, 89 for total.

****N = 79 for wet season, 1 for dry season, 80 for total.

*****N = 80 for wet season, 1 for dry season, 81 for total.

Households lacking adequate land for rice production and for use as loan collateral were more likely to experience further marginalisation as a consequence of severe floods and droughts. Clearing forest areas for paddy rice cultivation offered many villagers in both communes an alternative way to expand their landholdings, although the practice diminished the natural resource base so important for water management.

Livelihoods Transformed

The severe floods and droughts that occurred in the study area from 2000/01 to 2004/05 contributed to a broader process of social change emerging in the Tonle Sap region and other parts of rural Cambodia. Rice yields during the five years of successive natural disasters were abysmally low and forced households from the five villages to rely on sources of livelihood other than rain-fed wet season rice production, such as fishing and forest resources and migrant wage work. To offset the losses of their rice crops, San Kor households in the Tonle Sap floodplain exploited fish stocks in the lake, while the Damrei Slab households cut timber and built charcoal kilns. The sudden shift to these income sources contributed to natural resources decline.

Meanwhile, households in both communes relied increasingly on migrant wage labour to support themselves. In the five years under study, members from nearly three-

fifths of the San Kor households and half the Damrei Slab households left their villages to earn, principally as agricultural labourers in Thailand and garment workers in Phnom Penh. Migrant work, which previously supplied short-term supplementary income, became a central livelihood strategy for many households.

Unable to depend on rice production and constrained by limited opportunities in off-farm work, most households had to borrow at usurious rates to ensure their daily survival. Many households likewise had to borrow large sums at high interest to pay health costs. Some households sold or mortgaged rice farms to raise cash or repay debts, thereby undermining their capacity to engage in rice cultivation as their principal livelihood activity. In retrospect, natural disasters, starting with the severe flood of 2000/01, marked a transformation in the lives of many households.

Reliance on Networks of Social Capital

Responses to severe floods and droughts gained from focus group, key informant and survey interviews are usefully examined within the conceptual framework of social capital. With respect to the onset of severe floods, expressions of bonding and bridging social capital were readily apparent. Households in the San Kor villages helped each other to evacuate family members, to watch over animals, to patrol residential areas, to ferry

Table 4. Average Household Rice Yields, 2000/01 to 2004/05, Sangkum and Voa Yeav villages, Damrei Slab commune, June 2005

Year	Average wet season production (kg)	Average dry season production (kg)	Average total production (kg)
2004/5*	553	432	595
2003/4**	353	216	363
2002/3***	365	97	367
2001/2****	582	---	582
2000/1*****	691	---	691

*N = 91 for wet season, 9 for dry season, 91 for total.

**N = 89 for wet season, 4 for dry season, 89 for total.

***N = 82 for wet season, 1 for dry season, 82 for total.

****N = 77 for wet season, --- for dry season, 77 for total.

*****N = 72 for wet season, --- for dry season, 72 for total.

children to school, to distribute water and by providing small rice loans. Once flood waters had receded, San Kor households likewise worked together to repair community infrastructure such as canals, water gates, culverts, schools and roads. These rehabilitation efforts were often aided by external agencies.

With regard to severe droughts, networks of bonding, and to a much lesser extent bridging, social capital were likewise evident, although less conspicuously visible than those which accompanied the heightened activity of the severe floods. During severe droughts, relatives and neighbours from the villages helped each other to replenish rice seeds, by supplying small cash loans, by guaranteeing loans with moneylenders, by looking after the sick, by giving access to family wells and by assisting vulnerable groups. In the aftermath of severe droughts, bridging social capital often took the form of households working together in community food-for-work projects supported by external organisations.

Bridging networks of social capital similarly helped households from both communes respond to the broader demands of social change taking place in their lives. Migrant workers from the villages acquired jobs in Phnom Penh and Thailand through relationships with relatives, friends, neighbours and recruitment agents. Young men and women from the San Kor villages used contacts with fishing lot owners in the Tonle Sap to obtain work as hired labourers. Households from both communes accessed cash from moneylenders in the San Kor commune market to reinvest in disaster-prone rice production, albeit at usurious rates and considerable risk. Households from the Damrei Slab villages similarly relied on moneylenders to finance unofficial payments to government agents to permit the cutting and transport of logs from Preah Vihear province.

For Robert Putnam, high density of membership and participation in associations is a key indicator of a society's supply of social capital. In the San Kor and Damrei Slab villages, household involvement and density of membership in community groups increased considerably from 2000 to 2005. Following Putnam, this would indicate a high level of social capital and civic well-being in the villages. That this was obviously not the case lends credibility to the critique of Putnam's approach. A more promising line of inquiry shifts the focus to research on access to stocks of social capital in specific social contexts. With respect to the San Kor and Damrei Slab villages, it becomes apparent that while households had access to reserves of bonding and bridging social capital, they were virtually excluded from access to linking social capital. In general, the households interviewed lacked vertical ties connecting them with powerful individuals and institutions that could allow them to leverage resources for long-term benefits.

Thus the major challenge that faced the households in the San Kor and Damrei Slab villages was to extend and expand their bonding and bridging networks of social capital to connect with linking networks of social capital, including those with government. Similarly, the challenge for NGOs and other development agencies, beyond simply building capacity in community-based disaster management, was to facilitate villager access to stocks of linking social capital so that they could tap into resources currently denied them and make their voices heard in decisions that affected their lives.

Endnotes

1. Similar methods were applied in greater depth in FitzGerald and So 2007.
2. The data and tables presented in the following sections are taken from the Cooperation Committee for Cambodia study: *Understanding Social Capital in Response to Floods and Droughts: A Study of Five Villages in Two Ecological Zones of Kompong Thom Province*, Analysing Development Issues Team and Research Participants, August 2007.

