



CAMBODIA DEVELOPMENT REVIEW

A Publication of CDRI—
Cambodia's leading independent
development policy research institute

VOLUME 15, ISSUE 3

JULY-SEPTEMBER 2011

\$4.00

ADDRESSING IRREGULAR MIGRATION FROM CAMBODIA¹

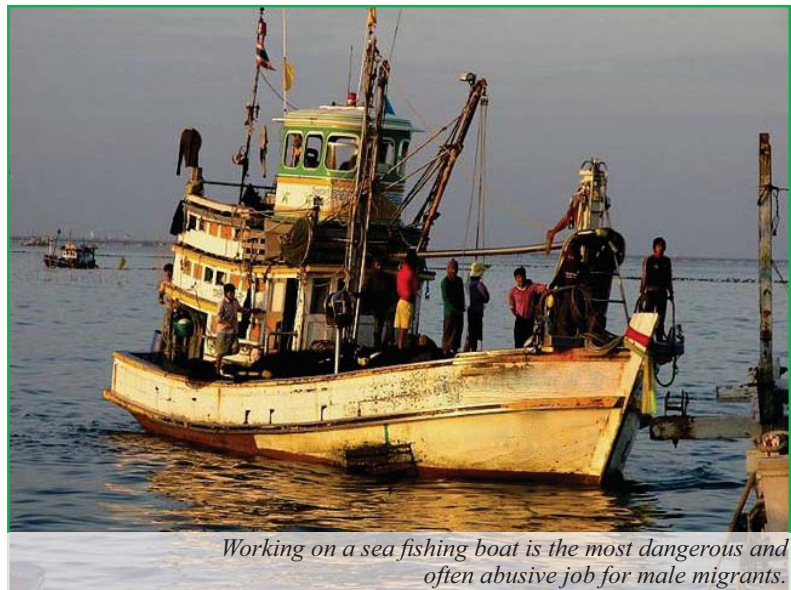
Introduction

In Cambodia, most migration is irregular, the journey usually facilitated by pioneer migrants or brokers. This has emerged as one of the most complex and intractable issues affecting the governance of labour migration. It is a management problem because journeys are often made outside the regulatory frameworks of sending and receiving countries, making them difficult to record and monitor. It is also a protection problem. Their illegal status puts irregular migrants at the gravest risk of abuse and exploitation by employers, often without access to legal protection. In the worst cases, they are victims of human trafficking. The serious gaps in policy and practice regarding irregular migration echo stronger needs for in-depth analysis and policy intervention and are a prime ground for this research.

Overview of Irregular Migration in Cambodia

Definition and Situation

Irregular migration is commonly defined as illegal movement to work in a country or movement without authorisation to work. It includes the case of persons migrating legally but later losing their legal status (due, for instance, to overstaying) (UN General Assembly; Brennan 1984; Global Commission on International Migration 2005; Le Voy & Geddie 2010; Lee 2005). The term “irregular” is used interchangeably with “undocumented”, “unauthorised”, “unofficial”, “informal” or “clandestine”.



Working on a sea fishing boat is the most dangerous and often abusive job for male migrants.

Irregular migration has been the most popular form of cross-border movement among Cambodian workers seeking jobs abroad. There are two streams of irregular migration. The first is short-distance migration along the Cambodian-Thai border. The jobs are usually agricultural, which migrants learn about from pioneer migrant relatives, friends or villagers. These pioneers facilitate job placement

In This Issue

Addressing Irregular Migration from Cambodia	1
Reconsidering the Impact of Migration on Older Age Parents: Evidence from Two Battambang Communes	7
Consolidating Gains, Preparing for Change: Cambodia's Labour Force and Diversification	12
Economy Watch—External Environment	15
—Domestic Performance	17
CDRI UPDATE	24

¹ This article is prepared by Hing Vutha, research fellow, and Lun Pide, research associate, at CDRI.

Table 1: Irregular Migrants in Thailand by Industry, 2009

Industry	Number of Workers			
	Cambodia	Laos	Myanmar	Total
Fisheries	14969	1800	39809	56578
Fisheries-related	6020	1180	129773	136973
Farming and livestock	24085	18035	179583	221703
Farming and livestock -related	7077	4469	62611	74157
Construction	32465	12635	175136	220236
Mining/quarrying	61	35	1747	1843
Wholesale and retail	4778	7565	30471	42814
Food and beverage (salespersons)	4483	13074	36668	54225
Housemaid	6578	21267	101945	129790
Others	24245	30794	321024	376063
Total	124761	110854	1078767	1314382

Source: Paitoonpong & Sukaraji (forthcoming)

and form networks linking the primarily rural households and the destinations in Thailand. This practice is widely regarded by migrants as relatively secure, convenient and cheap: there is no waiting time, no required documents and no complicated recruitment procedures. For those who buy a one-week border pass called bat, the initial cost of migration ranges from USD3.00 to USD5.50—taxi USD2.50 to USD5.00 and border pass USD0.50. Migrants need to renew the pass every week at the border. Alternatively, they can purchase a one-year pass for USD19. The second

category is long-distance migration to Thailand or Malaysia to work on fishing boats or as construction or factory workers. In most cases, migrants travel in small groups with a broker who escorts them to the workplace in Thailand. The basic services offered by brokers include transportation to the border and securing a work permit and a job in the destination country. Migrants have to pay the facilitation fee of USD100–200 in advance.

Thailand is the main destination of irregular migration from Cambodia. The International Organisation for Migration has said that there could

Table 2: Households and Their Migrant Members

	Regular	%	Irregular	%	Non-Migrant	%	Total
Households	16	3	293	56	217	41	526
Migrants	19	4	494	96	-	-	513
Females	6	3	171	97	-	-	177

Source: Chan (2009)

Table 3: Social Characteristics of Migrants and Non-Migrants

Migration type	Regular	Irregular	Non-Migrant
Average household size	5.0	5.6	4.8
Number of dependants*	1.6	2.2	2.1
Average age of migrants	28.6	27.8	-
Average years of schooling of migrants	6.8	4.3	-

* Household members who are less than 15 or over 54 year-old; Source: Authors' calculations based on survey data 2007

be 180,000 Cambodians unofficially working in Thailand. The Ministry of Labour of Thailand (Paitoonpong & Sukaraji forthcoming) estimates around 120,000 informal Cambodian migrants. According to the same source (Table 1), the largest numbers of irregular Cambodian migrants in Thailand are engaged in agriculture (42 per cent) and construction (26 per cent). Malaysia is the destination of the second largest number of undocumented Cambodian migrants, many of whom

Table 4: Sample Means of Daily Consumption and Value of Assets

		Mean			T-Value [†]		
		Regular (a)	Irregular (b)	Non-Migrant (c)	(b)–(a)	(b)–(c)	(a)–(c)
Consumption (riels/capita)	Food	1142.0 (478.5)	1168.6 (450.1)	1391.8 (469.4)	0.2	-5.3***	-2.0**
	Non-food	1223.0 (752.46)	877.2 (578.8)	990.4 (668.2)	-2.2**	-1.9*	1.2
	Overall	2515 (1155)	2249 (1241)	2641 (1367)	-0.8	-3.3***	-0.3
Assets (000 riels/capita) [‡]	2002	818.9 (727.2)	371.2 (517.3)	433.9 (562.5)	-3.3***	-1.2	2.5**
	2007	1265.9 (670.6)	665.5 (765.9)	721.1 (737.7)	-3.1***	-0.8	2.8***

Note: Standard deviation in parentheses. † Two-sample t-test of different means with equal variance.

‡ Excluding land and house. * Significant at 10% level. ** Significant at 5% level. *** Significant at 1% level.

Source: Authors' calculations based on survey data 2007

are from the Cham ethnic group. The most common route is to fly to Malaysia as a tourist and then seek a job without a work permit. Most of the unauthorised migrants to Malaysia seek jobs in construction and manufacturing.

Socio-economic Characteristics of Cambodian Irregular Migrants

More than half of the households in the sample² have migrant family members, a large majority of them irregular. Females account for about a third of migrants (Table 2). Both regular and irregular migrants are predominantly in their late 20s. Their average household size is comparable to that of non-migrants, around five persons. The difference in education between regular and irregular migrants is significant (Table 3).

Households with irregular migrants had a lower economic status than regular migrants and non-migrants. Table 4 indicates that irregular migrants spent 19 per cent less on food than non-migrants, but just slightly more than regular migrants; the latter difference is not statistically significant. Non-food consumption of irregular migrants was around 40 per cent less than that of regular migrants and 13 per cent less than that of non-migrants. Overall consumption of irregular migrants was 17 per cent

less than that of non-migrants. The value of assets of irregular migrant households was about half that of regular migrants (in both 2002 and 2007).

Causes of Irregular Migration

Reasons for irregular migration are mixed. We argue that labour policy and labour market conditions in host countries are partly to blame for the huge flow of Cambodian informal migrants. There is a mismatch between labour demand and labour supply in host countries along with a black market with strong networks to supply workers. Lacklustre law enforcement against employers who hire illegal workers encourages employers to recruit labourers from the black market. In the case of Thailand, the imbalance is evident in the registration of irregular workers since 1992 (Paitoonpong & Sukaruji forthcoming). As of 2009, 124,761 Cambodian informal migrants had been registered (*ibid*).

Problems in their homeland also push people out. Internal conflicts and political instability are no longer a major concern for Cambodians; economic issues, particularly poverty, are now primary. Table 4's consumption figures indicate that the migrants are living just below the poverty line. Many people migrate simply to escape from poverty. Internal migration to urban areas is a choice, but jobs are limited to low-skilled labour-intensive sectors such as construction and garments.

Why don't people opt for legal migration? Socio-economic characteristics of migrants provide no inference that socio-economic differentials influence

² The survey was conducted by CDRI in late 2007 for "Costs and benefits of cross-border labour migration in the GMS: Cambodia case study". It interviewed 526 households from six villages with a high incidence of migration.

their decisions. In other words, those people are not born to be illegal workers; they choose the methods that are available and affordable to them. Chan (2009) argues that the high initial cost of legal migration is a main reason for the preference for illegal movement even though the net benefit from the former is higher. He finds that to secure work legally in Thailand, a worker needs around USD700, an amount that most Cambodian rural workers cannot afford. Costs are much less if they migrate irregularly. The qualitative data also confirm Chan's argument in that poorer irregular migrants show no interest in seeking jobs through a legal recruitment agency. While legal migration to Thailand may take three to six months, illegal migration takes only a few days and requires fewer or no documents.

Geographical proximity further encourages the flow of informal migrants (Battistella 2002). Cambodia shares an 803 km land border with Thailand that has many informal entrances. Such a long border makes control difficult. Finally, established networks also facilitate the movement of irregular migrants who often depend on friends or relatives working in the host country. This type of network reduces the costs of job seeking and increases the possibility of employment (Chiuri *et al.* 2005).

Issues and Challenges of Irregular Migration

Irregular migrant workers face a higher risk of being exploited and denied fundamental rights such as access to health care and education (IOM 2003). Abuse by employers is well documented, including forced overtime, wage cuts and sexual harassment, lower than average wages and poor working conditions.

Naro (2009) compiled case studies of Cambodian migrants mistreated by their employers, some of them having to work long hours for low wages, while others were physically harmed when they refused to follow instructions. Marshall (2001) provided evidence of Cambodian children trafficked as beggars and flower vendors in Thailand, while female migrants are forced to be sex workers. According to UNIAP (2010), every year thousands of Cambodians are trafficked to Thailand. Men are often trafficked to work on fishing boats or as construction workers. Women are trafficked to the entertainment industry, including prostitution.

Working on a sea fishing boat is the most dangerous and often abusive job for male migrants. Besides being underpaid, migrants experience harsh working conditions: they face severe physical punishment if they are found to commit a fault; they have to work up to 15 hours a day; and there are reported cases of migrants being forced to take drugs so they can stand heavy work (ICSW 2007). Some of the migrants are trafficked and sold without knowing, hence have to work many years to repay the debt (*ibid*). In addition to exploitation, many Cambodian irregular migrants are unable to access social services such as health care and education for their children, because avoiding authorities is the only way to secure their clandestine status.

