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ASEAN ECONOMIC COMMUNITY 2015: WHAT DOES IT MEAN FOR CAMBODIA'S ECONOMY AND FOR BUSINESS?

AEC and five principles of economic liberalisation

The goal of the ASEAN Economic Community (AEC), one of the three pillars of ASEAN integration, is to establish ASEAN as a single market and production base for a more integrated, dynamic and competitive region by the end of 2015. The AEC involves five fundamental liberalisations to ease the movement of goods, services, capital and skilled labour within the ASEAN region.

- **Free flow of goods** involves the elimination of tariff and non-tariff barriers to intra-regional trade. It also covers measures related to trade facilitation such as harmonisation of tariff lines, and simplifying and standardising customs procedures through an ASEAN Single Window. This component fosters market integration and increased intra-ASEAN trade. Average intra-ASEAN tariffs went from 13 percent in 1993 to near zero in 2013 (KPMG 2014) and were correlated with a sharp increase in intra-ASEAN trade, tripling between 2000 and 2013 to USD607 billion (EIU 2014).
- **Free flow of services** entails the removal of restrictions on barriers to trade in services such as foreign ownership, market access and service provider mobility. ASEAN member states have eased cross-border trade in at least 80 subsectors,



Panel discussion on ASEAN Economic Community 2015 - Coming Ready or Not!
Cambodia Outlook Conference, Phnom Penh, March 2015

with most of these subsectors allowing for majority foreign ownership. The service sector is a significant part of any country's economy in terms of both output and employment, and will grow if barriers are lowered.

- **Free flow of investment** provides enhanced protection to all ASEAN investors and their

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investments in other ASEAN countries; more transparent, consistent and predictable investment rules, regulations, policies and procedures; and progressive liberalisation of investment regimes. A 2013 survey of ASEAN competitiveness revealed that investor interest in the ASEAN region was strong and more businesses were seeing ASEAN as an integrated region when making their investment decisions. Foreign direct investment (FDI) in ASEAN has increased steadily, with average growth of 14 percent since 2000. In 2000, annual intra-ASEAN FDI stood at just USD0.9 billion. By 2013, the figure had grown to USD21.3 billion (EIU 2014).

- **Free flow of capital** strengthens ASEAN capital market development and integration through greater harmonisation of capital market standards; eases mutual recognition arrangements and agreements for the cross-border acceptance of qualifications, education and experience of market professionals; and enhances the withholding tax structure (ASEAN 2008). It also allows greater capital mobility by removing or relaxing restrictions on capital flows and current account transactions. As capital markets become more joined up, companies will be able to access deeper pools of liquidity for raising money (KPMG 2014).
- **Free flow of skilled labour** supports greater mobility of qualified professionals within ASEAN. “Free flow” means a flow managed through regional rules and subject to national laws and regulations. Actions to implement this provision include facilitating the issuance of visas and employment passes for ASEAN professionals, deepening cooperation between universities in Asia through the ASEAN University Network (AUN), and developing core competencies and qualifications for occupational skills training. Mutual recognition arrangements (MRAs) provide the main mechanisms for regulating skilled labour mobility. ASEAN has so far concluded MRAs in eight professions, encompassing engineering, nursing, architecture, surveying, medicine, dentistry, accountancy and tourism. Some of the details of these MRAs are still being negotiated and will be implemented post-2015.

- **Free trade arrangements** (FTAs), along with the AEC, provide a growing bilateral and multilateral trading network with the world’s largest economies, including China, Japan, South Korea, India, Australia and New Zealand, making ASEAN a hub for Asia’s FTAs. As well as maintaining centrality, the configuration of FTAs establishes a policy and legal framework for trade and investment with and in ASEAN (KPMG 2014).

AEC has made slow progress but is now moving forward

The AEC Scorecard, which measures compliance with AEC deliverables by each member economy, indicates that ASEAN has made good but uneven progress in implementing the AEC. By the end of 2013 it had completed 221 (79.7 percent) of the 277 measures. The biggest strides have been made in Pillar 3, which involves creating a region of equitable economic development. Progress in other areas of the AEC has been more modest, with implementation rates of 81 percent for establishing ASEAN as a single market and production base (Pillar 1), and 77 percent each for achieving a highly competitive economic region (Pillar 2) and fully integrating ASEAN into the global economy (Pillar 4).

Despite the Scorecard results, opinions about ASEAN’s progress towards realising the AEC are divided. Some critics say progress has been too slow, with little headway made on some major issues. Problem areas include the improper use of non-tariff barriers, for example burdensome customs procedures (Austria 2013); limits on foreign equity ownership and restrictions on land ownership; restrictions on skilled labour mobility across national boundaries (Das et al. 2013); and lack of harmonisation and standardisation of customs procedures. Restrictions on foreign investment and ownership remain the biggest barriers to trade (Woetzel et al. 2014).

A more optimistic view regards the AEC as a major stepping stone to deeper region-wide integration and fuller integration into the global economy. Although awareness of the AEC and its implications for businesses remains patchy, the majority of surveyed investors and business leaders are more positive about its achievements and direction, with more

companies buying into the ASEAN vision (KPMG 2014; ECN 2013). Businesses surveyed reported that ASEAN integration policies are starting to be more meaningful for them. “The pace of change is slow, sometimes frustratingly slow, but what’s important is the direction of change” (Pushpanathan Sundram, managing director of EAS Strategic Advice, quoted in ECN 2013, 11).

The Scorecard results show that due to the openness of its economy, as well as government and business commitment to specific AEC-related reforms, Cambodia has done well in meeting key milestones and now ranks in third place, behind Singapore and Malaysia. Cambodia’s overall performance has been above average in meeting various indicators leading to full implementation of the AEC. The only exception is the fulfilment of obligations pertaining to taxation and customs procedures, an area that requires serious government commitment to reform.

AEC offers business opportunities

Most companies surveyed in ECN (2013) and Wong and Wirjo (2013) perceive the AEC as more of an opportunity than a threat given the potential gains that can be had from more open, integrated and connected ASEAN economies and better links to global markets and production networks. ASEAN has become more attractive to investors due to the many success stories generating greater interest from both within and outside the region. First, is its rapid and sustained economic growth. Between 1999 and 2012, the ASEAN region grew in real terms by an annual average rate of 5.5 percent, doubling to a combined GDP of nearly USD3 trillion (KPMG 2014). Along with rapid expansion of the regional economy are its huge population, 617 million, and the rise of a vibrant middle class. It is forecast that the number of middle-class households in ASEAN will rise from 40 million in 2010 to 85 million in 2017, increasing consumer-spending power (ECN 2013). Second, ASEAN has successfully transformed itself into one of the world’s most vibrant manufacturing hubs. In light of rising labour costs in China, the region now represents an even greater opportunity as a manufacturing hub due to its high availability of low-cost labour. Further, the AEC can reduce production costs and improve efficiencies through economies of scale and specialisation (ECN 2013). Companies from the United States, European

Union, China, South Korea, Japan and Australia are looking for cost and production efficiencies, making ASEAN an attractive investment destination.

AEC membership holds many benefits for Cambodia. Coupled with broader Asian regional cooperation and integration, particularly with China, Japan and South Korea, the AEC will promote physical connectivity, expand access to regional markets, resources and investments, increase participation in regional production networks and drive domestic reforms. Thus it will improve the overall business and investment climate. All of these will all contribute to accelerating productivity, employment generation and economic growth (Hing and Strange 2014). The AEC is expected to increase Cambodia’s real GDP by 4.4 percentage points, exports by 5.3 percentage points and private investment by 24.8 percentage points (Itakura 2013). However, education levels and human capital development in Cambodia continue to lag behind that in most other countries in the region. Consequently the country’s labour market is plagued by serious skills mismatches and skills gaps. In the short term, Cambodia can benefit from the freer movement of skilled labour through the AEC to tide it over specific occupation skills shortages. In the longer term, Cambodia will need to build a better educated and skilled workforce if it wants to compete successfully in the AEC and beyond (Madhur 2014).