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Economy Watch—External Performance

World Economic Growth

This section focuses on the major world economies and most economies in east Asia. The state of these economies is of particular relevance to the Cambodian economy.

US real GDP in second quarter 2007 was 1.9 percent higher than a year earlier; the comparable figure in the previous quarter was 1.5 percent. This primarily reflected a downturn in imports, upturns in federal government spending and private inventory investment and accelerations in exports, non-residential structures and equipment and software. The real GDP of the euro zone in the second quarter grew by 2.5 percent compared to the same period a year earlier and by 0.3 percent compared to the previous quarter. Japanese real GDP grew by 2.3 from a year earlier and by 0.1 percent compared to the previous quarter.

The Chinese economy in the second quarter was 11.5 percent higher than a year earlier. Growth continued to

be industry-led, with valued added growing 13.6 percent, compared to 10.6 percent for services and 4.0 percent for agriculture. The real GDP of South Korea grew by 4.5 percent from a year earlier and by 1.8 per cent compared to the previous quarter. On the production side, manufacturing and services accelerated, while construction declined. On the expenditure side, private consumption showed a gradual recovery, while facilities investment and exports continued their strong growth. The real GDPs of Taiwan and Hong Kong grew by 5.07 percent and 6.9 percent, respectively, compared to the same period a year earlier.

The Malaysian economy grew by 5.7 percent in the year to second quarter 2007. Growth in this quarter was mainly driven by services (9.2 percent), mining (7.7 percent) and construction (4.8 percent). The Singapore economy grew by 8.2 percent in the 12 months. Manufacturing and construction registered strong growth of 10.2 percent and 17.9 percent, respectively, while services grew moderately, by 7.0 percent. Thailand's real GDP was 4.4 percent higher than in second quarter 2006. Agriculture was up by 9.7 percent, more than in the previous quarter (3.3 percent), mainly due to a rise in crop and fish production, while non-agricultural output grew by 4.0, compared to 4.3 percent in the previous quarter.

World Inflation and Exchange Rates in International Markets

In second quarter 2007, consumer prices in the US accelerated to a 2.7 percent annual increase from 2.4 percent in the first quarter. This was due to higher charges for food, medical care, housing and energy. In the euro zone, the inflation rate was 1.9 percent, unchanged from a quarter earlier. This year on year price increase reflects the recent German VAT increase. In Japan, consumer prices dropped by 0.1 percent in the year to the second quarter. This largely reflected a drop in costs of overseas package tours and household electronic equipment. However, the rate of change would have been very close to zero, if petroleum products and other special factors had been excluded.

In foreign exchange markets, the US dollar's movement was uneven against other currencies. The dollar bought 120.8 Japanese yen, appreciating from 119.4 JPY/USD in the first quarter. The strengthening of the dollar vis-à-vis the yen reflected a widening of interest

The dollar bought 120.8 Japanese yen, appreciating from 119.4 JPY/USD in the first quarter. The strengthening of the dollar vis-à-vis the yen reflected a widening of interest rate differentials. Against the euro, the Chinese yuan and the South Korean won, the US dollar exchanged at 0.74 EUR/USD, 7.68 CNY/USD and 929 KRW/USD, depreciating from 0.76 EUR/USD, 7.76 CNY/USD and 939 KRW/USD in the first quarter of 2007.

rate differentials. Against the euro, the Chinese yuan and the South Korean won, the US dollar exchanged at 0.74 EUR/USD, 7.68 CNY/USD and 929 KRW/USD, depreciating from 0.76 EUR/USD, 7.76 CNY/USD and 939 KRW/USD in the first quarter of 2007. The weakness of the dollar was related to a more favourable assessment of the relative outlook for the euro zone, China and South Korea by market participants.

Commodity Prices in World Markets

The prices of palm oil, soybeans, crude oil, gasoline and diesel rose in the second quarter, while the prices of maize and rice went down. Palm oil sold at USD691.44/tonne, up from USD552.06 in the first quarter, while maize and soybeans sold at USD146.10 and USD259.95 per tonne, respectively. The price of white rice, Thai 100% B second grade, in the Bangkok market was USD283.89/tonne, down from USD294.17 in the previous quarter. The price of crude oil increased by 21 percent from the previous quarter to USD65.41/barrel, and the prices of gasoline and diesel also increased considerably from the previous quarter, by 39 percent and 18 percent, respectively. Gasoline sold at US 57.93 cents/litre and diesel at US 53.90 cents/litre.

Prepared by Hing Vutha and Phim Runsinarith

Economy Watch—External Performance

Table 1. Real GDP Growth of Selected Trading Partners, 2001–2007 Q2 (percentage increase from previous year)

	2001	2002	2003	2004	2005	2006	2006		2007	
							Q3	Q4	Q1	Q2
Selected ASEAN countries										
Cambodia	6.7	4.8	7	7.7	13.4	10.6	-	-	-	-
Indonesia	3.8	3.8	4.9	5.1	5.6	5.4	5.5	6.1	-	-
Malaysia	0.5	5.6	5.4	7	5.2	5.9	5.8	5.7	5.3	5.7
Singapore	-2.3	2.6	1.4	8.5	5.7	7.7	7.1	7.0	6.0	8.2
Thailand	1.9	6.1	6.9	6	4.5	4.8	4.7	4.2	4.3	4.4
Vietnam	6.0	6.7	7	7.5	8.4	8.1	-	-	-	-
Selected other Asian countries										
China	7.5	8.1	9.9	9.5	9.6	10.5	10.4	10.7	11.1	11.5
Hong Kong	0.5	5.0	3.2	8.3	6.5	6.6	6.8	7.0	5.6	6.9
South Korea	3.0	6.1	3	4.7	4.7	5.0	4.8	5.0	4.0	4.5
Taiwan	-2.2	4.2	3.1	5.7	4.1	4.6	5.0	4.0	4.1	5.07
Selected industrial countries										
Euro-12	1.4	0.7	0.5	1.8	1.5	2.7	2.6	3.3	3.0	2.5
Japan	0.4	0.4	2.6	3.4	2.5	2.1	2.7	2.3	2.2	2.3
United States	1.2	2.4	3.1	4.4	3.7	3.3	3.3	3.1	1.5	1.9