Regulatory Approach to Irregular Migration

There is an international consensus that irregular migration needs to be addressed in a holistic and comprehensive manner by looking at its causes, responding to its effects and improving international cooperation.

Address the Causes of Irregular Migration

Extreme poverty, high costs of legal migration and malpractice by some private employment agencies push Cambodian workers to migrate via informal channels. Interventions that address these push factors would reduce informal migration.

Strengthening the development of communities of origin: The preceding analysis indicates that households choose migration to escape from extreme poverty and local economic hardship. Although there is not yet firm empirical evidence on the relationship between development and migration, community development might diminish migration by helping to overcome the reasons migrants undertake irregular migration. Possible priority measures for community development include increasing agricultural assistance; improvement of rural infrastructure; increasing access to natural resources; and strengthening public service delivery, especially education and health. Development assistance needs to be targeted at communities with high rates of migration.

Open legal migration opportunities: With few options available for regular migration, irregular migration has become the only affordable channel for most Cambodian migrant workers. There is international consensus, as expressed in the

2003 ILO Asia Regional Tripartite Meeting in Bangkok, that easy and transparent legal migration opportunities could be part of an effective response to irregular migration. The most important priorities for Cambodia's legal placement system are to streamline administrative procedures, speed up facilitation services and reduce placement costs.

Regulating private employment agencies: Repeated serious incidents of non-compliance and malpractice suggest an urgent need for strong regulation of recruitment agencies. Recruitment and placement need to be strictly regulated through the licensing system, in which the responsibilities of agencies, conditions for recruitment and penalties for violation and performance guarantees should be clearly defined. Good regulations also need to be accompanied by active monitoring to ensure maximum compliance. Monitoring should include, but not be limited to, obtaining reports by agencies on job placement and employment status of those deployed; and periodic visits or inspections by state agencies or their representatives.

Protection and Well-being of Migrant Workers

Intensifying education and awareness raising: Better information means better protection, and we therefore recommend intensified education and awareness raising before departure. Information can be disseminated through creation of national and provincial migration resource centres. Among the important functions of the centres would be to register prospective migrant workers and provide information via booklets, posters, counselling, tours, mass media, meetings, workshops and seminars.

Expanding support services: Posting labour attachés in Thailand and Malaysia, where most Cambodian migrants work, is one way to strengthen support services. Their functions should include developing a strong working relationship with the host country on labour issues; monitoring the treatment of migrant workers; providing legal assistance against contract violations, abuse or exploitation; providing advice on problems with contracts or employment; and ensuring that irregular migrants are protected and facilitated in repatriation.

Strengthening International Cooperation

Migration is inherently a multilateral issue, making international dialogue and cooperation

essential for orderly and regulated labour migration (ILO 2010). Irregular migration can best be addressed in bilateral and regional frameworks complementing national policy.

Strengthening bilateral cooperation: Cooperation between sending and receiving countries proves to be effective in addressing irregular migration. The MoU signed by Cambodia and Thailand in 2003 is a showcase of effective collaboration to address migration issues. While the primary goal is a framework for recruiting Cambodians to work in Thailand, the MoU also seeks to convert Cambodian undocumented workers to legal migrants. The two governments jointly undertook regularisation by providing certificates of identity to undocumented workers, with which they apply for a two-year work permit. Cambodia should also ask Malaysian government to consider regularisation for irregular Cambodian workers.

Toward an integrated Greater Mekong Subregion labour market: Cross-border labour movement across the GMS has been dynamic, with Thailand being a major labour market destination and Cambodia, Laos and Myanmar being sources of unskilled labour. Despite the magnitude of intra-regional labour flow and its economic importance, there is no subregional regulatory or institutional framework to facilitate labour movement. The GMS should work toward an integrated labour market. This proposal can be of benefit to every participating country. For labour-scarce countries like Thailand, access to an integrated regional labour market can guarantee a steady and reliable supply of workers, which is critical to sustaining competitiveness in many labour-intensive sectors. For labour-abundant countries like Cambodia, easier movement of workers can ease unemployment pressures. The initial step to achieve this is to include labour migration in the GMS-wide development agenda and then create an expert forum to explore the feasibility and provide recommendations to leaders.

ASEAN economic integration and free movement of labour: Intra-ASEAN migration has been phenomenal, yet it has happened without a regional regulatory or institutional framework. Not until 2007 did ASEAN leaders sign a Declaration on the Protection and Promotion of the Rights of Migrant Workers. The declaration is perceived by many as an important first step towards greater protection and respect for migrant workers' rights,

but the delay in drafting the framework instrument suggests that ASEAN needs to step up its ensuring of commitments under the declaration. ASEAN needs to adopt necessary guidelines and regulations and set up institutional mechanisms to ensure smooth implementation and effective monitoring. These tools shall be incorporated in the legally binding ASEAN Framework Instrument.

Conclusion

The preceding analysis clearly suggests that irregular migration has emerged as a major issue in the governance of migration in Cambodia. Addressing it is a priority policy issue, and it requires a holistic and comprehensive approach involving policy and programmatic interventions at all stages of migration by a range of those concerned. The success of managing irregular migration in Cambodia depends not only on the country's ability to transform "migration as survival" into "migration as choice" but also on how regional organisations like the GMS and ASEAN and the international community respond to this issue.

References

- Battistella, Graziano (2002), "Unauthorized Migrants as Global Workers in the ASEAN Region", *Southeast Asian Studies* 40(3), pp. 350–371
- Brennan, M. Ellen (1984), "Irregular Migration: Policy Responses in Africa and Asia", *International Migration Review* 18(3), pp. 409–425
- Chan Sophal (2009), *Costs and Benefits of Cross-Country Labour Migration in the GMS: Cambodia Country Study*, Working Paper No.47 (Phnom Penh: CDRI)
- Chiuri, M. Concetta, Giuseppe de Arcangelis & Giovanni Ferri (2005), *Crisis in Countries of Origin and Illegal Immigration into Europe via Italy* (Geneva: Global Commission on International Migration)
- Global Commission on International Migration (2005), *Migration in an Interconnected World: New Directions for Action* (Geneva: Global Commission on International Migration)
- Hing Vutha, Lun Pide & Phan Dalis (2011), "Labour Migration Situation and Policy Framework in Cambodia", *Annual Development Review 2010–2011*, pp. 83–102
- International Council on Social Welfare (2007), *Trafficking and Related Labour Exploitation in the ASEAN Region* (Utrecht: ICSW)
- International Labour Organisation (2010), *International Labour Migration: A Rights-based Approach* (Geneva: ILO)
- International Organisation for Migration (2003), *Labour Migration in Asia: Trends, Challenges and Policy Responses in Countries of Origin* (Geneva: IOM)
- Lee, L. Tang (2005), *Statelessness, Human Rights and Gender: Irregular Migrant Workers from Burma in Thailand* (Leiden: Koninklijke Brill NV)
- LeVoy, Michele & Eve Geddie (2010), "Irregular Migration: Challenges, Limits and Remedies", *Refugee Survey Quarterly* 28(4), pp. 87–113
- Marshall, Phil (2001), *Globalization, Migration and Trafficking: Some Thoughts from the South-East Asian Region*, (Kuala Lumpur: UN Inter-Agency Project on Trafficking in Women and Children in the Mekong Subregion)
- MLVT (2010), *Policy on Labour Migration for Cambodia* (Phnom Penh: Ministry of Labour and Vocational Training)
- Naro, Neth (2009), *Human Trafficking in Cambodia: Reintegration of the Cambodian Illegal Migrants from Vietnam and Thailand*, Working Paper No 181 (Singapore: S. Rajaratnam School of International Studies)
- Paitoonpong, Srawooth and Chothiga Sakuruji (forthcoming), *Managing International Labour Migration in ASEAN* (Bangkok: Thailand Development Research Institute)
- Shah, Nasra (2009), *The Management of Irregular Migration and Its Consequences for Development: Gulf Cooperation Council*, Working Paper No.19 (Bangkok: International Labour Organisation)
- Stoyanova, Mariya (2008), *Challenges of Irregular Migration* (Geneva: Friedrich Ebert Stiftung)
- UN General Assembly, "Resolution 3449: Measure to Ensure the Human Rights and Dignity of All Migrant Workers", <http://www.un.org/documents/ga/res/30/ares30.htm> (accessed 27 August 2010)
- UNIAP (2010), *Human Trafficking Sentinel Surveillance: Poipet, Cambodia 2009-2010* (Bangkok: United Nations Inter-Agency Project on Human Trafficking)

Reconsidering the Impact of Migration on Older Age Parents: Evidence from Two Battambang Communes¹

Introduction

The movement of people from rural areas in developing countries to cities and across borders, primarily in search of employment, is an inescapable consequence of development and the globalisation process. This type of labour migration has become persistent and an accelerating reality in many developing countries, including Cambodia (Chan 2008). However, how this impacts on family members including intergenerational solidarity remains a matter of considerable debate. International forums concerned with advocacy and mass media accounts tend to view migration as undermining the family and leading to the loss of economic, social and psychological support and personal care for elderly parents from absent children (Knodel *et al.* 2010). Older people being left behind to fend for themselves in rural areas due to the emigration of their adult children has also been a common account in the Cambodian literature (FitzGerald *et al.* 2007; Murshid 2007).

Meanwhile, there are alternate perspectives that view the impact of migration on the family in the developing world in a less negative light. In much of this literature, migration is seen as part of a household strategy to diversify risks for families and benefit both migrant and non-migrant members, including older age parents who typically remain behind in the place of origin. However, the focus of these studies is typically limited to economic exchanges rather than the fuller range of support that

children potentially provide parents, such as social interaction, assistance with daily living and caregiving services related to health. One perspective that does consider a broader range of impacts and focuses more broadly on how family relations and structures change as societies pass from agrarian to industrial and then to post-industrial forms is that of the “modified extended family”. Rather than development leading to the demise of extended family relations, a modified form emerges that is adapted to the changed circumstances. According to this view, advances in technology, especially transportation and communication, permit family members to maintain close contact and to fulfil some, if not all, of the responsibilities to each other, including obligations to older age parents that previously required geographical proximity (Knodel *et al.* 2010).

Research Questions

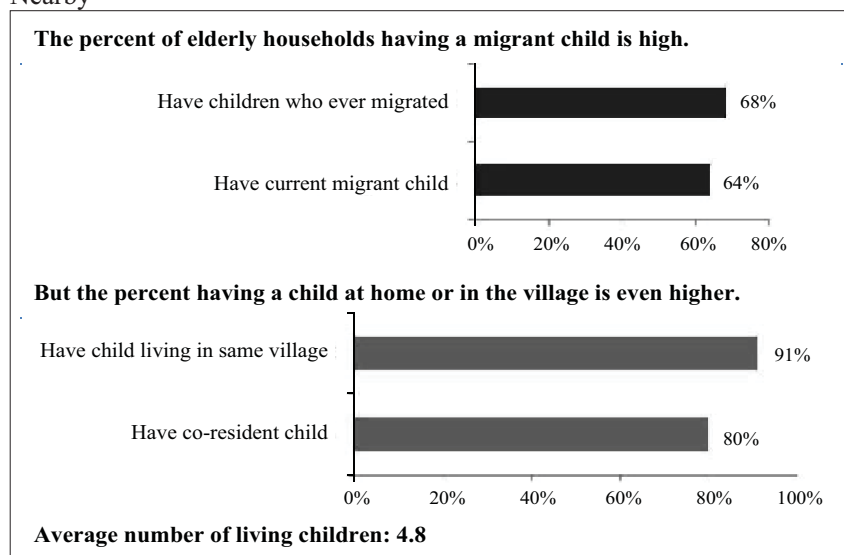
The overarching questions addressed in this research are: How does migration of adult children affect the well-being of rural older age parents who remain behind, and how does this migration impact intergenerational solidarity? More specifically, the study seeks to examine whether the migration of adult children leads to the desertion and neglect of older parents, whether types of intergenerational exchanges differ depending upon the location of children, whether migrants and their parents maintain social contact and whether the net balance of material exchanges over the duration of the separation favour parents or children.