In preparation for the AEC and wider regional integration, Cambodia has recently undertaken several important reforms to improve the economic and commercial climate. For example, it now offers generous investment incentives, especially in areas of 100 percent equity ownership, with generally non-restrictive repatriation of profits, low corporate tax rates and favourable tax exemptions. Even so, more needs to be done to stabilise the business climate and make it more attractive to investors. The current investment environment in Cambodia, along with the added benefits of the AEC, provides positive conditions to sustain investment and growth. In the past year alone, Cambodia has experienced a notable increase in FDI, with large US retail companies like Domino’s Pizza, Kohler Faucets, and Home Top (the official franchise in Cambodia of Do It Best) entering the local market (Todd 2015).

The prospect of broader integrated regional production networks and markets also offers Cambodia a rich seam of investment and trade to spur private sector development and prosperity (Hing 2013). Cambodia has not yet participated significantly in intra-regional dynamics of production sharing, but major structural shifts in global supply chains in Asia promise a new era of opportunity for the emerging economies of Southeast Asia such as Cambodia. Because of rising costs, many firms are moving away from China and relocating production in low-cost countries. This trend is evident in the investment of two Japanese firms—Minebea, a global leader in micro-motors, and Sumitomo Electric, a leading producer of wire harnesses—setting up state-of-the-art production facilities in Cambodia to serve global markets.

Reform, rebranding and positioning of Cambodia to maximise benefits from the AEC and broader regional integration

Cambodia has yet to reap the benefits from the AEC, reflected in the country's low volume of intra-ASEAN trade and limited participation in dynamic regional production sharing. If Cambodia is to maximise the benefits from the AEC and broader regional integration, and add value for business, it needs to undertake further reforms.

- *Improve investment climate:* Despite significant improvements in macroeconomic management, trade facilitation and access to finance and information technology, the Cambodian investment climate remains less conducive than in most other countries in ASEAN, ranking low in business and economic assessments. To be the location of choice for multinationals will involve, among other things, improving the ease of doing business and creating the right incentives. Priorities to remedy investment climate weaknesses include improving infrastructure, streamlining customs procedures, enhancing logistics efficiency and investing in human capital. Also conducive to investment would be deepening special economic zones through superior infrastructure, overcoming bureaucratic and administrative hurdles, creating more flexible employment relationships and ensuring ready access to both low- and high-skilled labour.
- *Upgrade logistics and simplify customs procedures:* among ASEAN member states,

Cambodia has some of the least efficient logistics services, stemming from insufficient and poor quality infrastructure, and low efficiency and effectiveness of clearance by customs and border control agencies. Policy interventions can range from improved trade-related infrastructure to better border management, through reforming and modernising customs and wider information sharing, greater competition in trucking, port and airfreight services, and ready access to information about international transit agreements.

- *Invest in human capital:* the educational attainment of the labour force and the formation of human capital lag behind that of most countries in the region, constraining Cambodia's sustained socio-economic development. The country must invest heavily in skills upgrading and human capital development. Improving the education system should be the prime policy focus, with primary and secondary education providing the necessary foundational skills to young people, and higher education and professional and technical education (PTE) building on these skills. To be competitive and to provide quality employment opportunities, Cambodia needs a highly skilled younger generation (especially in science, technology, engineering and mathematics—STEM subjects).
- *Enhance business consultation and engagement:* Despite the existence of effective, national-level mechanisms for consultation between government and the private sector, private sector engagement in ASEAN processes is at best uneven, and there is a lack of awareness about the benefits and opportunities of region-wide FTAs and of regional integration (Chan and Strange 2012). Also, the complex set of rules and procedures creates a burden and leads to confusion for businesses. ASEAN and the government of Cambodia should strengthen information dissemination and consultation with businesses on AEC initiatives. The ASEAN Business Advisory Council emphasises that greater effort must be made to reach out to local small and medium enterprises—to allay their fear of the AEC as a threat to their businesses and alert them to the opportunities it presents.
- *Develop and implement a national industrial development policy:* Cambodia's economy

remains narrowly based in agriculture, garment manufacturing, tourism and construction, but with promising signs of diversification into light industrial manufacturing and agribusiness. If Cambodia is to meet the opportunities and challenges of AEC 2015, it needs to develop and implement a national industrial development policy that promotes industrial diversification and productivity, improved infrastructure and logistics, a skilled labour force that meets dynamic labour market demands, the strengthening of institutions, and a fertile business environment for both domestic and international investments. The Cambodian government will soon release such a policy. However, its implementation will require strong leadership and commitment from the government and its development partners, the business community and education and vocational training institutions, as well as greatly improved cross-ministry and inter-agency coordination and cooperation.

- *Rebrand Cambodia for the AEC and beyond:* Government and businesses agree that Cambodia needs to rebrand itself, moving on from terms like “post-conflict”, “least developed” and “aid dependent” to a more positive narrative that, in both substance and perception, presents a more balanced story of Cambodia’s remarkable achievements over the past two decades—peace and stability, one of the most open economies in the world, record levels of sustained inclusive growth (an “Olympian of Growth” according to World Bank 2014) and poverty reduction, wide ranging reforms in key areas that create a healthy business environment, a young population with huge potential as skilled labour for industrial diversification and productivity, and a strong commitment to playing a major role as an outward looking, constructive and dynamic player in an integrated ASEAN, a broader Asian region and beyond.

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Political Ecology of Kamchay Hydropower Dam

Introduction

Cambodia urgently needs to generate electricity to power its economic development and bridge its energy gap. The overall electrification rate is just 42.72 percent, with 3.16 million households connected to the national power grid (EAC 2014). Electricity coverage in rural areas is much lower than the country average. Domestic generating capacity in 2013 was only 1770 GWh—nearly 43 percent from diesel, coal and biomass, and about 57 percent from hydropower (EAC 2014). The volume of electricity imported from neighbouring countries was 2282 GWh, of which 44 percent came from Thailand, 25 percent from Vietnam and 1 percent from Laos (EAC 2014). Electricity costs in Cambodia are among the highest in the ASEAN region. Domestic electricity tariffs in 2011 ranged from 8.54 to 15.85 US cents per kilowatt hour (ASEAN Centre for Energy 2011).

Given the opportunities offered by the country's topography (narrow valleys, fast-flowing streams and powerful rivers), as well as foreign investment (mostly by Chinese firms) in energy infrastructure, the Royal Government of Cambodia is giving high priority to developing hydropower resources. The expectation is that increased power supplies will decrease and help stabilise future electricity prices. The Ministry of Mines and Energy (MME) and the Mekong River Commission (MRC) estimate that the country's technically exploitable hydropower capability is about 10,000 MW. Ten percent of the potential was under construction in 2011, and memorandums of understanding for an additional 2200 MW have been signed (Gätke and Un 2013).

Large dams have always attracted much controversy, usually related to their socio-economic impacts and environmental sustainability (Siciliano

et al. forthcoming). Main biological impacts are changes in aquatic species composition in the river, blocked fish migration routes between feeding, spawning and nursing grounds, blocked sediment and nutrient flows, inundation of agricultural land and loss of terrestrial fauna and flora. Changes in river morphology, land use, water flow and water quality, such as increased salinity in downstream areas near the coast, are the physical effects. Forced relocation of people, loss of natural resources, restricted or denied access to resources, changes in livelihoods and agricultural practices, and river water not suitable for domestic or agricultural use are some of the impacts on local economies. Biophysical and socio-economic impacts of large dams are inevitable. However, the severity of adverse impacts depends on the size of the dam and reservoir. Moreover, because of cost overruns and project delays, not all dams are economically advantageous (Ansar et al. 2014 and Sovaoon et al. 2014 cited in Siciliano et al. forthcoming).