Sources: *Economist*, countries' national statistics offices and central banks and ADB's Asia Regional Information Centre

Table 2. Inflation Rate of Selected Trading Partners, 2001–2007 Q2 (percentage increase from previous year—period average)

	2001	2002	2003	2004	2005	2006	2006		2007	
							Q3	Q4	Q1	Q2
Selected ASEAN countries										
Cambodia	-0.6	3.2	1.2	4.0	5.8	4.7	4.9	3.4	3.0	4.6
Indonesia	11.5	13.2	8.3	8.3	10.5	13.4	14.9	6.1	6.4	-
Malaysia	1.4	1.8	1.1	1.6	3.1	3.7	3.6	3.1	2.6	1.4
Singapore	1.0	-0.4	0.5	1.7	0.5	1.0	0.7	0.6	0.5	1.0
Thailand	1.7	0.6	1.8	2.7	4.5	4.7	3.6	3.3	2.4	1.9
Vietnam	-0.4	3.8	3.1	7.8	8.2	-	-	-	-	-
Selected other Asian countries										
China	0.9	-0.7	1.2	3.9	1.8	1.5	1.4	1.8	2.6	3.6
Hong Kong	-1.3	-3.0	-2.6	-0.4	1.1	2	2	2	1.7	1.3
South Korea	4.4	2.7	3.5	3.5	2.8	2	2	2	2.0	2.4
Taiwan	-0.01	-0.2	-0.3	1.6	2.3	0	0	0	1.0	0.3
Selected industrial countries										
Euro-12	2.6	2.2	2.1	2.2	2.2	2	2	1.8	1.9	1.9
Japan	-0.6	-0.9	-0.3	Nil	-0.3	0	0	0	-0.1	-0.1
United States	2.8	1.6	2.3	2.7	3.4	3.2	3.3	1.9	2.4	2.7

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

Table 3. Exchange Rates of Selected Trading Partners against US Dollar, 2001–2007 Q2 (period averages)

	2001	2002	2003	2004	2005	2006	2006		2007	
							Q3	Q4	Q1	Q2
Selected ASEAN countries										
Cambodia (riel)	3916.3	3912.1	3973	4016.3	4092.5	4103.2	4125	4111.3	4046.7	4075.4
Indonesia (rupiah)	10,261	9311	8577	8938	9705	9134	9122	9125	9107	-
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.79	3.67	3.67	3.62	3.50	3.43
Singapore (S\$)	1.79	1.79	1.74	1.69	1.66	1.59	1.58	1.56	1.53	1.52
Thailand (baht)	44.4	42.9	41.5	40.2	40.2	37.9	37.7	36.5	33.9	32.5
Vietnam (dong)	14,725	15,280	15,510	-	15,859	15,994	16,015	16,077	-	-
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.19	7.97	7.97	7.86	7.76	7.68
Hong Kong (HK\$)	7.80	7.80	7.78	7.79	7.78	7.77	7.78	7.78	7.81	7.82
South Korea (won)	1291	1251	1192	1145	1024	955	955	938	939	929
Taiwan (NT\$)	33.8	34.5	34.4	33.6	32.1	32.5	32.8	32.8	32.9	33.1
Selected industrial countries										
Euro-12 (euro)	1.12	1.06	0.89	0.80	0.80	0.80	0.78	0.78	0.76	0.74
Japan (yen)	121.5	125.4	115.9	108.2	110.2	116.4	116.3	117.8	119.4	120.8

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

Table 4. Selected Commodity Prices on World Market, 2001–2007 Q2 (period averages)

	2001	2002	2003	2004	2005	2006	2006		2007	
							Q3	Q4	Q1	Q2
Maize (USNo.2)—USA (\$/tonne)	81.18	89.98	95.42	110.65	89.19	111.04	108.67	140.18	154.33	146.10
Palm oil—north-west Europe (\$/tonne)	259.13	353.91	402.03	427.47	381.32	433.85	446.85	494.92	552.06	691.44
Rice (Thai 100% B)—Bangkok (\$/tonne)	160.81	178.59	182.22	221.67	262.88	282.00	289.91	279.10	294.17	283.89
Soybeans (US No.1)—USA (\$/tonne)	163.89	182.58	218.86	262.03	224.25	213.88	207.38	230.17	255.33	259.95
Crude oil—Dubai (\$/barrel)	22.8	23.9	26.8	33.5	50.14	61.58	67.00	56.39	54.21	65.41
Gasoline—US Gulf Coast (cents/litre)	19.5	19.1	23	30.9	42.19	47.70	52.70	41.02	41.71	57.93
Diesel (low sulphur No.2)—US Gulf Coast (cents/litre)	18.72	17.85	21.63	29.48	44.35	51.35	55.66	46.11	45.61	53.90

Sources: Food and Agriculture Organisation and US Energy Information Administration