Research Methods

The study was undertaken in two communes of Battambang province in June 2010. Traeng commune in Rotanak Mondol district lies on the western side of the province, near but not along the border with Thailand. Highway 67, a main road that connects the Battambang provincial capital and the provincial capital of Pailin province, runs through

¹ This article was prepared by Hak Sochanny, Oeur Il, So Dane, Khuon Chandore, Chen Sochoeun, Houn Kalyan and John McAndrew, who were all staff members of the Analysing Development Issues (ADI) project of the Cooperation Committee of Cambodia at the time of the study. The researchers gratefully acknowledge the collaborative contributions of Professor Zachary Zimmer of the University of California, San Francisco, and Professor John Knodel, Population Studies Center, University of Michigan. Collaborative support was provided by the Doha International Institute of Family Studies and Development.

Figure 1: Older Age Households with Migrant Children and Children Living Nearby



This indicates that the elderly parents had not been left alone despite the high migration rates of their children. This may be explained by the high fertility rate of this cohort of parents. On average, the respondents had 4.8 living children. This allowed some children to migrate and others to remain behind in the homes or villages of their parents (Figure 1).

The study also compared living arrangements between respondents who had a current migrant child and those who did not. If older age parents with a migrant child were typically left

alone, we would expect large percentages of them to live without a child in the household. This was not the case. More than three-fourths of the respondents with a current migrant child also lived with a child. Interestingly, respondents with a current migrant child were less likely to live alone than respondents with no current migrant child, although the former were more likely than the latter to live only with a spouse or with a grandchild but no child. However, the differences in all these cases were small (Figure 2).

alone, we would expect large percentages of them to live without a child in the household. This was not the case. More than three-fourths of the respondents with a current migrant child also lived with a child. Interestingly, respondents with a current migrant child were less likely to live alone than respondents with no current migrant child, although the former were more likely than the latter to live only with a spouse or with a grandchild but no child. However, the differences in all these cases were small (Figure 2).

Living Arrangements of Parents and Children

The study defines migrants as children who have moved away from home, out of the districts of their parents. Children who remained in the original districts of their parents after their parents had migrated to the study sites were not considered as migrants. The findings of our study indicate that migration but not desertion characterises the older age households surveyed. A high percentage of the elderly households reported having a migrant child. Yet an even higher percentage stated that they had a child living at home. Just less than two-thirds of the respondents had a current migrant child while four-fifths had a co-resident child.

Migration Impacts on Parents' Well-Being

Migration of adult children from rural areas is often said to erode the well-being of elderly parents. Our findings do not support this observation. In general, the situations of elderly parents with or

Figure 2: Living Arrangements of Older Age Respondents

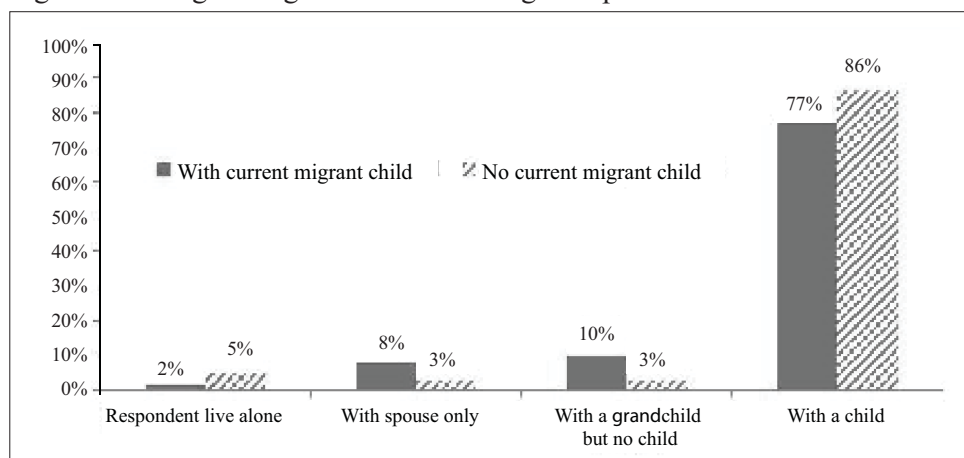


Table 1: Selected Indicators of Respondents' Well-Being, by Migration Status of Children

	Migration status		
	Has current migrant child	Has no current migrant child	Total
Number of cases	171	94	265
Wealth score ¹ (mean)	4.8	4.6	4.8
Percentage of those who do not have land	36	21*	31
Physical ability score ² (mean)	4.5	4.6	4.5
Percent with daily activity limitation ³	10	7	9
Family satisfaction score ⁴ (mean)	7.4	7.5	7.4
Psychological well-being score ⁵ (mean)	11.1	11.4	11.2

Significance level: *=.05 level based on chi-square test and T-test.

1. Measured as a summed score of 13 household items plus two housing characteristics.
2. Physical ability score is based on respondents' perception on three measures; ability to walk 200 metres, ability to lift a 5 kilogram bag of rice and ability to maintain the house, all without help from others. Highest score is 6 and lowest 0.
3. A limitation with an activity of daily living means that either respondent or spouse needs help caring for themselves, such as bathing and getting dressed.
4. Family satisfaction score is based on respondent's perception of how the family gets along and depends on each other and how children are doing with their lives. Highest score is 9 and lowest 3.
5. Psychological well-being score is based on respondent's perception on six measures. Highest psychological well-being score is 18 and lowest 6.

without migrant children were comparable. Indeed, their mean wealth scores, physical ability scores, family satisfaction scores, psychological well-being scores and the percentage with daily activity limitations are virtually the same. At the same time, respondents with a current migrant child reported significantly higher rates of landlessness than respondents without a current migrant child (Table 1). This is not surprising since households without land would be under greater pressure to have

children work as migrants.

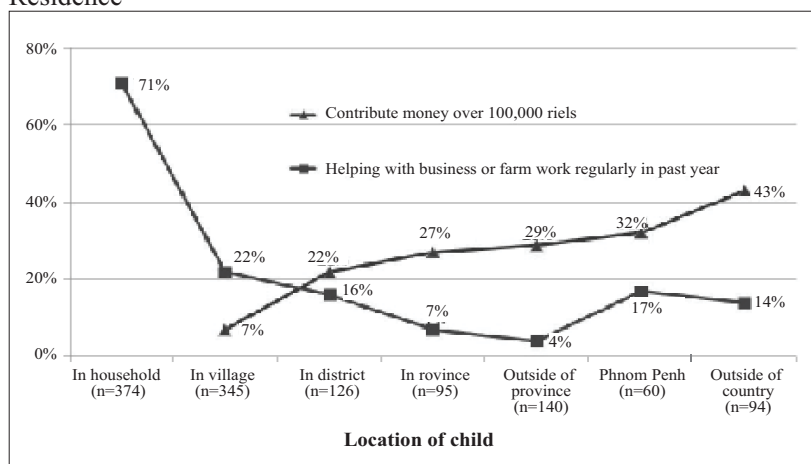
The proportion of respondents with all children outside the village (and who thus may be considered to have been left behind) is less than 10 per cent. Still, many are landless and poor. Their incidence of landlessness is much higher than for respondents with a co-resident child, and their average wealth score is much lower (Table 2). Of note, 18 of the 23 respondents in this group are females and 13 of these females are not currently married.

Table 2: Selected Indicators of Respondents' Well-Being, by Location of Nearest Child

	Location of nearest child		
	In household	In village	Outside village
Number of cases	212	30	23
Wealth score (mean)	5.1	3.3	3.3***
Percentage of those who do not have land	25	40	74***
Physical ability score (mean)	4.5	4.7	4.6
Percent with daily activity limitation	9	13	4
Family satisfaction score (mean)	7.6	6.6	7.1***
Psychological well-being score (mean)	11.4	10.1	10.8**

Significance levels: **=.01 level; ***=.001 level based on chi-square test and ANOVA test. For definitions, see Table 1.

Figure 3: Children's Contributions to Parents, by Child's Place of Residence



Note: The high percentages of children in Phnom Penh and outside the country helping with business or farm work regularly in the past year were due to the fact that they were recent migrants, away for less than one year.

Material and Monetary Support

Migration of adult children from rural areas has been said to leave elderly parents behind to work on their farms with no one to help (Murshid 2007). Our empirical evidence does not support this contention. While children who live with or near their parents provide more regular help with business or farm work, children who live further away contribute more money. This suggests that children make different and complementary contributions to their parents, depending on their place of residence. Children who live with their parents make valuable contributions by providing regular help with business and farm work. The value of this support is crucial and should not be underestimated. Children working outside the district, within Cambodia and outside the country, contribute important monetary support (Figure 3).

Social Contact between Parents and Children

Social contact between parents and adult children is valued in Cambodia. The migration of children away from their parents reduces opportunities for sustained day-to-day interaction and thus threatens to undermine this value. While migration may contribute positively to the economic well-being of migrant families, it may also erode relationships between parents and children. In the past, long

distances separating parents and children prohibited regular monthly visits, and phone connections were not available. Now the advent and wide use of mobile phones greatly facilitates parents and migrant children communicating over long distances. We found that a majority of children living outside the district of their parents, either within or outside Cambodia, talked and/or had visits with their parents at least once a month. Both groups relied heavily on phone calls rather than visits to maintain contact. These levels of interaction are somewhat lower but compare favourably with those of children living outside the village but

within the same district as their parents, i.e. with those of children whom this study does not consider to be migrants (Figure 4).

Material and Monetary Exchanges

Exchanges of support and services between parents and migrant children can flow in either direction or not at all. Parents often provided material support to migrant children, especially in financing costs incurred during the early stages of migration. Among the 344 migrant children away for at least one year, 48 percent received help from their parents to pay migration expenses. Meanwhile, 56 percent of the migrant children away for at least one year provided their parents with regular financial support as migrants. Moreover, 55 percent of 256 migrant children who were away for one year contributed

Figure 4: Children Outside the Village Who Maintain Contact with Parents at Least Once a Month

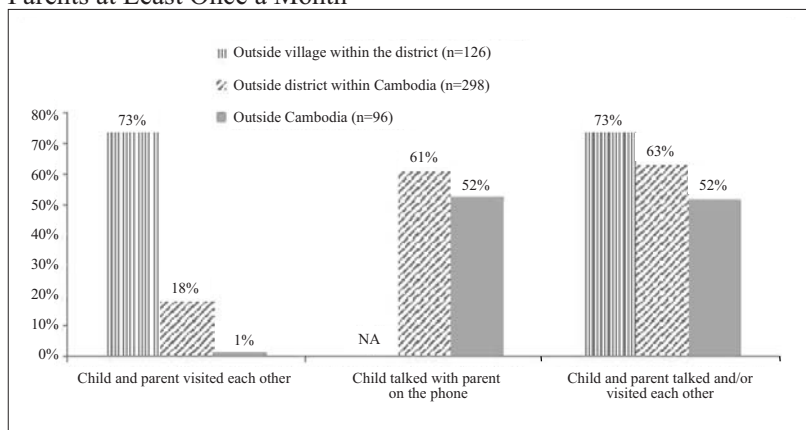
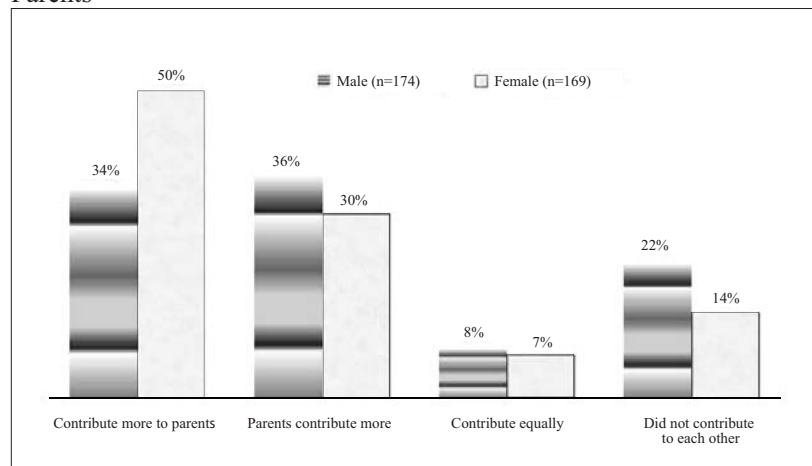


Figure 5: Direction of Contributions between Migrant Children and Parents



to the medical expenses of parents who incurred them.