Energy sector development, especially hydropower, is new for Cambodia, and large infrastructure projects require foreign assistance and investment. While the government and its development partners focus on the benefits of hydroelectric power production, the risks associated with dam construction are less well understood among policy and decision-makers. This has resulted in scant attention paid to the adverse effects of dam development and ways of mitigating risks.

This article draws on a larger study¹ undertaken to provide a better understanding of the governance arrangements of Kamchay hydropower dam and its socio-economic and environmental impacts, with a focus on changes in the livelihoods of people living in the immediate vicinity of the dam.

Case study of Kamchay dam

The 194-MW Kamchay dam was built by Sinohydro, a Chinese company. It was the largest one in the country until the 338-MW Russei Chrum Krom River dam was installed in January 2015. Although the precise extent of Kamchay dam's impact remains

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1 "China Goes Global", funded by the Economic and Social Research Council (ESRC), UK, is due to conclude at the end of 2015.

Figure 1: Kamchay hydropower dam, Kampot province



uncertain, the distribution of social, economic and environmental costs and benefits among actors on different levels and scales is clearly unequal. This dam development tests the government's ability to mitigate negative impacts and resolve inequalities between those who benefit and those who lose out. There are important lessons to be learned for future hydropower dam projects.

Kamchay dam construction and operation have considerable effects on the environment and consequent impacts on natural resources and local resource users. This calls for a better understanding of the implications of dam development that can contribute to shaping policy and decision making at national and local levels.

The main research objectives are to understand (1) the impacts of the dam on society, local economies and the environment, and (2) governance arrangements and decision-making processes regarding the hydropower dam. To that end, the study explores two key research questions:

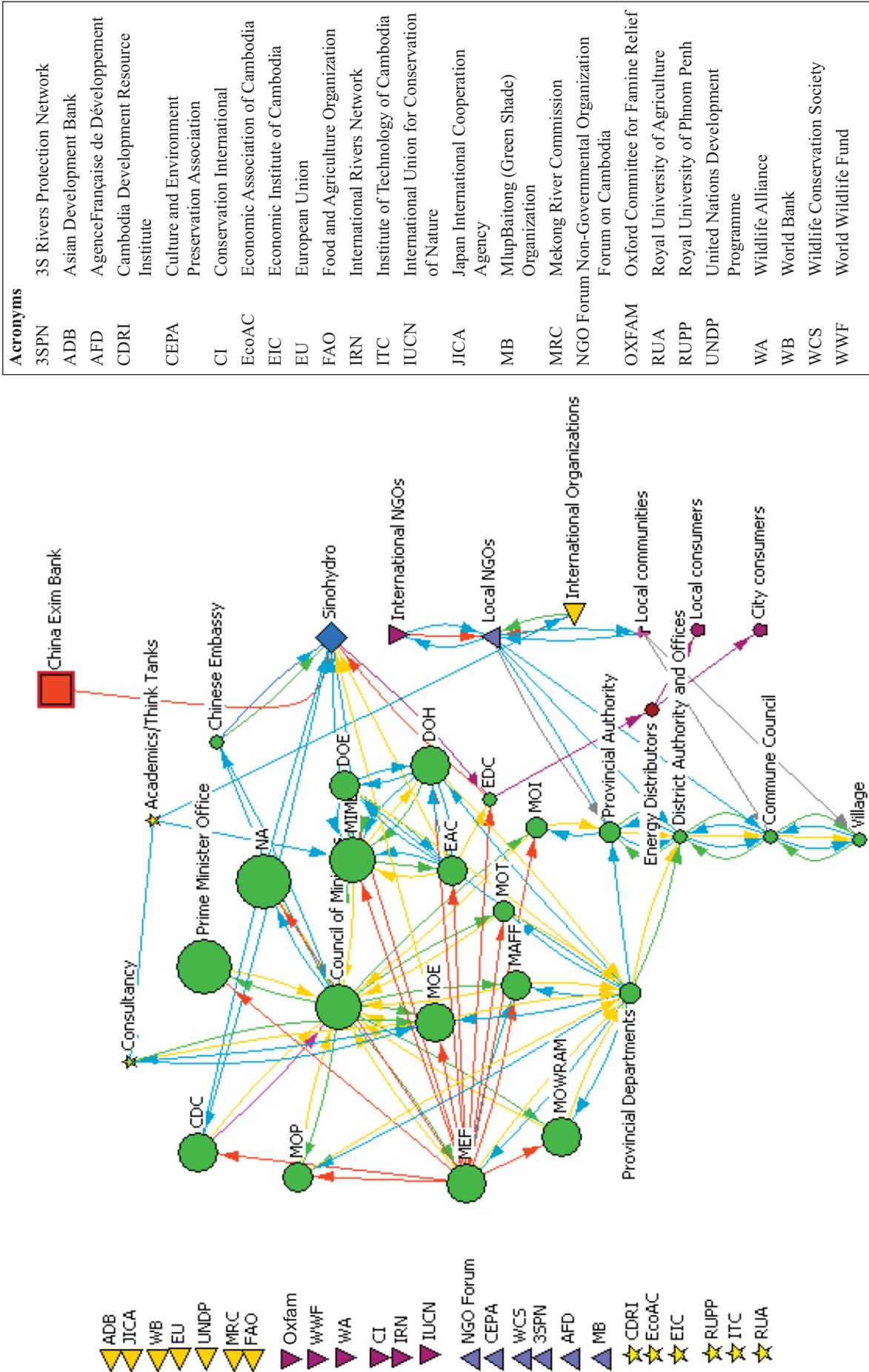
- What are the direct and indirect social, environmental and economic impacts of the Kamchay dam at local and national scales?
- What are the governance arrangements regarding the development and operation of the Kamchay hydropower dam?

Method

Theoretical framework

Political ecology serves as the analytical framework to identify underlying political and socio-economic impacts, reproduced in environmental change, of Kamchay dam. Other scholars have used a similar framework to study conflicts over access to, and control over, natural resources such as water and energy (Wolf 1972; Greenberg and Park 1994). Central to the framework are the complex interactions between different actors at various levels (Tan-Mullins 2007): assessment of the unequal power relations between actors helps to explain the uneven distribution of access to and control over environmental resources.

Figure 2: Institutional actors involved in decision making for Kamchay dam



The interdisciplinary nature of political ecology means that there are differences in emphasis in its definition. However, three assumptions developed by Bryant and Bailey (1997, 28-29) ground the practice of political ecology in developing countries.

- First, the costs and benefits associated with environmental change are distributed unequally.
- Second, this unequal distribution inevitably reinforces or reduces existing social and economic inequalities.
- Third, the unequal distribution of costs and benefits and the reinforcing or reducing of pre-existing inequalities holds political implications in terms of the altered power relationships that result.

Fieldwork

This study took a qualitative interdisciplinary approach, and drew on primary and secondary data. Secondary data was collected from a desk review of information and studies on Kamchay and other hydropower dams in Cambodia, international guidelines and policies on dam development, and national policies and legislation for energy security, dam construction and operation.

Primary data was gathered from semi-structured interviews (SSIs) and focus group discussions (FGDs) held with institutional actors in Phnom Penh capital and with local people living in affected communities at the dam site in Kampot province. Purposive and snowball sampling was used to select five villages as study sites, and snowball sampling was used to select participants for FGDs and SSIs. Four SSIs and two FGDs were conducted in each village, giving a total of 20 SSIs and 10 FGDs. A further 20 SSIs at national and subnational levels were held with government officers, representatives of NGOs and civil society, and academics.