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Main Economic Activities

In the second quarter of 2007, fixed asset investment approvals decreased sharply, by 62 percent from the previous quarter, to USD191.3 m. There were 23 projects seeking approval, two projects fewer than in the previous quarter. Usually, services are the largest sector by total value of approvals; this sector fell by 59 percent to USD137.9 m for three projects. In the sector, approvals for telecommunication services were USD70.0 m (one project); tourism approvals were USD54.9 m (one project). Industry is the next most important sector for total investment approvals. In the second quarter, it fell by 64 percent to USD51.2 m for 19 projects; the garment sub-sector, accounting for nine projects, decreased by 34 percent to USD24.3 m. Although agriculture supports 80 percent of the population, investments in this sector are not being developed. Among the 23 project approvals, there was only one agricultural project, in the agro-industry sub-sector, amounting to USD2.1 m, a decrease of 89 percent from the preceding quarter. All three sectors will require 24,670 additional workers (a 30 percent decrease from the previous quarter). Industry will provide 93 percent of the new jobs, services 6.0 percent, and agriculture 1.0 percent.

Many construction activities have appeared in Phnom Penh and surrounding areas to reduce the current crowding in the city. More flats than house and villas are constructed at present. In second quarter 2007, total construction approvals in Phnom Penh were USD160.1 m, an increase of 77 percent from the first quarter. Villa and house construction approvals doubled to USD22.8 m, while flat construction approvals fell by 42 percent to USD35.0 m. Compared to the same quarter in 2006, total construction approvals in Phnom Penh increased by 95 percent. Flat construction decreased by 32 percent, while villa and house construction quadrupled.

Cambodia's trade deficit worsened to three times the deficit in the previous quarter, reaching USD208.1 m. Export values dropped slightly, while import values showed a moderate increase. Exports have been declining since the third quarter of 2006. In second quarter 2007, total exports were USD705.0 m, a fall of 0.4 percent from the preceding quarter. Wood exports decreased by 7.9 percent to USD1.9 m, fish exports by 38 percent to USD0.4 m and rubber exports by 18 percent to USD6.9 m. Rice exports decreased by 69 percent from the preceding quarter to USD0.2 m. Meanwhile, garment exports increased by 1.6 percent to USD688.2 m. Clothing was 96 percent and shoes 2.8 percent of total garment exports. In the second quarter, garment exports to the US fell 9.6 percent to USD451.2 m, while to the EU they increased by 53 percent to USD163.1 m.

Garment exports rose by 8.8 percent compared to the same quarter in the previous year.

Total imports in the second quarter of 2007 were USD911.6 m, an increase of 16 percent from the preceding quarter. The value of food, beverage and tobacco imports rose by 22 percent to USD51.6 m, cigarettes representing 60 percent and foodstuffs, 22 percent. Cement imports went up by 26 percent to USD21.6 m, while steel imports decreased by 23 percent to USD13.5 m. Although the average market price of gasoline rose by 3.5 percent to 3876 riels/litre, the volume of gasoline imports continued increasing, by 28 percent to 65,320 tonnes; in value gasoline imports were USD20.2 m. Diesel imports rose in volume by 13 percent from the previous quarter to 134,430 tonnes, valued at USD36.6 m. Compared to the same quarter in 2006, volumes of both gasoline and diesel imports increased, by 64 percent and 17 percent, respectively.

In the second quarter, total visitor arrivals to Cambodia decreased by 23 percent from the preceding quarter, to 424,500. Visitor arrivals by air fell 26 percent to 275,600; of the total arrivals by air, Phnom Penh received 44 percent and Siem Reap 56 percent. Arrivals by land were 34 percent of the total visitors and those by water 1.4 percent. Siem Reap had 215,634 arrivals, a drop of 46 percent from the previous quarter. Visitors on holiday amounted to 35,216, a decrease of 28 percent from the first quarter, while arrivals for business increased by 14 percent to 34,808. South Korea (78,108) remained at the top of the list of the source of arrivals.

Public Finance

Government budget data for the second quarter were available only to May. During the two months, total revenue collection was KHR676.6 bn, a rise of 53 percent from the same period in 2006. Tax collections increased by 64 percent to KHR585.1 bn. Domestic tax revenue amounted to 73 percent of the total tax revenue, of which tax on incomes, profits and capital gains was 20 percent, and from VAT (value added tax) 31 percent. Tax on international trade was 26 percent of the total tax collection; this comprised duties on imports of 23 percent and duties on exports of 3.0 percent. Non-tax collections, including property incomes and sales of goods and services, increased by 7.2 percent from the same period in 2006 to KHR87.0 bn. Of the total non-tax revenue, property income was 10 percent, sale of goods and services was 81 percent, and other non-tax was 8.5 percent.

Domestic revenue has kept growing and budget expenditure has fluctuated in the past few quarters. In April and May 2007, budget spending rose by 1.9 percent

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from the same period in 2006, to KHR680.2 bn. Current expenditure increased by 19 percent to KHR463.6 bn. Of this, expenditure on wages rose by 14 percent to KHR164.3 bn and non-wages increased by 8.3 percent to KHR284.3 bn. Of the total non-wage expenditure, purchases and maintenance of office supplies were 35 percent, rent and repair building was 6.4 percent, interest on external debt 3.9 percent and subsidies and social assistance 42 percent. In current expenditure, capital spending was KHR216.5 bn, a decrease of 22 percent from the same period last year. Capital expenditure was funded 70 percent from external sources and 30 percent internally.

Inflation and Foreign Exchange Rates

In the second quarter, overall prices grew by 4.6 percent from the same quarter of 2006. Food, beverage and tobacco prices increased by 7.2 percent, and the cost of transportation and communication rose by 4.9 percent. The price of clothing and footwear increased by 2.8 percent, household operation by 2.7 percent, housing and utilities 2.6 percent and medical care 1.5 percent. The rise of transportation and communication prices was caused by petrol price rises.