During the entire time that the migrant children were away, a higher proportion (42 percent) were said to have contributed more to their parent's material support (food, money, assets) than their parents (33 percent) contributed to theirs, although these findings clearly indicate that there is considerable variation in situations with respect to who benefits more. Still, this underscores that a net positive flow in the direction of the parents predominates. Of note, the proportion of female migrants who contributed to this net positive flow was significantly higher than that of male migrants (Figure 5).

Conclusions

Contrary to the view that the migration of adult children in Cambodia has negative social and economic consequences on elderly parents, our research indicates generally positive impacts on the well-being of older age parents. The high average number of living children among the respondents allows them to benefit from complementary contributions from co-resident children, those living nearby and migrant children. Similarly, the migration of adult children does not have a negative impact on intergenerational solidarity. Mobile phones enable parents and migrant children to maintain social contact with each other. This lends some support to the idea that "modified extended family" relationships are emerging between older age parents and migrant children in Cambodia.

While our study reveals generally positive impacts of migration on older age parents, there is one area

of particular concern. Respondents with all children outside the village are fewer than 10 percent, but many are landless and poor. In comparison especially to respondents with a co-resident child, their incidence of landlessness is much higher and their average wealth much lower. Government and NGO policies and programmes developed to mitigate the adverse effects of migration would do well to target such people.

Despite the fact that our study shows intergenerational solidarity between parents and both migrant and non-migrant children, it takes

place within an overall context of poverty. The wealth of elders is not great, and one can imagine that it would be less so without the help of children. It is possible that children play a role in limiting the impact of rural poverty, but poverty still exists. While opportunities for migration will help many rural elders through the support of their migrating children, there is reason to be cautious. Families with fewer children and a future of declining family size could impact on intergenerational exchanges.

References

- Chan S. (2008), "The Political Economy of Managing Labour Migration", *Cambodia Development Review*, Volume 12, Issue 1, pp. 1-4
- FitzGerald, I., So S., Chan S., Kem S. & Tuot S. (2007), *Moving Out of Poverty: Trends in Community Well-being and Household Mobility in Nine Cambodian Villages* (Phnom Penh: Cambodia Development Research Institute)
- Knodel, J., J. Kespichayawattana, C. Saengtienchai & S. Wiwatwanich, (2010), "How Left Behind are Rural Parents of Migrant Children: Evidence from Thailand", *Ageing and Society*, Volume 30, Issue 5, pp. 811-841
- Murshid, K.A.S. (2007), "Chapter 7: Domestic and Cross-border Migration from the Tonle Sap", in Brett M. Ballard (ed.), *We Are Living with Worry All the Time: A Participatory Poverty Assessment of the Tonle Sap* (Phnom Penh: Cambodia Development Research Institute)

Consolidating Gains, Preparing for Change: Cambodia's Labour Force and Diversification

"Education allows people to become resourceful and search for answers to solve their own problems... [it] is the foundation of peace and development."

H.E. PAK Thavin, Director General of Higher Education, Ministry of Education, Youth and Sport

Driving Productivity in Cambodia's Labour Market¹

Cambodia has a young, mobile and dynamic population. With appropriate policy, this "demographic windfall" has the potential to be a huge asset in driving and diversifying growth.

Cambodia's labour force has been a vital ingredient in the country's on-going economic transition. Traditionally, low cost labour has been an important factor in attracting foreign investment to Cambodia, particularly to the manufacturing sector. This investment has provided thousands of jobs as well as given Cambodia a firm foot-hold on the industrial ladder.

While low cost labour has given Cambodia a needed leg up, consolidating these gains and realising a diversified economy will require a concerted policy push on the part of government. Key is the government's ability to provide the labour force with the skills necessary to drive diversification, as well as improving labour productivity in traditional sectors such as tourism and garments.

There are some core areas and constraints that government labour policy must prioritise. A key aspect of diversifying growth is increasing labour productivity in the agricultural sector. This will have the effect of driving agricultural output, but also releasing excess agricultural labour into the highly productive industrial and service sectors.

To effectively harness the productive potential of excess agricultural labour, as well as Cambodia's "demographic windfall", the government will have

to build the capacity of Cambodia's current education and vocational training systems. These frameworks will need to provide good quality education to a broad intake, and develop the skills necessary to drive Cambodia's economy forward in the future.

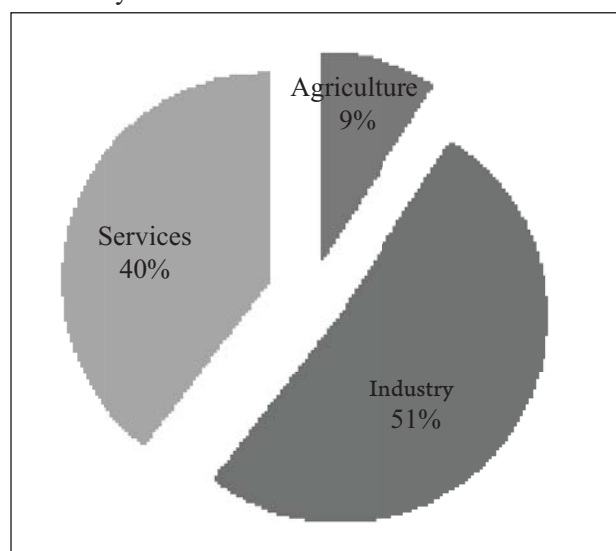
Labour Productivity in the Agricultural Sector

Taking a broad view, it is clear that Cambodia's labour distribution is of sub-optimal efficiency. Important in this regard is the issue of labour productivity in the countryside.

Given that the majority of the labour force is employed in the agricultural sector, its contribution to GDP is underwhelming. Employment in agriculture in 2008 accounted for 72 percent of Cambodia's total work force, yet it constituted just 33 percent of GDP. In contrast, the 8.6 percent of the population employed in industry contributed 22.4 percent to GDP; the service sector employing 19.3 percent contributed 38.8 percent of GDP.

The per capita contribution per unit of GDP growth is unevenly distributed between sectors (Figure 1). It

Figure 1: Per Capita Contribution per unit of GDP Growth by Sector



Source: adapted data from Dr Heng's presentation to the Cambodia Outlook Conference, 16 March 2011

¹ This piece is a reprint of a Cambodia Outlook Brief prepared by Ben Flower, a CDRI Research Intern, based on the 2011 Cambodia Outlook Conference presentations by H.E. Dr Heng Sour, Director General, General Department of Administration and Finance, Ministry of Labour and Vocational Training, Royal Government of Cambodia (RGC); Ms Sandra D'Amico, Managing Director HR Inc. Cambodia and Vice President of the Cambodian Federation of Employers and Business Associations (CAMFEBA); and, H.E. Pak Thavin, Director General, Directorate General of Higher Education, Ministry of Education, Youth and Sports, RGC.

is clear that a worker in agriculture is proportionally much less productive than one who is in industry (the most productive) or in the service sector.

In response the government has focused on increasing labour productivity in the agricultural sector, disseminating new skills, technology and training to the rural labour force. The national budget has provided significant support to provincial agricultural training centres to provide training programmes in cultivation methodology, producing fertiliser, post harvest storage, multi-crop production in between seasons and basic entrepreneurship.

A number of specific projects have implemented this capacity-building agenda. These include the National Training Fund for Poverty Reduction, provided by provincial offices of the Ministry of Labour and Vocational Training (MLVT), the Special Training for Ethnic Minorities and the SAMDECHTECHO Special Training Fund.

Development partners' resources have also been mobilised to address the problem of an under-skilled rural labour force. The ADB has been especially visible in this regard as part of its GMS initiatives. Projects include the Voucher Skills Training Programme (VSTP), the Post Harvest and Skills Bridging Programme, and the Strengthening Technical, Vocational and Educational Training in the rural labour force programme.

Increasing the productivity of agricultural labour should be complemented with policy that harnesses the latent productive potential of excess rural labour. Government action in improving access to and capacity of education and vocational training to prepare is of paramount importance. Only this two pronged approach will redress Cambodia's inefficient distribution of labour, increasing per capita productivity in the agricultural sector and training excess labour in preparation for work in the service or industrial sectors.

Broadening Access and Building Capacity in Education

It is vital to address skills shortages in the Cambodian labour market to develop an adaptable, flexible and productive workforce that is able to meet the demands of economic diversification. Key to this is improving both the standard of education and to broaden access, particularly among underrepresented groups.

Indicative of shortcomings in the education system, the World Bank's 2007 Investment Climate Survey

found that 15.5 percent of employers identify skills and education as a "severe or very severe" constraint to the operation and growth of their business. Skills constraints are more important for large and medium firms (18.8 percent and 21.8 percent respectively) than small firms (12.8 percent) and for foreign firms (22 percent) than local firms (13.5 percent). A recent rapid assessment by HRINC shows preliminary data supporting the 2007 study. Skills shortages among senior management (64 percent) middle management (48 percent) and professional staff (50 percent), are major constraints on firms' growth.

The government has set education sector reform as a priority in response to this issue. The Rectangular Strategy –Phase I and II, and the Education Strategic Plan (ESP), have aimed to promote growth, employment, improve quality, and human resource development, and also create partnerships between the public and private sector in higher education.

The private sector has been the driving force behind the rapidly growing number of Higher Education Institutions (HEIs) in Cambodia. The number of HEIs has sharply increased from around 10 in the 1990s to 90 in 2011, educating over 195,000 students, with 37 percent being female. These institutions have been critical to Cambodia's social, economic, as well as cultural and artistic development.

Despite the massive and continuing growth in the number of HEIs, a number of issues have to be addressed to ensure the sector's sustainable growth and optimise labour force development outcomes. A key issue is regulation and quality of the education offered by these institutions. Most HEIs fall short of international standards in core areas such as research, governance and teaching. Compounding limitations in institutional capacity are the lack of teaching and research materials, such as books, up-to-date ICT, laboratories etc.

There are also issues with access to HEIs. There exist huge disparities regarding rates of enrolment between rural and urban populations, which are heavily weighted in favour of the urban elite.

The 2009-2013 National Strategic Development Plan (NSDP) Update is tackling these challenges by targeting both the capacity and reach of higher education institutions. Increased access to higher education will be facilitated through scholarships for underrepresented groups (e.g. poor, women, ethnic minorities) as well as outstanding achievers. Quality of teaching, learning and research in higher education

will improve by implementing updated teaching methodology (e.g. utilising ICT), developing curriculum and equipping HEIs with facilities that respond to the needs of teaching, learning and conducting research. The government will focus on English, mathematics and the sciences, which will pay high dividends both in terms of individual employability and economic development more generally.

As well as actively building the institutional capacity of HEIs, there should also be a focus on appropriate regulation. Codes of conduct, standards and proper systems of accreditation will give incentives for HEIs to improve, and offer more information to employers and potential students about the content and quality of their degrees.

It is important to improve education capacity outside HEIs given the fact that basic literacy, numeracy, problem solving, decision making and soft skills are prominent areas of weakness. Labour force policy should include primary and secondary education, which is crucial in equipping the labour force with the fundamental skills and knowledge that increase employability from a young age.

There are still aspects of the primary and secondary education system that greatly constrain labour force development despite the huge advances. There needs to be significant investment to build the capacity of teachers, such as adequate training, provision of materials and adequate labour conditions.

Adequate nutrition is also key to enabling poor students to break free from the cycle of poverty, to maximise their potential and gain more from investments in other aspects of the education system. The Ministry of Health has shown that vitamin deficiencies (such as vitamin D) exist in the population and adversely impact on students' capacity to learn.

Focusing on providing primary and secondary education to the poorest in society will help reduce poverty as well as contribute to sustainable growth. The World Bank has already begun a Conditional Cash-Transfer scheme to help widen access to education in this area. Such policy frameworks should be expanded.