Data analysis

Data analysis involved two types of processing using different kinds of software. Before starting fieldwork, analysis was conducted to identify stakeholders, the formal relationships between them and, importantly, their decision-making powers. The first step was to identify all stakeholders through brainstorming and then classify them by their perspectives, involvement and interests. The next

step entailed a mapping exercise to determine and visually illustrate the complex interactions between those stakeholders (Figure 2). This was done using Visualizer software. Mapping allowed researchers to identify which stakeholders would be useful to interview.

Audio recordings of the SSIs and FGDs were transcribed in Khmer, and the transcripts then translated into English. After being checked for consistency, the transcripts were sorted into three subfolders: interviews with community members, interviews with institutional actors and focus group discussions. The information collected was coded and grouped into clusters around particular themes that emerged through analysis. This exercise was done using Nvivo software.

Findings

The results revealed the socio-economic and environmental impacts of hydropower development in the immediate vicinity of Kamchay dam, especially on those who depend on natural resources for their livelihood. Vendors at Tuek Chhu resort and bamboo collectors, for example, reported being far worse off than they were before the dam.

Impacts on local communities and the environment

The dam has limited local people's access to natural resources. The densely forested Bokor National Park, previously state-owned land, is now privately owned by Sinohydro, and a large bamboo area has been permanently flooded by the reservoir. This means that collectors no longer have ready access to bamboo forest and need to go farther afield. Women from Ou Touch village stated, "Our livelihoods before the construction of the dam were better. Now that the bamboo area has been inundated, collecting is more difficult because we need to use a raft. Our livelihoods are harder than before the dam was built." Access to the bamboo forest was sometimes flooded, and there were regular reports of local people being denied access altogether.

Focus group discussions revealed that bamboo collectors' livelihoods have been cut by as much as 50 percent, and sometimes, when access to the forest was blocked, by up to 100 percent. Many people are landless or own a very small plot of land and therefore have to buy rice. Many have had to borrow money from microcredit institutions to buy

staple foods, and some have taken out loans to buy a boat so they can reach the bamboo area.

The incomes of fruit vendors at Tuek Chhu resort have fallen because fewer tourists have been visiting the area since the water level and flow declined, particularly in the dry season. There were even reports that some tourists had drowned when water was suddenly released from the reservoir; water is released irregularly and without warning. Women from Snam Prampir village explained, “We cannot sell as much as we used to because the water flow is too low for tourists to play in the river. Even on public holidays, the Chinese company does not release water. So fewer tourists have been coming here since the dam was built.”

Local people expected to get free or low-price electricity but in fact the opposite has happened. Even worse, some villagers living near the dam have not been connected to the power grid. A man from Moat Peam village had “heard that people affected by the dam would get free electricity”; another villager, a woman, commented “No, we do not have electricity; they did not connect us to the power grid.”

Environmental impacts were particularly apparent during the dam’s construction, the most obvious being the flooding of 2230 ha of land and forest in Bokor National Park (SAWAC 2011). Water flow in areas downstream of the dam has been inadequate and irregular and, as many villagers especially fruit vendors complained, Tuek Chhu resort was attracting fewer visitors. A woman from Snam Prampir village told how she has “requested that the water gates be opened every day to allow water to flow constantly”, adding “now we can sell only 20 to 40 percent of what we used to sell before the dam was built.” There were mixed reports about impacts on fisheries resources, said to have increased in the upstream reaches but declined in downstream areas. A man from Bat Kbal Damrei village noted, “Before dam construction, each family could catch around 20 to 30 kg of fish. But now we cannot go fishing because the dam has blocked the river and fish cannot find the passages placed in the dam to help them move downstream.”

Kamchay dam has also had some positive effects. Importantly, it has helped protect some areas from annual flooding. Life is better for those living in the previously flood-prone villages. A man from Bat Kbal Damrei village said, “My livelihood is better

than before dam construction because there are no floods now.” Even so, some villagers voiced safety concerns about the possibility of a flood disaster caused by the dam bursting or dam failure. No resettlement was required. Local people seemed satisfied with the compensation received for the loss of fruit trees and farms; some aired complaints, though with a degree of hesitation.

Flooding of the forest and resultant changes in biodiversity around the reservoir, lower river levels and highly irregular water flows in the dry season, and blocked passage of fish to downstream fisheries have had severe consequences. Bamboo collectors, fruit vendors and fishers have lost livelihoods to the dam, yet these groups of people were not considered for compensation payments.

Governance arrangements

Exchanges and interactions at all levels and between different levels of governance occur before and after dam construction. The decision to go ahead with Kamchay dam was made at the top level of government by the Council of Ministers and MME, with other government agencies designated as support agencies.

Study participants reported that local communities, particularly those most affected by the dam, were barely involved in pre-construction consultation processes. There was a public consultation as part of an environmental impact assessment (EIA). Although local authorities such as village chiefs and commune councillors were invited to participate in the EIA, most of the bamboo collectors were not asked for their views. People received very little information about the dam until construction started. Men from Tvi Khan Cheung village pointed out, “there were many complaints about the banning [of access to the bamboo forests affected by the dam]”, and other villagers related how “up to 300 people protested on one occasion at being unable to access the bamboo areas.” Some were dissatisfied with the low water levels at Tuek Chhu resort and would like the dam operators to release more water from the reservoir, and others complained about not having access to electricity.

It seems clear that conflicts have arisen since the operation of Kamchay dam. Many local people have lodged complaints with various local government offices and even Sinohydro, the dam developer. But it is not clear who is responsible for resolving

conflicts and addressing legitimate complaints, or how problems are resolved. Since pre-construction consultation in terms of process and representation was limited, it follows that communication between Sinohydro and governing authorities, and the people affected, is also likely to be limited.

Conclusion

The case study results, validated in recourse to an extensive cross-disciplinary literature review of the effects of large dams, highlight some positive and negative socio-economic and environmental impacts of Kamchay hydropower dam. The impacts seem to be distributed unequally. In particular, local people who depend on natural resources and ecosystem services for their livelihoods are worse off. The eligibility requirements for compensation benefits need to be tailored to include this group of people who have lost their livelihoods to the dam.

Environmental planning and management is generally absent, as is a monitoring and evaluation system. It is almost impossible for local people to have their complaints upheld because there has effectively been no defined coordinating mechanism for resolving the problems that have arisen during and since dam construction.

The extent to which people likely to be affected by a hydropower project should be informed and consulted is often disputed. There is no easy answer as it is difficult to assess the overall effects of a specific dam; the weighing of benefits and harms will always be contentious. Even so, the basic principles of good governance—transparent decision-making, local people properly informed and their concerns heard and addressed—should be applied.

This study demonstrates the broad applicability of political ecology research for analysing the complex power relationships underlying inequalities of access to natural resources—in this case, water, fisheries, bamboo groves and available energy. Data and information provided by such research will result in better decision making and greater long-term gains from natural resource management and hydropower development.

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Women's Labour Mobility in the Greater Mekong Subregion

This article reviews key issues of women's labour mobility in the Greater Mekong Subregion (GMS), with particular emphasis on migration patterns, causes of migration, challenges and implications. Because there are limited regional capacities to collect socio-economic information on large-scale migration and because much of the migration is not registered, there is limited sex-disaggregated data available. Therefore, some of the discussions below are general to both female and male migration and some are gender specific. Nevertheless, the major issues emerging include fast-growing migration flows within and outside the subregion; irregularity of movement; labour exploitation and violation of rights with minimal legal support services; yet positive developmental outcomes for the families and countries involved.

Migration patterns

Two major patterns of labour migration are distinguishable in the region: intra-GMS—within the GMS; and extra-GMS—within and outside ASEAN.