At the same time, however, the riel appreciated by 0.8 percent against the US dollar, compared to the same quarter in 2006. In second quarter 2007, the riel traded at an average of 4075.4 riels/USD. Against the Vietnamese dong, the riel also appreciated by 0.8 percent to 24.8 riels per 100 dong. While against the Thai baht, it depreciated by 9.3 percent, trading at 118.1 riels/baht.

Monetary Developments

Domestic credit increased by 45 percent from June 2006 to KHR3136.0 bn in June 2007. The components of domestic credit are government credit and private sector credit, which rose by 8.8 percent to KHR297.6 bn and 51 percent to KHR4538.7 bn, respectively. Government deposits continued growing, increasing 54 percent to KHR1700.2 bn. Meanwhile, "other", which represents liabilities of the central bank, worsened by 18 percent, amounting to KHR3307.8 bn. Domestic credit and "other" produced a negative of net domestic credit of KHR171.7 bn in June 2007, an improvement of 73 percent compared with the same month in 2006. Net foreign assets rose by 35 percent to KHR9047.9 bn.

The operations involving net domestic assets and net foreign assets brought total liquidity (M2) to KHR8876.1 bn in June, an increase of 47 percent compared to the same time last year. M2 comprises money and quasi-money. Money (M1) increased by 16 percent to 1748.4 bn; this comprises currency outside banks, which rose

by 15 percent to KHR1681.9 bn, and demand deposits, which went up by 27 percent to KHR66.5 bn. Time and saving deposits decreased by 13 percent to KHR98.5 bn, while foreign currency deposits increased by 59 percent to KHR7029.2 bn; these items are quasi-money, which went up by 57 percent to KHR7127.7 bn.

To June 2007, the National Bank of Cambodia increased its reserves to KHR514.5 bn, a rise of 24 percent from the same month in 2006. Cambodia's foreign (exchange) reserves represented 3.7 months of imports of goods.

Poverty Situation—Real Daily Earnings of Vulnerable Workers

In August 2007, real daily earnings of 10 groups of vulnerable workers increased 23 percent compared to the same period in 2006. However, earnings of unskilled workers, garment workers and waitresses/waiters decreased slightly.

Small traders' net earnings went up 75 percent from the same period in 2006, to 9116 riels in August 2007. The figure indicated the highest increase since the survey started in 1998. National Institute of Statistics data show that, while most commodity prices in Phnom Penh city increased by 5.2 percent in the year to August 2007, fresh vegetable prices increased by 36 percent. These increasing prices also increased small vegetable traders' incomes. Ninety-five percent of small traders stated that their earnings can help to improve their families living, but not by much. Twenty percent of them had saved some money, and the other 80 percent had not.

In August the daily earnings of scavengers reached 6038 riels, 42 percent more than in the same period last year. Sixty-six percent of scavengers reported that their earnings increased due to the price of rubbish increasing; however, it was a highest income since the surveys started. Seventy percent of scavengers are migrants from rural areas and 30 percent come from the city, near the rubbish dump. Even though the earnings of scavengers improved, 43 percent reported that their families were in debt. This means that their earnings were not adequate to support the whole family. According to the survey, many children have followed their parents or relatives to earn from the dump, especially to buy school materials. The rest of their earnings they save for their families.

After falling in 2006, real daily earnings of motorcycle taxi drivers have increased strongly since early 2007. There was an increase of 33 percent compared to the same period in 2006. The increases were due to higher transportation fees. Seventy-three percent of the drivers interviewed stated that their earnings are just adequate for family consumption; therefore they cannot save

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to establish another business, while 27 percent do. Seventy-three percent of motorcycle taxi drivers spent USD10–15 a month renting housing while working in Phnom Penh; the other 27 percent had houses located in or close to the city.

In August 2007, the real daily earnings of skilled construction workers rose by 24 percent from the same period in 2006 to 11,723 riels. Ninety-seven percent of these workers said that the number of construction sites had increased; therefore, they can earn from 8000 to 25,000 riels a day, depending on work experience. After buying food, some workers had money left to run other businesses and improve their situation. Most construction workers spent approximately seven months a year working in Phnom Penh; they worked nearly 30 days a month. At the same time, unskilled construction workers' earnings declined by 7.8 percent from the same month in 2006, to 5900 riels. This decrease was probably due to an increase in the number of unskilled workers migrating from rural areas. Unskilled workers worked about 15 days a month. They complained that they did not save much money because of their daily food spending, and all commodities' prices kept increasing this year. Most unskilled construction workers were from the provinces; 42 percent were single. Half were aged less than 25 years and had attended only primary school.

In August, daily earnings of cyclo drivers rose to 7126 riels, 18 percent more than in the same period of 2006. An increase of working hours was a major source of the rise of their earnings. The survey found that they worked more than 11 hours a day. Despite the earnings increase, 70 percent of cyclo drivers stated that they cannot support their whole family. Most cyclo drivers were temporary migrants from the countryside and nearly all stayed in the cyclo owner's house.

Real daily earnings of garment workers fell by 2.5 percent compared to August 2006, to 9033 riels, although, their nominal daily earnings increased by 2.2 percent. In August garment workers spent around USD40 on food, accommodation and cosmetics. The expenditure was 21 percent higher than in the same period of 2006. Most garment workers could save approximately USD27 a month. Over 90 percent of garment workers were from the provinces; most of them were led to the factory by relatives or neighbours who had experience working in factories. They rented houses to stay together. Forty-one percent of garment workers were members of a union in their factory; the other 59 percent did not know much about union activities.