Vocational Training to Meet the Demands of a Diversified Economy

A key constraint to Cambodia diversifying its economy is the mismatch between the skills that the private sector wants and the skills that the education system, particularly HEI's, provides. This is especially

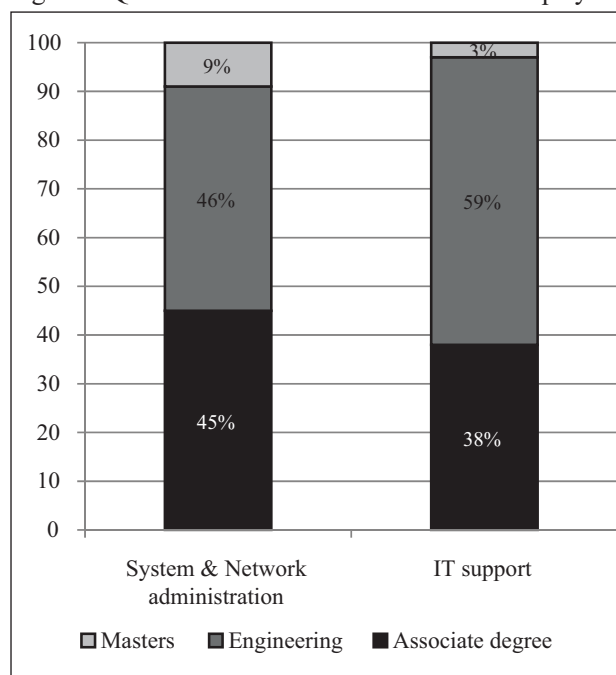
true as regards specific vocational and occupational skills required for certain types of industry.

A market survey of the IT sector by the Centre for Information System Training (CSIT) is a classic case of mismatch between labour market skills and employer needs. The IT sector in Cambodia is characterised by the predominance of low value-added jobs that require only basic skills. However, more than 55 percent of those that do these jobs have advanced degrees in engineering or a Masters (Figure 2). The requisite skills could easily have been provided by technical and skills training courses. This results in problems of staff retention associated with highly qualified staff in low skilled jobs.

Technical, Vocational and Educational Training (TVET) is the government's overarching labour-policy framework to rectify this issue. The aim is to build up Cambodia's labour market through developing the skills that are desired by employers. Key initiatives include the reform agenda of the National Training Board (NTB), the establishment of the National Employment Agency (NEA) and the ADB funded Strengthening Technical and Vocational Education and Training programme (STVET).

The STVET programme focuses on conducting training in mechanics, construction, ICT and tourism. It also develops labour force capacity outside of urban

Figure 2: Qualifications of Low Value-added IT Employees



Source: Ms Sandra D'Amico's presentation to the Cambodia Outlook Conference, 16 March 2011

Continued on page 18

Economy Watch—External Environment¹

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

World Economic Growth

Developing Asia and south-east and east Asian countries continue to lead the recovery while major industrialised countries still struggle to rebound from the worst economic recession since the Great Depression. Private consumption is sustaining economic growth, while fiscal and monetary interventions have largely been normalised. However, growth of world economies is generally slower than a year earlier.

In the first quarter of 2011, Indonesia's real GDP grew 6.5 percent year on year while Vietnam grew 5.4 percent. Malaysia, Singapore and Thailand experienced a decrease in real GDP growth. Malaysia's GDP was 4.6 percent while Singapore's was 8.3 percent. Growth in Thailand continued to slip to 3.0 percent, due mainly to persistent domestic political turmoil and border conflict with Cambodia. Albeit slower than a year earlier, China still performed well with GDP growth of 9.7 percent. Hong Kong's growth was 7.2 percent while South Korea grew 4.2 percent.

Although economies of major industrialised countries started to rebound, they still struggle to reach pre-crisis levels. In the first quarter of 2011, GDP growth rates of the euro-12 went up to 2.5 percent year on year while that of the United States was 2.3 percent. In the same period, recession loomed in Japan as a result of the devastating earthquake that struck the country in March, killing thousands of people and crippling a nuclear plant. The anxieties about radiation leakage have seriously damaged the country's domestic consumption and trade balance.

World Inflation and Exchange Rates

Albeit recovering, world economies still face a pressing issue: persistently high inflation. In the first quarter of this year, major world economies saw increased year-on-year inflation rate. Policy makers in developing Asia also need to take precautionary measures to curb inflation.

In the first quarter of this year, year on year inflation in Indonesia accelerated by 6.8 percent while that in Singapore by 5.2 percent. As a result of its expansionary fiscal policy, Vietnam continued to battle high inflation which stood at 12.8 percent. Cambodia and Thailand could maintain reasonable rates of inflation at 3.6 and 3.0 percent, respectively. The inflation rate in east Asian countries continued to rise in the first quarter of 2011 from a year earlier. China's inflation rate was up to 5.1 percent, Hong Kong to 4.0 percent and South Korea to 4.4 percent. In the same period, the euro-12 experienced increase in inflation to 2.5 percent while that of United States slightly decreased to 2.1 percent. Japan's inflation rate was null.

In the first quarter of 2011, the exchange rates of most south-east Asian countries, except Vietnam, appreciated against the US dollar year on year. The riel appreciated by 3.3 percent to KHR4041.9 against the US dollar, the Indonesian rupiah by 4.0 percent to 8902.02/USD, the Malaysian ringgit by 9.5 percent to 3.05/USD, the Singaporean dollar by 8.6 percent to 1.28/USD and the Thai baht by 7.1 percent to 30.56/USD. The Vietnamese dong depreciated by 7.6 percent to 20,273/USD. In the same period, the exchange rate of the euro was largely unchanged against the US dollar while the Japanese yen appreciated by 9.2 percent to 82.3/USD.

Commodity Prices in World Markets

Year-on-year prices of major world commodities continued to rise in the first quarter of this year. Tension in the Middle East and Japan's nuclear crisis have contributed to an expectation of higher oil prices. Prices of maize (USNo.2) increased by 72 percent to USD280.32/tonne, palm oil (north-west Europe) by 55 percent to USD1251/tonne and rubber (SMR 5) by 70 percent to USD5278.03/tonne. In the same period, the price of crude oil (OPEC spot) went up 33 percent to USD100.7/barrel; gasoline (US Gulf Coast) increased by 26 percent to USD0.68/litre and diesel (low sulphur No.2) by 35 percent to USD0.73/litre. The price of rice (Thai 100% B) dropped by 6.6 percent to USD528.25/tonne.

¹ Prepared by Roth Vathana, research associate at CDRI.

Economy Watch—External Environment

Table 1. Real GDP Growth of Selected Trading Partners, 2006–2011 (percentage increase over previous year)

	2006	2007	2008	2009				2010				2011
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Selected ASEAN countries												
Cambodia	10.6	10.2	6.8	-	-	-	-	-	-	-	-	-
Indonesia	5.4	6.3	6.1	4.4	3.9	4.2	5.4	5.7	6.2	5.8	6.9	6.5
Malaysia	5.9	6.3	4.6	-6.2	-3.9	-1.2	4.5	16.9	8.9	5.3	4.8	4.6
Singapore	7.7	7.7	1.1	-10.1	-3.5	0.8	4.0	17.4	18.7	10.5	12.0	8.3
Thailand	4.8	4.9	2.6	-7.1	-4.9	-2.8	5.8	12.0	9.2	6.7	3.8	3.0
Vietnam	8.1	8.5	6.2	-	-	-	-	5.8	6.4	7.2	7.3	5.4
Selected other Asian countries												
China	10.5	11.9	9.0	6.1	7.9	9.1	10.7	11.9	10.3	9.7	9.8	9.7
Hong Kong	6.6	6.4	2.4	-7.8	-3.8	-2.2	2.6	8.0	6.5	6.8	6.2	7.2
South Korea	5.0	4.9	2.2	-4.4	-2.2	0.4	6.1	8.1	7.1	4.5	4.8	4.2
Taiwan	4.6	5.2	0.1	-10.2	-7.5	-1.3	8.4	14.6	12.9	9.8	6.9	6.5
Selected industrial countries												
Euro-12	2.7	2.9	0.9	-2.5	-4.8	-4.7	0.1	0.6	1.7	1.9	2.0	2.5
Japan	2.1	2.0	-0.7	-9.1	0.6	-4.7	-1.4	5.5	3.5	5.0	2.2	-1.0
United States	3.3	2.2	1.1	-2.6	-3.9	-2.5	2.6	2.8	2.9	2.3	2.8	2.3

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

Table 2. Inflation Rate of Selected Trading Partners, 2006–2011 (percentage price increase over previous year—period averages)

	2006	2007	2008	2009				2010				2011
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Selected ASEAN countries												
Cambodia	4.7	10.5	19.7	4.3	-4.8	-3.0	1.7	7.0	4.1	1.8	3.3	3.6
Indonesia	13.4	6.4	10.1	8.5	5.6	2.78	2.6	3.6	4.4	6.2	6.3	6.8
Malaysia	3.7	2.0	5.3	3.7	1.3	-2.23	-0.2	1.3	1.6	1.9	2.1	2.8
Singapore	1.0	2.1	6.5	2.1	-0.5	-0.4	-0.3	0.9	3.1	3.4	4.0	5.2
Thailand	4.7	2.2	5.5	-0.2	-2.8	-2.1	1.9	3.7	3.3	3.3	2.0	3.0
Vietnam	7.7	8.3	23.3	15.1	6.2	2.6	4.6	7.5	9.0	8.4	10.9	12.8
Selected other Asian countries												
China	1.5	4.8	5.9	-0.6	1.5	-1.26	0.7	2.1	2.7	3.3	4.7	5.1
Hong Kong	2.2	2.0	4.3	1.7	-0.1	-0.9	1.3	1.9	2.6	2.3	2.9	4.0
South Korea	2.4	2.5	4.6	3.9	2.8	2.0	2.4	2.7	2.6	2.9	3.6	4.4
Taiwan	0.6	1.8	3.2	0.0	-0.8	-1.3	-1.3	1.3	1.1	0.4	1.1	1.3
Selected industrial countries												
Euro-12	2.1	2.1	3.3	1.0	0.9	-0.34	0.4	1.1	1.5	1.7	2.0	2.5
Japan	0.5	0.1	1.4	-0.1	-1.0	-2.2	-2.0	-1.2	-0.9	-0.9	0.1	0.0
United States	3.2	2.9	3.8	-0.2	-0.9	-1.6	1.4	2.3	1.8	1.2	1.3	2.1

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

Table 3. Exchange Rates against US Dollar of Selected Trading Partners, 2006–2011 (period averages)

	2006	2007	2008	2009				2010				2011
				Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Selected ASEAN countries												
Cambodia (riel)	4103.20	4062.70	4054.20	4128.60	4164.40	4163.10	4180.11	4209.02	4236.69	4122.58	4041.90	
Indonesia (rupiah)	9134.00	9419.00	9699.00	10,225.00	9887.00	9472.44	9266.93	9,132.00	8995.11	8965.70	8902.02	
Malaysia (ringgit)	3.70	3.30	3.30	3.50	3.50	3.40	3.37	3.24	3.15	3.11	3.05	
Singapore (S\$)	1.59	1.51	4.58	1.45	1.44	1.39	1.40	1.36	1.36	1.30	1.28	
Thailand (baht)	37.90	32.22	33.36	33.98	33.96	33.30	32.90	32.33	31.63	29.99	30.56	
Vietnam (dong)	15,994.00	16,030.00	16,382.00	17,801.00	17,841.00	18,472.00	18,825.67	18,993.00	19,485.00	19,499.48	20,273.83	
Selected other Asian countries												
China (yuan)	7.97	8.03	6.94	6.83	6.83	6.83	6.83	6.77	6.77	6.66	6.58	
Hong Kong (HK\$)	7.77	7.80	7.78	7.75	7.75	7.75	7.76	7.78	7.77	7.76	7.79	
South Korea (won)	955.00	929.04	1137.23	1273.90	1239.04	1167.77	1143.97	1166.04	1182.41	1132.85	1120.19	
Taiwan (NT\$)	32.50	32.85	31.54	33.10	32.77	32.29	31.93	31.90	31.90	30.36	29.30	
Selected industrial countries												
Euro-12 (euro)	0.80	0.70	0.84	0.71	0.70	0.68	0.72	0.79	0.77	0.74	0.73	
Japan (yen)	116.40	117.80	102.46	95.95	93.58	89.78	90.73	92.20	85.74	82.53	82.33	