Intra-GMS migration

Female and male migration in the GMS has become more dynamic and grown rapidly in volume (ADB 2013; Caouette et al. 2007; Jalilian 2012). The number of migrant workers in the subregion is estimated at 3 to 5 million, and the migrant stock is expected to increase by 28 percent by 2020 (Lewis et al. 2010). Intra-GMS migration mainly involves movement of unskilled workers from Cambodia, Laos and Myanmar (referred to as CLM) to Thailand. This migration is primarily irregular. Data from Thailand's Ministry of Interior (cited in IOM 2011) puts low-skilled CLM migrants at 2.46 million in 2009, of whom 1.4 million were unregistered. Among registered CLM migrant workers, 82 percent were from Myanmar. Beyond the movement of unskilled

labour from CLM to Thailand, there is movement of higher skilled Vietnamese migrants into Cambodia, Laos and Thailand, though in smaller numbers, and of skilled Chinese workers from Yunnan and Guangxi provinces into Laos and Myanmar (World Bank 2006; Caouette et al. 2007).

The proportion of registered female CLM migrants in Thailand increased from 29 percent in 1998 to 46 percent in 2009 (ILO n.d). Male migrants mostly find work in construction, agriculture or on fishing boats, while female migrants generally find employment as domestic workers or take up jobs in factories and food processing plants (IOM 2011).

Extra-GMS migration

The rise of migration within the GMS has been accompanied by rapid increases in outflows of migrants to countries outside the region, chiefly through labour export programmes. Extra-GMS migration mainly involves GMS countries, especially Thailand, Vietnam and Cambodia, sending workers under labour export agreements to richer countries within ASEAN, notably Malaysia and Singapore, or outside the ASEAN region. Thailand has a labour export programme sending Thai workers, largely semi- and low-skilled, to Taiwan, China, Japan, Israel, Malaysia, South Korea and some Middle East countries. Vietnam has implemented labour export programmes since the 1990s mainly directed to Japan, Taiwan, South Korea and Malaysia. Cambodia has sent migrant workers to Malaysia, South Korea, Singapore and Japan.

Causes of migration

Migration in the GMS is largely driven by significant demographic and economic disparities, complementary labour market structures among GMS countries, and improved connectivity and integration (ADB 2013; Caouette et al. 2007; Jalilian 2012).

- *Unequal social and economic development spurs migration.* Studies demonstrate striking divides and disparities in incomes, economic structures and other human development dimensions (e.g.

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demographic structure, educational attainment) within the GMS. Thailand is the most advanced country, with rapid urbanisation and a broad economic structure based on fast-growing, export-oriented and labour-intensive manufacturing, services and agriculture. Thailand's economic growth has generated significant employment. However, it has an aging population, illustrated by the negative growth rate of the working-age population. The consequent large labour shortages mean that Thailand needs to rely on migrants from neighbouring countries. CLM are young population countries with higher population growth and increasing youth and working-age cohorts. Yet their economic growth is relatively narrow-based, relying on agriculture and a few manufacturing and service sectors (e.g. garments, construction and tourism). This means that CLM economies cannot absorb their ever-increasing labour force, leading to labour surpluses. Such complementary economic and labour market structures stimulate cross-border mobility, where Thailand is a primary labour market destination and CLM are sources of labour supply.

- *Increased connectivity and integration stimulate migration.* GMS countries are involved in multi-level cooperation frameworks. The GMS cooperation programme, established by the Asian Development Bank (ADB) in 1992, links developing economies to more dynamic ones through extensive development of infrastructure systems. The ASEAN cooperation framework offers greater opportunities for trade and investment through its comprehensive economic cooperation initiatives. ASEAN also helps GMS countries link to the wider Asian region through its ASEAN Plus Agreements, i.e. ASEAN+1 and ASEAN+3. The multilevel configuration of subregional and regional systems coupled with improved connectivity increases intraregional trade and economic interactions and thus stimulates cross-border movement of people (Caouette et al. 2007; ADB 2013).
- *Geographical proximity further fuels migrant flows.* Thailand has long porous borders with CLM. With Cambodia, for example, it shares an 803 km land border that has many informal entry points. Laos shares a national border of 1835 km with Thailand. Cross-border mobility

is also driven by the relocation of industries in Thai border towns to take advantage of abundant labour (ADB 2013).

Issues and challenges

As in many regions of the world, female and male migrants in the GMS face multifaceted issues and challenges at different stages. Some problems happen during the recruitment process, while the majority of issues arise in the workplace. The nature of issues and the degree of seriousness varies according to the migration journey, type of work and destination country.

- *Poorly regulated recruitment agencies.* Incidents of malpractice and negligence by recruitment agencies, even licensed ones, are common. Main pre-departure abuses include excessive recruitment and travel fees, confiscation of passports and insufficient, false or misleading information about work conditions (Hing and Ly 2014). In Cambodia, for example, there is evidence of prospective migrant workers being confined in overcrowded and unhygienic pre-departure training centres; workers have also reported physical abuse, long working hours, little rest time and no free weekends or annual leave, and a deep sense of loneliness and homesickness (Hing and Ly 2014).
- *Weak migration management.* Legal migration is a complex, lengthy and costly process. Majority of migrants therefore opt for informal routes. The problems confronting CLM governments are compounded by a lack of enforcement mechanisms to ensure effective migration management and a lack of adequate legal and support services for migrants, especially victims of trafficking and workplace abuse.
- *Vulnerability during transit.* Irregular migrants, whose journeys are often made outside the regulatory frameworks of both sending and receiving countries, are at the gravest risk of abuse and exploitation by employers and generally have no recourse to legal protection. In Myanmar, the law prohibits young women under the age of 25 from travelling abroad without a legal guardian. This discourages young women from migrating legally, and makes them more inclined to accept offers from job brokers who promise to arrange escorted travel and paid work (SERC n.d).

- *Problems at worksites.* There are significant gaps in promoting and protecting the rights of migrant workers especially in destination countries. There are high incidence rates of exploitation, especially deception about wages, type of work and legal status, withheld wages, retained passports or identity documents, physical confinement, substandard working conditions and threats of denunciation to the authorities. Gender discrimination and inequalities mean women are generally more vulnerable to abuse and exploitation than men. NGO reports indicate severe abuse of Cambodian domestic workers in Malaysia. For example, in 2012 alone, there were 90 cases of forced contract extensions, physical abuse and torture, disappeared or missing women, or women waiting for unpaid salaries in Malaysia (CLEC, LSCW and HRW n.d). And in 2010 and 2012, LICADHO assisted and/or repatriated some 250 Cambodian domestic workers from Malaysia. For migrant workers in Thailand, the main issues and problems are no recourse to legal protection (because of fear or lack of freedom), violence, dangerous and difficult working conditions. Naro's (2009) compilation of case studies on Cambodian migrants mistreated by their employers reveals how some had to work long hours for low wages, while others were physically harmed when they refused to follow instructions.
- *Weak or ineffective complaints mechanism.* There are few satisfactory or timely solutions to problems as they arise. Employers' exploitation of workers remains unchecked by national governments and legal systems fail to protect workers, particularly regarding wages, working conditions and employer abuse.
- *Restricted access to social security and health services.* The majority of migrant workers, both legal and irregular, face many difficulties in gaining access to social security because benefit entitlements are linked to economic activity or legal employment status. Other factors restricting migrants' access to social security include administrative processes, language and discrimination. Some countries restrict or refuse to grant migrant workers entitlement to certain welfare benefits.
- *Issues upon return.* Returning migrants encounter multifaceted problems in their home

countries. The most common is the challenge of reintegrating into their home community. While most migrants do not psychologically prepare themselves for their return, the reception of their families and communities varies depending on whether they return with savings (Caouette et al. 2007). Another issue is a lack of reintegration programmes such as skills recognition, employment services and financial services. Countries such as Myanmar, Laos, Vietnam and China even have legislation that fines or punishes citizens who leave the country without notifying the authorities (Caouette et al. 2007). Prejudice and negative stereotypes can also accentuate the difficulties facing returned migrants (Caouette et al. 2007). The degree of mental stress among migrants and their families is much higher for those who have been abused or who return home with serious health problems. The situation is even worse for female migrants because some communities discriminate against them based on the presumption that they have been directly or indirectly involved in sex work (Caouette et al. 2007).