Daily earnings of rice field workers increased by 10 percent compared to the same time in 2006. The rise was due to migrating, particularly by young people, from villages to work in the city as garment workers, leading to a labour shortage. Nevertheless, rice field workers said that they did not have regular work, so their earnings were not a main support for the whole family, although they helped. Forty-two percent of rice field workers were indebted; mostly they borrowed from the landowner and repaid with labour during the rice season.

Prepared by: Pon Dorina and Phann Dalis

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sustainable agricultural production and secure equitable access to water resources;

- A cost-benefit analysis of rubber plantation development in Cambodia analysing trade-offs in rubber plantation development;
- A joint project on tropical forests for poverty alleviation—from household data to global analysis in five countries, aimed at advancing understanding

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Economy Watch—Indicators

Table 1. Private Investment Projects Approved, 1999–2007

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	Fixed Assets (USD m)											
Agriculture	9.8	0.4	40.3	3.7	12.3	26.8	126.5	216.9	0.0	154.6	19.1	2.1
Industry	109.4	105.2	67.7	137.2	187.9	914.6	401	769	1717	766	1427	512
<i>. Garments</i>	81.5	26.5	27.2	68.1	132.6	174.4	30.5	9.6	23.2	26.1	36.6	24.3
Services	150.1	118.4	145.3	168.4	91.8	155.5	60.7	2,043.2	94.5	740.7	335.7	138.0
<i>. Hotels and tourism</i>	79.8	73.8	47.1	124.1	55.9	102.6	0.0	26.2	3.5	315.3	140.3	55.0
Total	269.2	224.0	253.3	309.3	292.0	1096.9	227.3	2,337.0	266.2	971.9	497.5	191.3
Total	-	-	-	-	-	-	90.7	928.1	-88.6	265.1	-48.8	-61.6
Total	-40.0	-16.8	13.1	22.1	-5.6	275.6	-52.2	2331.2	-34.1	715.4	118.9	91.8

Including expansion project approvals. Source: Ministry of the Royal Palace, Investment and Enterprise Department

Table 2. Value of Construction Project Approvals in Phnom Penh, 1999–2007

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	USD m											
Villas and houses	16.4	15.9	23.4	20.0	30.3	45.5	10.1	5.7	7.6	9.7	10.9	22.8
Flats	174.8	167.8	179.9	91.6	167.6	204.2	39.9	51.8	67.1	54.5	59.9	35.0
Other	14.2	12.6	16.6	87.3	65.6	109.1	17.4	24.7	20.8	13.9	19.5	102.2
Total	205.4	196.3	219.9	198.9	263.5	358.8	67.4	82.2	95.5	78.2	90.4	160.1
Total	-	-	-	-	-	-	-6.2	22.2	16.1	-18.1	15.6	77.2
Total	-37.2	-4.4	12.0	-9.5	32.5	36.2	-36.5	-21.2	24.8	8.9	34.2	94.6

Source: Department of Cadastre and Geography of Phnom Penh Municipality

Table 3. Exports and Imports, 1999–2007

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	USD m											
Total exports	1056.2	1268.2	1453.2	1708.1	2108.1	2352.8	603.2	652.5	807.5	736.7	707.8	705.0
Of which: Garments	962.1	1202.2	1355.8	1628.4	2027	2253.3	568.5	632.4	782.0	716.0	677.5	688.2
<i>. To US</i>	714.1	840.9	943.4	1099.8	1270.9	1546.1	402.5	438.6	522.8	483.2	499.1	451.2
<i>. To EU</i>	228.1	323.3	356.3	414.7	590.8	503.1	110.6	142.2	188.1	160.1	106.3	163.1
<i>. To rest of the world</i>	19.9	38.0	56.1	113.8	165.3	204.1	55.3	51.6	71.0	72.8	72.0	73.8
Agriculture	94.2	66.0	97.3	79.7	81.2	99.5	34.7	20.2	25.5	20.7	30.3	16.8
<i>. Rubber</i>	29.6	25.9	29.7	35.1	38.3	36.7	7.8	9.8	13.6	10.2	8.4	6.9
<i>. Wood</i>	32.9	22.3	16.0	10.2	11.1	10.3	2.1	2.3	2.5	1.7	2.1	2.0
<i>. Fish</i>	5.4	6.0	4.3	2.8	10.6	10.1	1.9	1.0	1.6	1.4	0.7	0.4
<i>. Other</i>	26.2	11.8	47.4	31.6	21.3	42.6	22.9	7.0	7.7	7.5	19.0	7.5
Total imports	1417.7	1501.4	1707.8	1824.9	2149.0	2513	690.7	774.9	784.3	807.1	790.9	911.6
Of which: Gasoline	-	-	25.9	33.2	30.2	40.2	10.9	12.4	13.1	13.2	15.7	20.2
Diesel	-	-	100.8	109.6	109.4	93.1	32.5	32.2	30.1	27.2	31.9	36.6
Construction materials	-	-	12.9	80.8	95.3	134.7	37.0	39.1	42.5	35.8	44.1	47.3
Other	-	-	1568.2	1601.3	1914.0	2245	610.3	691.2	698.5	731.0	699.2	807.5
Trade balance	-361.5	-233.2	-254.6	-116.8	-40.9	-160.1	-87.5	-122.4	23.2	-70.4	-83.1	-208.1
Total garment exports	-	-	-	-	-	-	-5.4	11.2	23.7	-8.4	-5.4	1.6
Total exports	-	-	-	-	-	-	-6.4	8.2	23.7	-8.8	-3.9	0.4
Total imports	-	-	-	-	-	-	-0.03	12.2	-1.6	5.9	-2.0	15.5
Total garment exports	74.0	24.9	12.8	20.1	24.5	11.2	27.8	27.1	10.2	19.1	19.2	8.8
Total exports	12.2	20.1	14.6	17.5	23.4	11.6	30.3	26.7	10.6	14.3	17.3	8.0
Total imports	14.6	5.9	13.7	6.9	17.8	16.9	32.6	15.6	20.9	16.8	14.5	17.8