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

Table 4. Selected Commodity Prices on World Market, 2006–2011 (period averages)

	2006	2007	2008	2009				2010				2011
				Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Maize (USNo.2)—USA (USD/tonne)	111.04	149.08	218.15	171.16	146.85	168.13	162.88	157.41	176.13	238.81	280.32	
Palm oil—north-west Europe (USD/tonne)	433.85	707.68	912.23	719.35	659.16	732.33	807.67	813.00	874.67	1108.00	1251.00	
Rubber SMR 5	1996.30	2202.30	2586.30	1638.77	1924.80	2536.03	3105.90	3083.73	3175.97	4257.27	5278.03	
Rice (Thai 100% B)—Bangkok (USD/tonne)	282.00	305.36	615.32	499.45	307.31	569.00	565.67	461.33	468.33	531.00	528.25	
Soybeans (US No.1)—USA (USD/tonne)	213.88	294.59	460.41	420.10	411.18	390.43	372.68	370.95	406.88	480.24	537.24	
Crude oil—OPEC spot (USD/barrel)	61.58	69.25	95.44	57.46	68.32	73.86	75.73	77.00	74.91	84.17	100.70	
Gasoline—US Gulf Coast (cents/litre)	47.70	53.58	62.22	43.11	46.92	49.64	53.87	54.43	51.54	57.23	67.92	
Diesel (low sulphur No.2)—US Gulf Coast (cents/litre)	51.35	55.51	76.20	40.51	46.46	51.03	53.87	55.13	53.64	61.68	72.47	

Sources: Food and Agriculture Organisation and US Energy Information Administration

Economy Watch—Domestic Performance¹

Main Economic Activities

Services continue to be significant in Cambodia's economic recovery. In the first quarter of 2011, fixed asset investments in services approved by the Council for the Development of Cambodia increased 134 percent year on year to USD209.5 m. Fixed asset investments in hotels and tourism skyrocketed 2755 percent to USD107.9 m. Foreign visitor arrivals increased both by air (15 percent) and land and water (12 percent) in the same period. Investment in agriculture dropped by 98 percent to USD4.1 m while that in industry decreased by 73 percent to USD67.1 m. However, investment in the garment sector showed signs of recovery, increasing by 134 percent to USD57.1 m. Construction is still in a process of recovery, the value of flat construction rising by 45 percent to USD16.1 m; however, the value of villas and houses decreased by 20 percent to USD4.1 m, while "other" went down by 33 percent to USD43.8 m.

Total exports grew in the first quarter of this year by 41 percent compared to the same period last year, increasing to USD1017.7 m, of which garment exports accounted for 87 percent. The EU and USA were still the major destinations; however, the increase to the USA (22 percent) was smaller than to the EU (69 percent), ASEAN (73 percent), Japan (73 percent), and the rest of the world (70 percent). Exports of agricultural produce accelerated by 249 percent to USD74 m, while fish exports dropped by 25 percent to USD0.6 m.

In the same period, total imports went up by 44 percent to USD728.6 m, of which gasoline was about 8.5 percent and diesel 13 percent. There was a 115 percent increase in gasoline and 86 percent in diesel imports. Imports of construction materials went down by 14 percent to USD11.8 m because of the slow growth in the real estate sector. Cambodia's trade surplus for the quarter increased by 53 percent from a year earlier to USD289 m.

Public Finance

The government did well in revenue generation last year compared to a year earlier. In the fourth quarter of 2010, total revenue increased year on year by 24 percent to KHR1675 bn, of which current revenue represented about 94 percent, tax revenue 73 percent, and capital revenue 6.2 percent. However, the percentage increase in tax revenue (0.5 percent) was relatively low compared to current (17 percent)

and capital revenues (1144 percent). During the same period, total expenditure went up by 3.6 percent to KHR1945.4 bn. Capital expenditure increased by 6.4 percent to KHR675.6 bn. Current expenditure dropped by 4.6 percent to KHR1269.8 bn. In the fourth quarter of last year, wages accounted for 45 percent of current expenditure, while the share of subsidies and social assistance was 18 percent. Together, total revenue and expenditure in the fourth quarter made up a budget deficit of KHR207.3 bn, compared to a surplus of KHR90.2 bn a year earlier.

Inflation and Foreign Exchange Rates

In the first of quarter of 2011, prices of all items increased by 3.6 percent year on year. Prices of food and non-alcoholic beverages went up by 3.9 percent and of transportation by 5.0 percent. In the same period, the riel appreciated 3.3 percent to KHR4041.9 against the US dollar and by 11 percent against the Vietnamese dong. The price of gold increased by 26 percent to USD168.3/chi, diesel fuel by 23 percent to KHR4427.2/litre and gasoline by 14 percent to KHR4750.1/litre.

Monetary Developments

In 2010, total liquidity (M2) increased 18 percent year on year to KHR18,466 bn from KHR14,372 bn. In the fourth quarter, net foreign assets decreased by 1.2 percent to KHR16,698 bn while net domestic assets were up by 40 percent to KHR2779 bn. During the same period, money in circulation increased by 5.2 percent to KHR3221 bn, whereas quasi-money went up by 2.7 percent to KHR16,256 bn.

Poverty Situation

According to the CDRI vulnerable workers survey in May 2011, of nine non-garment-worker groups, only two experienced a decline in their earnings. Cyclo drivers suffered the most, as their real earnings shrank by 13 percent, followed by rice-field workers (4.0 percent). Skilled construction workers, vegetable traders, porters, motorcycle-taxi drivers, waiters/waitresses, scavengers and unskilled construction workers increased their real incomes.

As shown in Table 8, the daily earnings of scavengers increased by 18 percent over the same month of the previous year to KHR8661/day. In addition, their overall real daily spending declined by 5.0 percent to KHR4015/day. Of the scavengers interviewed, 83 percent said that the sources of rubbish decreased in comparison to the previous

¹ Prepared by Roth Vathana, research associate, Ourn Vimoil and Pon Dorina, research assistant, at CDRI.

three months. However, 60 percent of them reported that the rubbish price went up. Ninety percent of scavengers migrated from the provinces, mainly Prey Veng, Takeo, Kandal, Svay Rieng and Siem Reap.

Waitresses' earnings rose 13 percent from the same month of 2010, reaching KHR6066/day. Their average daily working hours were 12, the longest among the 10 vulnerable workers. Forty people out of 40 told us that they came to work alone in Phnom Penh. Forty-five percent of waitresses interviewed had attended secondary school.

Small vegetable traders' earning expanded 6.7 percent to KHR8599/day in May 2011. All 40 small vegetable traders interviewed said that their earnings were just enough for their families. Their average capital was KHR50,000, 13 percent less than in February; 70 percent said that this is not enough for running their business.

Daily earning of porters rose by 5.6 percent from the same period in 2010 to KHR9861/day; their expenses shrank by 4.9 percent, from KHR5689/day to KHR5412/day. Seventy percent said that they rented their house, which held an average of seven people; 30 percent stayed on the road or in a pagoda. Seventy percent said their family's condition was better since they began this occupation; 23 percent said it was the same and 7 percent worse.

The daily income of garment workers jumped 6.1 percent from the same month in 2010 to KHR7950/

day. Their daily consumption decreased by 5.7 percent, from KHR4853/day to KHR4577/day. They had been working in the factory about three years, and 44 percent had changed factories. Forty percent said they had switched to other factories owing to the fact that they were sick, 2.0 percent had problem with supervisor, 34 percent had no job because of factories closed and 25 percent had other problems. If their factory closed, 53 percent would seek another job in Phnom Penh, 42 percent would return home and 5 percent didn't know.

In February rice-field workers' earnings decreased while the other nine groups enjoyed an increase. Their misfortune continued in May, when their real daily income slid to KHR5984/day, a 4.4 percent decrease. Fifty-seven percent of them own agricultural land of under a hectare, 37 percent no land, 3.0 percent a hectare and 3.0 percent over a hectare.

Cyclo drivers' daily income had never been above KHR 10,000/day since 2008; however, it reached KHR 10,633/day in February 2011. After a significant increase, the average real income of cyclo drivers declined 22 percent in May compared to the previous three months and 13 percent from the same period last year. Only 20 percent of cyclo drivers interviewed own their cyclo, while the rest rent. The proportion of cyclo drivers who live on the road or in a pagoda rose from 63 percent in February to 68 percent. The average period of being a cyclo driver was nine years.

Continued from page 14

Consolidating Gains, ...

centres. STVET plans to upgrade five provincial training centres to Regional Training Centres, each specialising in specific subjects that are of benefit to that region.

The NEA augments the STVET by facilitating better lines of communication between employers, the workforce and training providers. In particular they offer career guidance and counselling, and run job centres to support the rural labour force. The duality of STVET and the NEA means that training represents the needs of employers, and appropriate skills diffuse into the labour market.

There are significant challenges to TVET, however. Perhaps foremost is society's perception that TVET courses are for workers and not professionals. There is social and familial pressure for students to enrol in HEIs and engage in white collar professions where salaries are perceived as higher. This view markedly differs from the reality, which is that most graduates are over qualified for the positions they hold. To address this issue, it is necessary to "re-brand" TVET

to reflect the reality that it provides individuals with skills that will increase their employability. Mainstreaming and coordinating TVET programmes, as well as appropriate accreditation, would go a long way in changing these perceptions.

There is also a growing need for increased linkages between the private sector, policy makers and the labour force. This is particularly relevant at a time when Cambodia is seeking to diversify up the value chain, and the needs of employers may change quickly. Policy needs to be sensitive and dynamic to these changes, so that training programmes adapt quickly to represent changing economic realities and the labour force is quick to take advantage of nascent opportunities. A very current example is the urgent need for training to maximise opportunities emerging in SEZs. To identify these emerging labour market needs, in depth empirical research plays an important role in providing timely and relevant labour market information to policy makers.

Economy Watch—Domestic Performance

Table 1. Private Investment Projects Approved, 2005–11

	2005	2006	2007	2008	2009	2010				2011		
					Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Fixed Assets (USD m)											
Agriculture	26.8	498.0	135.6	92	175.3	176.1	94.4	165.7	41.4	278.0	36.7	4.1
Industry	914.6	365.3	709.1	724.9	257.7	60.6	685.5	247.7	54.5	44.3	87.7	67.1
<i>. Garments</i>	174.4	89.4	170.7	142.8	16.4	21.9	14.2	13.1	21.3	29.3	50.0	57.1
Services	155.5	2939.1	1742.5	10,003.2	495.6	150.2	3475.8	89.5	121.6	0	1096.2	209.5
<i>. Hotels and tourism</i>	102.6	345.0	1048.3	8758.1	254.1	150.2	0.0	3.78	14.0	0	1087.4	107.9
Total	1096.9	3802.4	2587.2	10570.9	928.6	386.3	4255.7	502.9	217.5	322.3	1220.6	280.72
	Percentage change from previous quarter											
Total	-	-	-	-	-41.2	882.0	1001.7	-91.2	-56.8	48.2	278.8	-77.0
	Percentage change from previous year											
Total	275.6	246.6	-32.0	308.6	266.5	-91.5	169.3	-59.8	452.0	-16.6	-71.3	-44.2

Including expansion project approvals. Source: Cambodian Investment Board

Table 2. Value of Construction Project Approvals in Phnom Penh, 2005–11

	2005	2006	2007	2008	2009	2010				2011		
					Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	USD m											
Villas and houses	45.5	33.1	79.1	154.7	32.1	15.6	9.8	5.1	7.5	14.1	9.5	4.1
Flats	204.2	213.3	297.2	221.6	95.2	7.4	28.0	11.1	127.2	25.3	20.3	16.1
Other	109.1	76.8	259.6	740.9	53.7	68.4	29.0	35.2	67.4	38.9	76.2	23.6
Total	358.8	323.3	635.8	1117.0	181.1	91.4	66.8	51.4	202.1	78.4	106.0	43.8
	Percentage change from previous quarter											
Total	-	-	-	-	-48.5	46.6	-26.9	-23.1	293.2	-61.2	35.3	-58.7
	Percentage change from previous year											
Total	36.2	-9.9	96.7	75.7	31.9	-81.2	-81.0	-71.6	224.4	-14.2	58.7	-14.8