Impacts of migration

In general, migration is perceived and found to have more positive than negative effects on development. Benefits include easing of the labour demand and supply imbalance; increased incomes from remittances; improved healthcare, education and nutrition; increased consumption; and improved access to finance (Ratha et al. 2011; Caouette et al. 2007; Jalilian 2012).

For labour-scarce countries such as Thailand, availability and access to low-skilled and unskilled labour from CLM can guarantee a steady and reliable supply of workers, vital for sustaining competitiveness (World Bank 2006; IOM 2011). Labour-intensive manufacturing, fisheries and agriculture, sectors that have been critical to Thailand's economic growth, remain competitive due to the abundance of low-cost migrant labour (World Bank 2006; IOM 2011). For labour-abundant CLM, easier and freer cross-border movement of workers can ease unemployment pressures, especially in rural communities where lack of economic opportunities and chronic unemployment are widespread.

Remittance flows into GMS countries in 2013 ranged from USD5.69 billion in Thailand (1.5 percent of GDP), USD11 billion in Vietnam (6.4 percent of GDP) and USD59 million in Laos (0.5 percent of GDP) to USD176 million in Cambodia (1.2 percent of GDP). Cross-country experiences including those in the GMS suggest that remittances can help stabilise external accounts and thereby reduce economic volatility (Ahsan et al. 2014).

Migrant remittances are used for different purposes. In Cambodia, for example, about 87 percent of total remittances were spent on daily consumption (mostly food), debt repayment, medical treatment and durable household assets; the other 13 percent went on farm inputs, setting up a business, expanding an existing business, and other productive assets (CDRI 2009). A more recent study on Vietnam reveals that, after repaying pre-migration loans, remittances are mainly invested in physical assets and human capital: building houses (53.3 percent), children's education (24.2 percent) and business (17 percent) (Lee and Mont 2014). Most of the Vietnamese returned workers reported that they were able to amass significant savings from overseas work and to use those savings to invest in small businesses at home.

Migration has positive effects on livelihood generation. In the GMS, households with migrant workers generally have higher income and consumption than households without migrant workers (Jalilian 2012). In Laos, families with a member working abroad had more material possessions, such as televisions, mobile phones, radios, tractors, shops and cash, than families without a migrant member (SERC n.d). Migration also contributes to poverty reduction. In Cambodia, migration and remittances could reduce the poverty ratio by 3 percent (Roth et al. 2013). In Laos, remittances, especially from Thailand, help reduce rural poverty (Southichack 2013).

Yet not all impacts are positive: loss of productive labour for agricultural production, lack of supervision and care for children left-behind, and debt bondage can be harmful to migrants' families and their communities. One implicit cost of migration for migrants' families or sending communities is the reduced labour force available for family self-employed (farm and off-farm) activities and for communities at large (Roth et al. 2014). Too often, when migrants—especially women—go to work

abroad, they leave children in the care of elderly parents or other relatives. Children left behind receive less supervision and care and sometimes engage in child labour. Recent evidence in Hing et al. (2014) indicates that compared to children in non-migrant households, children in migrant households have a 27 percent higher probability of participating in economic activities. Although migration has been found to have no significant impact on child vaccination rates, it does affect children's health as reflected in the increased number of injuries and higher incidence of illnesses and malnutrition. In Vietnam, migrants typically have to borrow money from relatives, friends or banks to pay the sending enterprise and brokers in order to leave. If they fail to get overseas work or have to return early, the economic consequences of these loans can be devastating (Lee and Mont 2014).

Summary

This brief review of the key literature on migration in the GMS provides several important insights. First, women have played, and continue to play, increasingly significant roles in migration dynamics and trends. Given existing demographic and economic conditions, those trends are expected to continue. The pitfall, though, is that there are often no specific migration policies or intervention programmes for women migrant workers, and few research studies focus on the specific issues affecting them. Second, the management and protection of migrant workers in both sending and receiving countries is ineffective. Migrant workers encounter problems at all stages of the migration process: pre-departure, worksite and return. The predominance of irregular migration could escalate the risks and vulnerability of migrant workers especially of women. Third, although migration has negative impacts such as lower labour supply in sending families and communities, separation from family and children, and recruiter/employer abuse, there are significant benefits. It has positive developmental effects. Fourth, the increase in migration flows, especially migration of low-skilled workers in the GMS, has been phenomenal. Yet this has occurred within a limited regional regulatory or institutional framework. Consequently, significant challenges and issues have accompanied the growth in migration.

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Economy Watch—External Environment

This section describes economic indicators of major world economies and Southeast Asian economies.

The International Monetary Fund has projected that global growth was 3.3 percent in 2014. However, there are concerns and worrying signs in emerging and developed countries of uneven performances, geopolitical tensions and economic uncertainties that continue to cloud global growth prospects.

Real GDP growth in Malaysia rose in the fourth quarter, to 5.8 percent from 5.1 percent a year earlier. Growth in Singapore was slower at 2.1 percent from 5.5 percent in the previous year. Real GDP growth in Indonesia dropped slightly to 5.4 percent. Year-on-year growth in Thailand increased to 2.2 percent in the fourth quarter, compared to 0.4 percent a year earlier. The easing of political tension has contributed to an increasingly stable business environment and confidence. Political stability in Thailand has also been beneficial to neighbouring countries in terms of jobs for low-skilled migrants from Cambodia, Laos and Myanmar.

Growth in China and other East Asian economies—Hong Kong, South Korea and Taiwan—remained strong, albeit slowing. Real GDP growth in China and Hong Kong declined slightly in the fourth quarter to 7.3 and 2.2 percent, respectively. Growth in South Korea declined to 2.8 percent, while growth in Taiwan slightly increased by 3.3 percent.

Growth in industrialised economies, on average, slowed in the fourth quarter because of uncertainty and vulnerability due to high debt and weak domestic demand in the euro area. The issue of Greece's debt continues to add more complications to the zone. Growth in the US decreased slightly to 2.4 percent in the fourth quarter from 2.5 percent a year earlier. Despite the decline, the US job market performed well in 2014, adding 3.1 million nonfarm jobs (an average of 260,000 per month). Supportive monetary intervention might explain the observed performance even though there is speculation of tapering by the Fed to control monetary-induced inflation. However, there seems to be no sudden tapering from the Fed in the short run. Japan's growth slowed in the fourth quarter to 0.5 percent

from 2.6 percent a year earlier. The IMF has projected moderate growth in Japan in the 2014-15 fiscal year.

World inflation and exchange rates

Inflation rates in developing and developed economies were manageable and, in some rich countries, lower than expected. Some countries are struggling to combat deflation.

Inflation in Cambodia dropped to 2.2 percent from 4.3 percent a year earlier and in Indonesia to 6.5 percent from 8.4 percent. Singapore experienced deflation of 0.2 percent. Japan escaped deflation in the last quarter of 2014. It is hoped that aggressive expansionary fiscal and monetary policies introduced by Prime Minister Abe can break deflation. Inflation rates were also low in China and other Asian tigers. The rate in China could allow more room for expansionary monetary policy as part of growth strategy, if necessary. Inflation in the euro area and the US remained low, indicating that quantitative easing II has not had strong effects on overall prices and that tapering should not yet be started.