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

Table 4. Foreign Visitor Arrivals in Cambodia, 1999–2007

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	Thousands of passengers											
By air	351.7	408.4	523.0	456.0	626.1	856.5	275.4	204.4	224.2	325.0	373.6	275.6
By land and water	114.7	196.5	263.5	245.0	428.9	565.1	181.9	153.6	146.4	191.0	177.2	148.9
Total	466.4	604.9	786.5	701.1	1055.0	1421.6	457.3	358.0	370.6	516.0	550.8	424.5
Total	-	-	-	-	-	-	9.9	-21.7	4.1	39.2	6.7	-22.9
Total	26.8	29.7	30.0	-10.9	50.5	34.7	20.2	21.2	14.7	24.1	20.4	19.2

Source: Ministry of Tourism

Economy Watch—Indicators

Table 5. National Budget Operations on Cash Basis, 1999–2007 (Billions of riels)

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1*	Q2*	Q3*	Q4*	Q1*	Q2
Total revenue	1528	1530	1744	1764	2126	2625	595.9	731.5	732.2	1199.6	824.9	676.6
Current revenue	-	1521	1728	1733	2107	2474	593.2	726.9	716.8	844.9	824.9	676.6
Tax revenue	1096	1096	1227	1220	1577	1911	484.7	558.6	565.8	661.8	699.9	585.1
Customs duties	376	376	424	395	513	573	135.5	151.7	157.2	200.0	-	-
Domestic tax	-	-	-	-	-	-	-	-	-	-	-	429.6
Taxes on international trade	-	-	-	-	-	-	-	-	-	-	212.1	155.5
Non-tax revenue	424	424	501	513	530	563	108.5	168.3	151.0	183.1	125.0	87.0
Forest exploitation	28	29	15	7	2	3	0.5	0.7	0.3	0.9	-	-
Posts & telecom. communications	124	122	123	120	94	123	11.4	30.0	11.7	30.0	-	-
Property income	-	-	-	-	-	-	-	-	-	-	27.9	8.9
Sale of goods and services	-	-	-	-	-	-	-	-	-	-	88.8	70.7
Capital revenue	8	9	16	31	19	152	2.7	4.6	15.4	354.7	0.0	0.0
Total expenditure	2332	2332	2948	2757	2932	3295	932.1	1020.1	1030.6	1191.9	923.9	680.2
Capital expenditure	976	977	1388	1171	1163	1328	390.5	394.7	423.8	429.1	367.1	216.5
Current expenditure	1356	1355	1560	1586	1769	1967	541.7	625.4	606.9	762.8	556.8	463.7
Education and Health	344	343	454	473	518	351	80.3	202.3	150.1	281.3	-	-
Defence and Security	404	405	438	411	423	451	78.1	116.7	155.3	170.1	-	-
Other ministries	636	637	668	702	828	1165	383.2	306.4	301.5	311.4	-	-
Wages	517	509	587	615	640	711	140.5	210.3	230.6	240.6	199.7	164.3
Subsidies and Social assistance	-	-	-	-	-	-	-	-	-	-	61.9	119.3
Overall balance	-804	-802	-1204	-993	-806	-706	-336.3	-288.5	-298.5	7.7	-99.0	-3.6
Foreign financing	768	766	1249	886	864	1127	308.0	341.3	335.2	376.2	344.0	160.5
Domestic financing	36	37	-45	106	148	-396	28.3	-52.8	-36.7	-383.9	-245.0	156.9

Provisional for 2007. Q1 to Q2 based on preliminary estimates.

Table 6. Consumer Price Index, Exchange Rates and Gold Prices (period averages), 1999–2007

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	Consumer price index (percentage change over previous year)											
Provinces	5.4	-0.1	0.9	4.4	14.4	16.4	15.8	12.0	8.5	7.2	4.2	4.6
Phnom Penh - All Items	-0.8	0.2	3.3	1.1	3.9	5.8	6.1	4.5	4.9	3.4	3.0	4.6
- Foods	-3.4	-2.5	1.8	1.5	6.4	8.6	10.6	6.3	5.8	3.3	3.0	7.2
- Transportation	6.6	-4.2	0.3	4.9	9.7	11.4	9.7	10.0	10.1	6.8	5.2	5.0
	Exchange rates, gold and oil prices (Phnom Penh market rates)											
Riels per US dollar	3840.8	3916.3	3912.1	3973.3	4016.3	4119.7	4,094.8	4106.6	4145.3	4129.4	4063.0	4075.4
Riels per Thai baht	95.8	88.2	91.1	95.8	99.9	102.6	103.5	108.0	110.3	113.0	113.7	118.0
Riels per 100 Vietnamese dong	27.1	26.6	25.6	25.6	25.5	25.8	25.4	25.0	24.9	25.0	24.6	24.7
Gold prices (\$/dollar per chi)	33.3	32.8	36.8	41.4	46.3	54.0	64.2	72.2	73.0	72.8	77.7	79.8
Diesel (riels/litre)	1105	1329	1521	1508	2088	2633	2,867	3110	3333	3250	3067	3100
Gasoline (riels/litre)	1760	2113	2084	2150	2833	3442	3,767	4000	4200	4050	3750	3900

Sources: CDRMF, NS, Ministry of Planning, Ministry of Economy and Finance

Table 7. Monetary Survey, 1999–2007 (end of period)