Source: Department of Cadastre and Geography of Phnom Penh municipality

Table 3. Foreign Visitor Arrivals, 2005–11

	2005	2006	2007	2008	2009	2010				2011		
					Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Thousands											
By air	856.5	1029.0	1296.5	1239.4	335.2	247.2	308.1	371.5	260.9	288.3	383.7	427.4
By land and water	565.1	672.9	718.6	881.9	287.1	240.2	279.5	312.2	276.6	293.8	321.4	351.0
Total	1421.6	1701.9	2015.1	2121.3	622.3	487.4	587.6	683.7	537.5	582.0	705.1	778.4
	Percentage change from previous quarter											
Total	-	-	-	-	7.7	5.0	20.6	16.4	-21.4	8.3	21.2	10.4
	Percentage change from previous year											
Total	34.7	19.7	28.4	5.3	-3.4	9.4	1.7	9.9	15.8	19.4	20.0	13.9

Source: Ministry of Tourism

Table 4. Exports and Imports, 2005–11

	2005	2006	2007	2008	2009	2010				2011		
					Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	USD m											
Total exports	2352.8	2810.9	3050.3	3097.8	697.4	709.9	736.5	693.8	820.7	1045.3	1070.3	1017.7
Of which: Garments	2253.3	2698.8	2938.9	2986.2	667.1	601.4	660.7	625.5	716.8	938.3	942.7	880.5
. To US	1546.1	1847.2	1956.5	1908.3	387.6	372.9	388.5	380.5	416.7	531.9	524.7	464.5
. To EU	503.1	601.0	654.2	689.0	183.1	128.0	165.5	137.2	184.8	239.4	248.0	232.0
. To ASEAN	2.3	2.6	3.2	10.8	1.0	1.3	2.9	2.2	1.9	2.9	3.0	3.8
. To Japan	23.5	29.4	28.5	25.2	5.2	9.5	14.3	19.8	14.9	25.5	26.2	34.3
. To rest of the world	178.3	218.7	296.4	352.9	90.2	89.6	89.6	85.7	98.6	138.6	140.7	145.9
Agriculture	61.3	59.7	55.6	44.5	8.0	15.1	25.9	21.2	27.2	44.8	71.7	74.0
. Rubber	36.8	41.5	41.0	35.8	5.1	11.8	16.5	11.9	13.8	25.3	38.1	49.9
. Wood	10.3	8.6	8.7	3.4	0.7	0.6	1.8	2.7	4.5	8.8	18.1	6.2
. Fish	10.1	5.9	3.2	2.3	0.7	0.8	1.2	0.8	0.7	0.5	0.8	0.6
. Other	4.2	3.7	2.7	3.1	1.5	1.9	6.3	5.7	8.2	10.2	14.7	17.3
Others	38.3	52.3	55.8	67.1	22.3	93.4	50.0	47.1	76.7	62.2	55.9	63.2
Total imports	2513.0	512.2	554.8	1010.9	585.3	484.4	532.8	505.6	563.2	731.3	677.1	728.7
Of which: Gasoline	40.2	38.8	58.7	70.1	16.8	19.3	19.4	28.8	22.4	27.6	30.5	62.0
Diesel	93.1	113.0	122.8	113.5	34.2	46.0	43.1	49.8	55.4	48.0	50.5	92.5
Construction materials	134.7	56.5	69.0	77.8	13.8	15.7	13.3	13.7	13.2	16.7	13.8	11.8
Other	2245.0	303.9	304.3	749.5	520.5	403.4	457.0	413.3	472.2	638.9	582.3	562.4
Trade balance	-160.2	2298.7	2495.5	2086.9	112.1	225.5	203.7	188.2	257.5	314.0	393.2	289.0
	Percentage change from previous quarter											
Total garment exports	-	-	-	-	-9.9	23.0	-8.1	-5.3	14.6	30.9	0.5	-6.6
Total exports	-	-	-	-	1.8	23.4	-8.4	-5.8	18.3	27.4	2.4	-4.9
Total imports	-	-	-	-	2.8	-20.3	10.0	-5.1	11.4	29.8	-7.4	7.6
	Percentage change from previous year											
Total garment exports	11.2	19.8	8.9	1.6	-19.7	-16.5	-1.0	4.0	22.6	30.5	42.7	40.8
Total exports	11.6	19.5	8.5	1.6	-7.6	-10.2	5.6	-2.3	26.0	30.0	45.3	46.7
Total imports	189.6	-79.6	8.3	82.2	0.2	-8.4	13.7	-14.5	-7.4	51.0	27.1	44.1

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

Table 5. National Budget Operations on Cash Basis, 2005–10 (billion riels)

	2005	2006	2007	2008	2009	2010						
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenue	2625.0	3259.2	1146.1	5290.0	1101.7	1252.7	1184.7	1346.1	1536.8	1341.1	1436.0	1675.0
Current revenue	2474.0	2881.8	1141.6	5210.7	1097.7	1245.7	1174.9	1337.7	1526.4	1330.9	1431.2	1570.5
Tax revenue	1911.0	2270.9	965.2	4409.9	947.4	1096.5	999.5	1224.1	1094.1	1143.8	1225.5	1229.6
Domestic tax	-	-	661.8	3248.4	712.0	838.7	731.8	808.5	820.3	890.9	916.9	905.5
Taxes on international trade	-	-	303.5	1161.5	235.4	257.8	268.0	303.4	273.7	253.0	308.6	324.1
Non-tax revenue	563.0	610.9	176.4	800.8	150.3	149.2	176.1	225.7	432.4	187.1	205.7	340.9
Property income	-	-	13.6	78.0	13.1	9.7	27.5	14.3	237.0	20.2	19.5	14.5
Sale of goods and services	-	-	124.3	424.7	93.5	100.9	91.7	121.9	108.4	102.9	127.0	121.7
Other non-tax revenue	-	-	38.5	298.2	43.7	38.6	56.5	89.5	84.0	61.0	59.2	204.8
Capital revenue	152.0	377.4	4.5	79.3	4.0	7.0	9.8	8.4	10.4	10.2	4.8	104.5
Total expenditure	3295.0	4174.7	1689.7	6297.8	1650.6	1766.1	2089.5	1877.1	2129.4	2154.8	2390.3	1945.4
Capital expenditure	1328.0	1638.1	807.4	2574.4	693.6	607.1	759.2	634.9	-	913.0	887.0	675.6
Current expenditure	1967.0	2536.8	882.3	3809.0	752.4	1064.7	1290.4	1332.3	831.8	1168.1	1503.3	1269.8
Wages	711.0	822.0	362.6	1397.0	327.4	515.5	526.6	642.5	-	545.6	562.4	567.4
Subsidies and social assistance	-	-	194.2	927.1	217.3	185.9	272.6	195.6	213.3	253.2	401.5	231.4
Other current expenditure	-	-	325.5	1384.9	207.7	363.2	491.2	494.3	449.6	369.3	539.4	471.0
Overall balance	-706.0	-915.6	-543.6	-1007.8	-548.9	-513.4	-904.8	90.2	-592.6	-813.7	-954.2	-207.3
Foreign financing	1127.0	1360.7	741.5	2055.1	507.8	326.7	484.5	-531.0	270.8	746.0	409.1	419.3
Domestic financing	-396.0	-445.1	-185.8	-127	-310.3	236.5	316.4	406.4	422.8	194.1	343.3	-21.6

Source: MEF web site.

Table 6. Consumer Price Index, Exchange Rates and Gold Prices (period averages), 2005–11

	2005	2006	2007	2008	2009			2010				2011
					Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Consumer price index (percentage change over previous year)											
Phnom P. - All Items	5.8	4.7	5.8	19.7	4.3	-3.0	1.7	7.0	4.1	1.8	3.3	3.6
- Food & non-alcoholic bev.	8.6	6.4	9.9	33.1	6.1	-2.7	1.8	7.8	3.6	1.9	4.1	3.9
- Transportation	11.4	9.1	5.8	19.4	-13.0	-13.8	2.4	12.9	8.7	3.2	3.1	5.0
	Exchange rates, gold and oil prices (Phnom Penh market rates)											
Riels per US dollar	4119.7	4119.0	4062.7	4058.2	4111.6	4164.4	4157.3	4180.1	4209.0	4236.7	4122.6	4041.9
Riels per Thai baht	102.6	108.7	122.8	123.5	116.6	122.9	126.0	127.0	129.9	138.3	137.3	132.7
Riels per 100 Vietnamese dong	25.8	25.1	25.0	24.8	23.6	23.5	23.0	22.3	22.1	21.4	21.1	19.9
Gold (US dollars per chi)	54.0	70.6	83.2	105.9	105.6	123.2	133.8	133.9	142.9	147.8	165.7	168.3
Diesel (riels/litre)	2633.0	3140.0	3262.3	4555.2	2873.7	3867.0	3381.9	3599.5	3835.1	3936.6	4066.1	4427.2
Gasoline (riels/litre)	3442.0	4004.0	4005.0	4750.8	3112.6	3371.1	3940.2	4163.0	4358.7	4415.5	4535.2	4750.1

Sources: NIS, NBC and CDRI

Table 7. Monetary Survey, 2005–10 (end of period)

	2005	2006	2007	2008	2009			2010				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Billion riels											
Net foreign assets	5475.0	7224.0	10,735.0	10,345.0	11,222.0	12,611.0	13,869.0	14,655.0	15,514.6	12,610.9	16,903.0	16,697.9
Net domestic assets	-450.0	-282.0	576.0	1513.3	1266.0	1249.0	1042.0	1573.0	1720.0	1785.3	1984.8	2778.9
Net claims on government	-421.0	-953.0	-1816.0	-2987.0	-3048.0	-2889.0	-2463.0	-2252.0	-2484.8	-2362.7	-2,120.4	-2126.6
Credit to private sector	2394.0	3630.0	6386.0	9894.0	9814.0	10,129.0	10,127.0	10,532.0	11,146.7	11,859.1	12,479.8	13,331.2
Total liquidity	5025.0	6942.0	11,311.0	11,858.0	12,488.0	13,859.0	14,912.0	16,228.0	17,234.5	18,267.1	18,887.8	19,476.8
Money	1323.0	1658.0	2052.0	2399.0	2545.0	2695.0	2773.0	3120.0	3148.5	3115.1	3061.7	3220.9
Quasi-money	3702.0	5285.0	9259.0	9459.0	9942.0	11,164.0	12,139.0	13,108.0	14,086.0	15,152.0	15,826.1	16,255.9
	Percentage change from previous year											
Total liquidity	16.1	38.1	62.9	4.8	3.7	9.1	18.7	36.9	38.0	31.8	26.7	20.0
Money	14.7	25.3	23.8	16.9	6.5	9.2	18.7	30.1	23.7	15.6	10.4	3.2
Quasi-money	16.6	42.8	75.2	2.2	2.9	9.1	18.7	38.6	41.7	35.7	30.4	24.0

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		
	2006	2007	2008	2009	2010		2011		2010	2011		
					May	Aug	Nov	Feb	May	Nov	Feb	May
Cyclo drivers	7469	8075	12,628	8091	9570	8404	8759	10,633	8292	21.7	13.0	-13.4
Porters	6545	8588	9005	9549	9340	10,525	9965	11,184	9861	7.8	12.4	5.6
Small vegetable sellers	6390	8220	9926	8273	8062	8291	8821	9149	8599	19.4	16.9	6.7
Scavengers	4416	5422	4652	5857	7407	6461	6628	6931	8661	46.1	11.1	16.9
Waitresses*	4412	4482	4327	4646	5380	6427	5448	6154	6066	1.3	19.9	12.7
Rice-field workers	5306	5516	8697	6197	6260	6186	4912	4806	5984	1.6	-10.3	-4.4
Garment workers	7649	7568	6554	7085	7491	8470	7944	8312	7950	6.2	10.0	6.1
Motorcycle-taxi drivers	8201	10,634	15,691	10,685	10,274	10,558	10,278	11,444	10,630	9.7	1.3	3.5
Unskilled construction workers	5918	6155	8779	8343	9013	8744	9636	11,291	9415	22.6	46.7	4.5
Skilled construction workers	10,316	11,154	12,710	12,487	11,928	11,738	12,122	12,487	12,368	-3.6	4.7	3.7

* 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

Continued from page 24 **CDRI Update**

capacity; 2) *Decentralised Governance in Hybrid Polity: Localisation of D&D Reform in Cambodia* identifies the trend and future of D&D reforms in the context of Cambodia's hybrid state and seeks answers to whether D&D enhances democracy in the country; 3) *A Baseline Survey of Sub-national Governments: Towards a Better Understanding of Decentralisation and Deconcentration Reform in Cambodia* explores the perceptions and understanding of commune councillors towards district and provincial administration (councils and boards of governors); 4) *Catchment Governance and Cooperation Dilemmas: A Case Study from Cambodia* looks into the cooperation between players in the context of D&D reform; and, 5) *Decentralised Governance of Irrigation Water in Cambodia: Matching Principles to Local Realities* investigates the degree of match between the governance arrangements and requirements of the irrigation schemes. Policy briefs from both the catchment and water governance studies have been published.