In the fourth quarter, the riel depreciated 1.3 percent from a year earlier against the dollar, to KHR4070.1. The Thai baht depreciated 3.5 percent year on year against the dollar and the Vietnamese dong 1.0 percent. The Chinese yuan remained unchanged from a year earlier while the Japanese yen depreciated 14 percent against the dollar to 114.6. This should further augment Japanese export competitiveness.

Commodity prices in world markets

Prices of major commodities in world markets decreased in the fourth quarter from a year earlier. Maize declined 13 percent to USD173.3/tonne, palm oil 20.5 percent to USD713.3/tonne and rubber 35.4 percent to USD1538.1/tonne. The price of rice dropped 5.6 percent and of soybeans 20.5 percent. The price of crude oil decreased 31 percent to USD73.4/barrel, contributing to decreases in gasoline and diesel prices of 26.5 and 27.8 percent, respectively. These lower commodity prices have of course benefited consumers in net-importing countries at the expense of countries that export primary products.

Economy Watch—External Environment

Table 1: Real GDP growth of selected trading partners, 2009–14 (percentage increase over previous year)

	2009	2010	2011	2012	2013	2014						
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Selected ASEAN countries												
Cambodia	0.1	6.0	6.1	6.2	-	-	-	-	-	-	-	-
Indonesia	4.2	6.2	6.5	6.3	6.0	5.8	5.6	5.7	5.2	5.1	5.0	5.4
Malaysia	-2.4	9.0	4.9	5.4	4.1	4.3	5.0	5.1	6.2	6.4	5.6	5.8
Singapore	-4.5	14.7	4.7	1.3	0.2	3.7	5.8	5.5	5.1	2.4	2.4	2.1
Thailand	3.3	7.9	0.0	6.7	5.4	2.6	2.6	0.4	3.1	0.3	0.6	2.2
Vietnam	4.7	6.7	6.1	5.0	-	-	-	-	-	-	-	-
Selected other Asian countries												
China	8.2	10.4	9.3	7.7	7.7	7.5	7.8	7.7	7.1	7.5	7.3	7.3
Hong Kong	-3.2	6.9	4.9	2.9	2.8	3.3	2.9	3.0	2.5	1.8	2.7	2.2
South Korea	-1.0	6.1	3.6	2.1	1.5	2.3	3.3	4.0	4.1	3.5	3.2	2.8
Taiwan	-3.6	11.1	4.2	1.2	1.7	2.3	1.7	2.9	3.1	3.7	3.8	3.3
Selected industrial countries												
Euro-12	-3.8	1.6	1.6	-0.5	1.1	-0.7	-0.4	0.5	0.9	0.7	0.3	0.9
Japan	-5.4	4.1	-0.8	1.7	0.4	0.9	2.7	2.6	3.1	-0.1	-1.2	0.5
United States	-2.5	2.7	1.8	2.1	1.8	1.4	1.6	2.5	2.3	2.6	2.3	2.4

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

Table 2: Inflation rate of selected trading partners, 2009–14 (percentage price increase over previous year—period averages)

	2009	2010	2011	2012	2013	2014						
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Selected ASEAN countries												
Cambodia	-0.5	4.1	5.5	3.0	1.5	2.2	3.8	4.3	4.5	4.9	4.0	2.2
Indonesia	4.7	5.1	5.4	4.3	5.3	5.7	8.6	8.4	7.7	7.1	4.3	6.5
Malaysia	0.4	1.7	3.2	1.7	1.4	1.8	2.2	3.0	3.5	3.3	3.0	2.8
Singapore	0.5	2.9	5.2	4.6	3.6	1.6	1.8	2.0	1.0	2.3	0.9	-0.1
Thailand	-0.9	3.1	3.8	3.0	3.1	2.3	1.7	1.7	2.0	2.5	2.0	1.1
Vietnam	7.3	9.0	18.6	9.3	6.9	6.6	7.0	5.9	4.8	4.7	4.5	5.4
Selected other Asian countries												
China	-0.8	3.2	5.4	2.7	2.4	2.4	2.8	2.9	2.1	2.2	2.0	1.5
Hong Kong	-0.3	2.4	5.3	4.1	2.2	4.0	5.3	4.3	4.1	3.6	4.9	5.0
South Korea	2.8	3.0	4.4	2.1	1.4	1.1	1.2	0.9	1.1	1.6	1.4	1.0
Taiwan	-1.1	1.0	1.4	1.9	1.8	0.8	0.0	0.5	1.1	1.6	1.5	1.6
Selected industrial countries												
Euro-12	0.4	1.6	2.7	2.5	1.8	1.5	1.3	0.6	0.6	0.6	0.4	0.2
Japan	-1.3	-0.7	0.1	-0.03	-0.3	-0.3	0.9	1.4	1.5	3.6	3.4	2.6
United States	-0.4	1.7	3.2	2.1	1.7	1.4	1.6	1.2	1.4	2.1	1.8	1.3

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

Table 3. Exchange rates against US dollar of selected trading partners, 2009–14 (period averages)

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Selected ASEAN countries												
Cambodia (riel)	4140.5	4187.1	4063.6	4037.8	3995.0	4032.9	4062.0	4018.9	3993.8	4026.9	4059.5	4070.1
Indonesia (rupiah)	10,413.8	9089.9	4374.0	9363.0	9681.9	9783.6	10,666.0	11,545.1	11,765.8	11,615.3	11,775.7	12,244.1
Malaysia (ringgit)	3.5	3.2	1.5	3.1	3.1	3.0	3.2	3.2	3.3	3.2	3.2	3.4
Singapore (S\$)	1.5	1.4	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Thailand (baht)	34.3	31.7	30.5	31.1	29.8	29.9	31.4	31.7	32.6	32.4	32.1	32.7
Vietnam (dong)	17,725.2	19,200.8	20,574.3	20,856.9	20,870.8	20,952.5	21,027.4	21,110.5	21,093.8	20,923.2	21,221.9	21,314.0
Selected other Asian countries												
China (yuan)	6.8	6.8	6.5	6.3	6.2	6.2	6.1	6.1	6.1	6.2	6.2	6.1
Hong Kong (HK\$)	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
South Korea (won)	1277.8	1156.3	1108.6	1126.6	1085.9	1123.4	1108.8	1062.0	1069.7	1028.9	1027.5	1088.4
Taiwan (NT\$)	33.0	31.3	29.4	29.6	29.5	29.9	29.9	29.6	30.3	30.1	30.0	30.9
Selected industrial countries												
Euro-12 (euro)	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8
Japan (yen)	93.6	87.8	79.9	79.8	92.3	98.8	98.9	100.5	102.8	102.1	104.0	114.6

Sources: International Monetary Fund, *Economist* and National Bank of Cambodia**Table 4. Selected commodity prices on world market, 2009–14 (period averages)**

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Maize (USNo.2)—USA (USD/tonne)	167.3	167.3	291.4	296.5	305.2	291.4	246.2	199.3	209.6	214.7	174.8	173.3
Palm oil—north-west Europe (USD/tonne)	686.8	834.7	1125.4	999.3	852.7	850.3	827.3	897.3	911.3	887.3	770.7	713.3
Rubber SMR 5	1884.8	3152.2	4630.6	3200.7	3029.5	2497.2	2394.6	2380.0	2034.7	1777.6	1672.1	1538.1
Rice (Thai 100% B)—Bangkok (USD/tonne)	524.5	456.2	558.5	594.8	607.0	570.0	502.3	455.7	450.7	411.7	447.0	430.3
Soybeans (US No.1)—USA (USD/tonne)	414.0	375.4	507.9	566.1	558.4	569.8	545.1	514.9	533.0	565.7	463.0	409.3
Crude oil—OPEC spot (USD/barrel)	60.5	71.6	106.2	109.5	109.5	100.9	106.9	106.4	104.7	105.9	100.8	73.4
Gasoline—US Gulf Coast (cents/litre)	42.9	49.8	71.9	74.6	74.8	71.2	73.3	65.7	70.1	74.1	70.0	48.3
Diesel (low sulphur No.2)—US Gulf Coast (cents/litre)	75.7	83.8	77.8	80.7	80.3	81.5	75.6	79.6	77.5	77.1	73.7	57.5

Sources: Food and Agriculture Organisation and US Energy Information Administration

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Main economic activities

Fixed asset investments approved in the fourth quarter declined by 76 percent from a quarter earlier, or 91.5 percent year on year, to USD149.9 m. Investment in garments accounted for 20.2 percent of industrial investment projects. No investments were made in agriculture, indicating that more needs to be done to attract investors to the sector given its importance in overall growth and employment, particularly for rural families. A strong and productive agricultural sector is still an important driver for rural poverty reduction. No investment was made in hotels and tourism.