	2000	2001	2002	2003	2004	2005	2006				2007	
							Q1	Q2	Q3	Q4	Q1	Q2
	Billions of riels											
Net foreign assets	2589	3080	3737	4027	4797	5475	6,410	6682	6958	7224	8056	9048
Net domestic assets	-759	-876	-849	-698	-467	-450	-699	-637	-497	-282	-263	-172
Net claims on government	3	-75	-119	-128	-209	-421	-755	-831	-892	-953	-1176	-1403
Credit to private sector	898	936	1059	1337	1817	2394	2,778	2997	3288	3628	4066	4537
Total liquidity	1830	2204	2888	3329	4330	5025	5,711	6045	6461	6942	7793	8876
Money	540	609	813	937	1153	1323	1,449	1512	1563	1658	1794	1748
Quasi-money	1290	1595	2075	2392	3177	3702	4,262	4533	4898	5285	5999	7128
	Percentage change from previous year											
Total liquidity	26.8	20.4	31.0	15.2	30.0	16.1	27.0	30.6	29.4	38.2	36.5	46.8
Money	1.7	12.8	33.5	15.3	23.0	14.7	20.9	24.4	22.2	25.3	23.9	15.7
Quasi-money	41.4	23.6	30.0	15.2	32.8	16.6	33.6	32.8	31.9	42.7	40.7	57.3

Source: National Bank of Cambodia

Table 8. Real Average Daily Earnings of Vulnerable Workers (at constant 2000 prices)

	Daily earnings (riels)									Percentage change from previous year		
	2000	2003	2004	2005	2006	2007			2007			
	Nov				Aug	Nov	Feb	May	Aug	Feb	May	Aug
Cyclo drivers	7594	8572	7614	7469	6063	7393	6534	9245	7126	-17	8	18
Porters	6233	6676	6895	6545	5238	7045	6010	9798	7704	-8	33	47
Small vegetable sellers	5256	6532	6947	6000	5197	6125	6125	8951	9116	-1	38	75
Scavengers	2718	3944	4446	4416	4266	3903	4530	5533	6038	-9	23	42
Waitresses*	2111	4932	4448	4426	4292	4498	4078	5150	4193	-13	21	-2
Rice-field workers	4198	4177	4139	4365	4137	4653	4126	4531	4561	0	0	10
Garment workers	6701	9577	9277	8816	9264	8957	11146	8347	9033	21	6	-2
Motorcycle-taxi drivers	8610	10092	9204	8201	6744	8386	9144	12,886	8979	3	47	33
Unskilled construction workers	5399	6558	6382	5918	6407	6028	5263	6075	5901	-15	-5	-2
Skilled construction workers	13127	13111	12679	10316	9833	9466	10215	11,892	11,723	-14	21	24

* Waitresses' earnings do not include meals and accommodation provided by shop owners.

Surveys on the revenue of waitresses, rice-field workers, garment workers, unskilled workers, motorcycle taxi drivers and construction workers began in February 2000. Source: CDRI

CDRI UPDATE

Management

In October 2007, CDRI's executive director participated in the third annual East Asian Institutes Forum, hosted by the Korean Institute for International Economic Policy, in Seoul. The forum, which brings together the heads of leading research and policy institutes from ASEAN, China, Korea and Japan, was this year on the theme "East Asian Economic Integration: Recent Developments and Key Agendas". The forum considered trade and investment, development cooperation and finance issues that will be critical for the future of east Asian economic integration and prospects for an East Asian Community.

In November, CDRI played a significant role in the Cambodia Investment Trade and Infrastructure 2007 conference, and Fifth Business Roundtable with the government, on the theme "Cambodia: the Right Place, the Right Time, for the Right Investment". CDRI contributed panellists to four sessions: the economic and business outlook for Cambodia; infrastructure development; manufacturing, SME development and agro-industry; and tourism, hotels and travel services. The conference attracted 600 local, regional and international participants from the private sector and investors.

Planning is now well under way for the 2008 Cambodia Outlook Conference, a partnership of CDRI and ANZ Royal, to be held in Phnom Penh on 28 February 2008, on the theme "Mobilising Cambodia's Resources—Human, Natural, Financial—for Quality Development, Growth and Prosperity". Prime Minister Hun Sen will again deliver the keynote address. Concurrently with the Outlook Conference, CDRI will launch its 2007–08 Annual Development Review.

Research

CDRI held a series of research dissemination workshops in the final quarter of 2007: a workshop on land titling in October, in cooperation with the Ministry of Land Management, Urbanisation and Construction, to disseminate the results of a baseline study of land titling in rural and urban areas; a November workshop on the final results of CDRI's major poverty studies, the Moving Out of Poverty Study, the Participatory Poverty Assessment of the Tonle Sap and the Impact of Regional Integration on Poverty; a two-day technical workshop on the dynamics of poverty studies in December to assist CDRI in designing a five-year poverty dynamics research programme; and a workshop on rural-urban migration of youth in Cambodia, also in December, to disseminate the results and of a one-year study funded by UNFPA.

Current major CDRI research and policy work includes:

- Development Analysis Network (DAN) joint cross-country fieldwork on Cross-border Labour Migration in the Greater Mekong Sub-region, marking a deepening relationship of this regional network, along with a DAN project on Agricultural Trade in the GMS;
- A study on leadership of local politics linked to the objectives of Cambodia's decentralisation and deconcentration reforms, along with a related analysis of the organic law on sub-national governance in Cambodia;
- A study on governance of water resources for poverty reduction, as part of CDRI's five-year water research capacity-building programme, to identify water resource governance arrangements that can promote

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