Four studies are being conceptualised: *Impact of D&D on Poverty Reduction, the State Society Reciprocity, the District and Commune Relationship, and Sectoral Decentralisation: Case of the Education Sector*. The team is planning to hold an annual dissemination workshop in October this year.

Economy, Trade and Regional Cooperation

The *Vulnerable Worker* and *Provincial Price* surveys are progressing well. The projects *Different Streams, Different Needs and Impact: Managing International Labour Migration in ASEAN*, and *Analysis of International Investment in the Agricultural Sector of Cambodia* have been successfully completed. *Assessing China's Impact on Poverty Reduction in the Greater Mekong Sub-region: Case of Cambodia* has been published as a CDRI working paper.

The third component of ADB's *Poverty Network Project* is in good progress; the concept note has been shared with ADB and preliminary findings will be presented at the regional workshop in Indonesia in September. The first draft report of *Analysing Chronic Poverty in Rural Cambodia: Evidence from Panel Data* will be ready for comments by

September. *Growth Diagnostic Phase II* is on-going. The key findings of the *ASEAN 2030: Cambodia Background Paper* were presented at a consultative workshop in Indonesia in early July. The first draft report on *SME Support Policy* was submitted to the Korean Development Institute (KDI) and the findings presented at a Policy Seminar in early August.

In July, GMS-Development Development Analysis Network members convened a workshop hosted at CDRI to review lessons learnt from the GMS-DAN 8 research project focusing on processes for the choice and application of research methodologies, and to discuss on the programme and project coordination as well as issues for future research.

A survey on micro, small and medium enterprises was carried out in August as part of *Global Financial Crisis and Vulnerability in Cambodia*: a second round household survey will be done in mid-September.

The *Development Research Forum* is to hold its fourth Annual Symposium in Phnom Penh on 8-9 September. The proposal for Phase II has been submitted to the International Research Development Centre (IDRC) for review.

Natural Resources and Environment

Four main research projects are being carried out. The *Water Resources Management Research Capacity Development Programme* team organised the final national workshop to close the project and to disseminate programme outputs, including working papers, policy briefs and a video clip. The *Tropical Forest for Poverty Alleviation-From Household Data to Global Analysis* seeks to advance understanding on the role of tropical forests in reducing poverty; the working paper has been posted on the website and the results were presented at the national workshop in June 2011. The *Social Impact Monitoring and Vulnerability Assessment Baseline Survey* is to determine rural people's dependency on water resources along a 15 km stretch of the Mekong River to support the social impact and vulnerability assessment of the Mekong River Committee's (MRC) climate change and adaptation initiative; the report has been drafted and sent to the regional team for review. The *Agriculture and Climate Change* project, funded by USAID through IFPRI, is a joint research project with PARD that seeks to broadly

analyse agriculture and food security in the context of a changing climate by identifying constraints to improved yields and adaptation to climate change currently faced by farmers; the first report was drafted, the team attended the technical workshop in Dhaka, and the final report is to be presented at the national workshop in Siem Reap in August.

Poverty, Agriculture and Rural Development

Seven projects are ongoing. The team for the *Impact Assessment of Farmer Organisations on Food Security for Rural Poor* has completed the analysis of quantitative and qualitative data and is writing the report. National datasets have been analysed for the *Development of Impact Assessment Methodology for Mine Action Sector in Cambodia*; the team is now waiting to hear from UNDP and CMAA on the three-month project extension to field test the proposed impact assessment tool. The team is to attend the regional workshop in Laos on 22-24 August for the three year project on *Agricultural Policies for Rice-based Farming Systems in Cambodia and Laos*, funded by the Australian Centre for International Agricultural Research (ACIAR). The project on *Promoting Gender Equality for the Labour Market for more Inclusive Growth*, funded by ADB, is a 15 month project with two sub-projects: *Gender Equity and Labour Economics*; together with international consultants, the team visited NGOs and government ministries to gather secondary data and to network. The interim report for the project *Small and Medium Enterprises (SME) Supported Bank*, funded by KDI, was submitted and the team presented the final report at the KDI-hosted workshop at Le Royal Hotel, Phnom Penh, on 9 August. The proposal for the *Study to Quantify the Value of the Arbitration Council Services* is being revised.

Social Development

Three projects are underway. The first is a book: *Improving Health Sector Performance: Institutions, Motivations and Incentives – The Cambodia Dialogue*, funded by the University Research Co., LLC (URC) and published by the Institute of Southeast Asian Studies, Singapore, is expected to come out in late August. The book is a collection of major experiences and innovative solutions from inside and outside Cambodia to improve health sector performance, with particular focus on institutions, motivations and incentives.

The second is the *EQUITAP* project¹, coordinated by the Institute for Health Policy, Sri Lanka, and funded by AusAID/IDRC. The primary aim of the research project is to analyse available household survey data to estimate the impoverishing and catastrophic impacts, progressivity, differentials in healthcare utilisation and benefit incidence of government spending. The results of the analysis on the impoverishing and catastrophic impacts, and progressivity have been reviewed and accepted by the coordinators. The remaining task is to complete the analysis on differentials in healthcare use and benefit incidence of government spending.

The six-year research consortium on *Building Pro-Poor Health Systems during the Recovery from Conflict “REBUILD”* is in the inception phase. The project, funded by DFID-UK and led by the Liverpool School of Tropical Medicine and Queen Margaret University, Edinburgh, aims to produce high quality evidence that contributes to improving the health of the poorest in developing countries. Three research protocols are being developed: 1) Impact of Health Financing Policy Change on Pattern of Poor Rural Household Expenditure for Health Care in Cambodia: An Analysis of Households' Health Expenditure; 2) Policies to Attract and Retain Health Workers in Rural Areas: A Review of Policy drivers, Implementation and Effectiveness in Post-Conflict Cambodia; and 3) Contracting Model and Performance Management in Cambodia. The team is preparing to present the three research protocols to the Technical Working Group for Health, Ministry of Health, on 8 September to receive feedback on the key research questions from all stakeholders.

Three new research projects are due to start in September: *Situation of Social Capital in Cambodia*, funded by Senshu University, Japan; *Pathways to Universal Coverage in Cambodia*, with the Nossal Institute for Global Health, University of Melbourne, Australia; and *All Good Things Do Not Go Together – Analysing Contradictions between Peace-building and Democratisation*, a project with Professor Joakim Öjendal, Gothenburg University, Sweden.

¹ EQUITAP stands for Equity in Asia-Pacific Health Systems and is the collaborative effort of more than fifteen research teams in Asia and Europe engaged in examining equity in national health systems in the Asia-Pacific region. The collaboration involves the development of methodological tools, and actual assessment of the performance of national health systems.

CDRI UPDATE

MANAGEMENT

CDRI and the Swedish International Development Agency (Sida) signed an agreement on 12 August for a new five year programme of Sida resource support, currently valued at USD4.2 million, from July 2011 to June 2016. The resources will support core operating costs, along with significant research and capacity development support for the Democratic Governance and Public Sector reform programme, and seeding support for new CDRI research on emerging issues of inclusive growth, climate change and education. As part of the process, in accordance with the requirements of the Swedish Audit Office, Sida commissioned KPMG to undertake an institutional review of CDRI, which confirmed the high standards of CDRI's institutional governance and management. The new agreement was announced at CDRI's mid-year Board of Directors meeting on 25 August, the first Board meeting chaired by its new Chair, Dr Sok Siphana.

Following a workshop at CDRI in July 2011, CDRI and its GMS-DAN partners have submitted a proposal, at the invitation of the Rockefeller Foundation, for further bridging support over three years, from 2011 to 2014, on the broad research theme of "Inclusive Growth and Sub-regional Integration in the GMS". CDRI has also begun discussions with IDRC in relation to IDRC's in principle offer to provide supplementary research funding for GMS-Dan over this period. A joint meeting of GMS-DAN, IDRC and the Rockefeller Foundation was held in Bangkok on 30 August to discuss how this three-way partnership will work.

CDRI has completed the Cambodia country background paper commissioned by the Asian Development Bank Institute (ADBI) for the major new ADB-ADBI study on *ASEAN 2030: Growing Together for Shared Prosperity*. The outcomes of this project will be launched in May 2012 in Cambodia as part of Cambodia's charring of ASEAN. The country papers will also be published by ADBI in 2012.

In mid-2011 CDRI was commissioned by IDRC to undertake a short preliminary consultancy on the feasibility and process for the establishment of MDRI, an independent development policy research institute in Myanmar based on the CDRI model. This was in response to a request from some of the major potential stakeholders in the MDRI initiative following a visit to CDRI in late 2010. In August, CDRI's executive director and the programme coordinator of its Economy Trade and Regional Cooperation programme visited Yangon for an intensive three day programme of consultations.

CDRI has introduced a new regular email bulletin to announce new research publications and events, with direct links to the CDRI website where PDF downloads of all major publications are available free of charge.

RESEARCH

Democratic Governance and Public Sector Reform

Five studies are being finalised: 1) *Questioning the Conventional Cambodian State Capacity in the Transforming Economy* seeks to assess current state

Continued on page 22



A Publication of CDRI—
Cambodia's leading independent
development policy research institute

**CAMBODIA
DEVELOPMENT REVIEW**

Volume 15, Issue 3 (JULY-SEPTEMBER 2011)

Cambodia Development Review is published four times a year in simultaneous English- and Khmer-language editions by the Cambodia Development Resource Institute in Phnom Penh.

Cambodia Development Review provides a forum for the discussion of development issues affecting Cambodia. Economy Watch offers an independent assessment of Cambodia's economic performance.

Cambodia Development Review welcomes correspondence and submissions. Letters must be signed and verifiable and must include a return address and telephone number. Prospective authors are advised to contact CDRI before submitting articles, though unsolicited material will be considered. All submissions are subject to editing. CDRI reserves the right to refuse publication without explanation.

Responsibility for the ideas, facts and opinions presented in the Cambodia Development Review rests solely with the authors. Their opinions and interpretations do not necessarily reflect the views of CDRI.

CDRI's Contact Details

☎ 56, Street 315, ☒ PO Box 622, Phnom Penh, Cambodia
☎ (855-23) 881-701/ 881-384/ 012 867 278; ☎ (855-23) 880-734
e-mail: cdri@cdri.org.kh / pubs@cdri.forum.org.kh
website: <http://www.cdri.org.kh>



9 789995 052058

Publisher: CDRI
Managing Editor: YOU Sethirith,
Production Editor: OUM Chantha
Cover Photograph: <http://www.traffickingproject.org/2009/07/migrant-fishermen-fall-through-cracks.html>

Printing: T & S Printing, Phnom Penh

© 2011 CDRI. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission from CDRI.

ISSN 1560-7607 / ISBN 978-99950-52-05-8