Total foreign arrivals reached 4.5 m in 2014, a 6.9 percent increase from a year earlier. In the fourth quarter, foreign arrivals rose 13.0 percent year on year, of which arrivals by air increased 10.1 percent and by land or water 15.9 percent. Tourism is and will continue to contribute significantly to the economy. It is important that tourism is integrated into community development for poverty reduction and sustainable development of tourist sites.

According to ADB Key Indicators for Asia and the Pacific, in 2013 services accounted for 40.1 percent of Cambodia's gross domestic product, followed by agriculture (35.6 percent) and industry (24.3 percent). Services share of GDP was higher than that in other ASEAN countries such as Brunei (28.2 percent), Indonesia (38.6 percent), Laos (39.3 percent) and Myanmar (37.5 percent).

Total exports remained strong, increasing by 17.7 percent in the fourth quarter from a year earlier to USD2.1 bn. Garments remained the engine of exports, accounting for 70 percent of total export value. Thus, diversification is still a priority for the government and stakeholders. The launch of the Industrial Development Policy (IDP 2015-2025) is a step toward diversifying the economy. Nonetheless, systematic implementation and strong ownership are crucial. The SME policy framework newly drafted by the Ministry of Industry and Handicraft and supported by the Japan International Cooperation Agency, is another mechanism to help address low productivity and the narrow base of Cambodia's economy. Garments were mainly

exported to the US and EU, a combined 74.2 percent of the total value. Market diversification is another task. While agriculture contributed 35.6 percent to GDP in 2013, the sector shared only 7.8 percent of total exports in the fourth quarter of 2014. Main exported commodities are rubber, wood, fish and rice. The export value of rubber dropped 7.0 percent from a year earlier, mainly due to lower international prices. The value of rice exports declined 0.8 percent to USD82 m.

Total imports in the fourth quarter rose 31.8 percent from the previous year to USD2.8 bn, of which imports of diesel accounted for 5.3 percent, gasoline 3.3 percent and construction materials 1.1 percent. The trade deficit rose to USD670.8 m from USD314.7 m a year earlier.

Public finance

In the fourth quarter, total government revenue rose 24.9 percent from a year earlier to KHR2948.6 bn (USD724 m), of which current revenue accounted for 95 percent. In 2014, total revenue went up 27.7 percent compared to in 2013. Sharing 84 percent of total current revenue, tax revenue increased 20.9 percent from the previous year to KHR2358.8 bn (USD579 m). In the same period, total expenditure rose 7.8 percent. The increase was due mainly to a rise in current expenditure of 24.8 percent year-on-year. Expenditure on wages accounted for 36.3 percent of total current spending and subsidies and other social assistance for 24.9 percent. Capital expenditure dropped 13.6 percent. The budget deficit dropped to KHR522.8 bn from KHR1785.2 bn a year earlier. Improving revenue collection and curbing wasteful spending remain on the government's reform agenda.

Inflation and foreign exchange rates

Inflation slowed in the fourth quarter, decreasing to 2.1 percent from 4.7 percent a year earlier. Inflation for food and non-alcoholic beverages was 3.4 percent. Although this rate is manageable, it is important that the government factors it in to ensure that nominal salaries keep up with price increases. In the same quarter, the riel depreciated 0.1 percent year on year against the dollar. The riel appreciated 4.7 and 1.5 percent, against the Thai baht and Vietnamese dong, respectively. The price

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of diesel fuel dropped 11.0 percent to KHR4382.8/litre and of gasoline 10.0 percent to KHR4613/litre. The price of gold dropped 17.9 percent from a year earlier to USD141.1/chi.

Monetary developments

Total liquidity in the fourth quarter rose 29.9 percent from a year earlier. Money and quasi-money increased 29.3 and 30.0 percent, respectively. The increase is good for businesses, as indicated by a 26.8 percent increase in credit to the private sector. Nonetheless, close monitoring by the central bank is important to guard against an unexpected rise in monetary-induced inflation in the long run. In addition, distribution of credit to the private sector is also crucial to make sure that credit is not concentrated with large businesses while micro, small and medium businesses are excluded.

Poverty situation

In February, average real daily earnings of vulnerable workers improved from the same survey last year, except for rice-field workers. Compared with November 2014, earnings of vegetable traders, skilled construction workers and waitress dropped.

Earnings of vegetable vendors fell 14 percent from the last survey to KHR15,185 per day. This was mainly due to more vendors, and little investment to diversify commodities, said 83 percent of interviewees. Eighty-two percent of the respondents were from nearby provinces like Kandal, Takeo and Kompong Cham. Fifty-eight percent came to Phnom Penh alone. Only 54 percent of provincial respondents rent a house, while the others commute from home. Spending on food took 60 percent of total daily spending and 42 percent of vendors' daily income

In February, waiters' and waitresses' earnings decreased by 9.6 percent from the preceding survey to KHR8566/day. They were provided places to stay at the restaurant. They spent only 20 percent of their income. The rest was sent home, but, they could only partly support their families.

Skilled construction workers' earnings fell 6.1 percent to KHR17,251/day. All the respondents were from the provinces, 41 percent from Prey Veng province. Their income could partly support

their families, reported 78 percent. Sixty-eight percent raise animals for additional income. The workers could stay at the site. Thus, their daily expenditure was mainly on food (92 percent of their total spending).

Earnings of unskilled construction workers rose by 8.8 percent to KHR16,877 per day. This was due mainly to a shortage of workers, according to 65 percent. The respondents were from the provinces especially Prey Veng and Svay Rieng. Workers spent 30 percent of their daily income, mostly on food.

Incomes of cyclo drivers increased by 12 percent from the previous survey, reaching KHR13,103/day. This was because other drivers left for different occupations, said 78 percent of respondents. All the interviewees were the main income source of their families. Their earnings could not provide enough support. Sixty-eight percent of them had to find other jobs and raise livestock for their family subsistence, while 40 percent got loans.

The interview was carried out only in Kompong Speu and Kandal provinces for rice-field workers. Their real daily earnings surged by 23 percent to KHR8401/day. Twenty-eight percent of the interviewees were landless, while the others owned an average of 0.4 hectares of agricultural land. Selling labour on farms was not their main income source, said 58 percent. They could earn from other sources such as collecting common resources, selling labour in other sectors especially construction, working in skills like hairdressing or tailoring and doing petty trade.

Due to more overtime, earnings of garment workers increased by 22 percent to KHR14,816/day. Fifty-five percent of the workers completed primary school, 39 percent went to secondary school, while others did not attend any grade. Seventy percent of respondents attended private training centres before being employed. They sew specific parts of the clothes, embroider, weave or launder in the factory. Forty-two percent want to continue working in the garment sector because they have no other skill or saving, while others were uncertain about their future employment. Of their total monthly spending (on average KHR224,065/month), 67 percent went to food and 15 percent to lodging.

Table 1: Private investment projects approved, 2009–2014

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Fixed Assets (USD m)											
Agriculture	615.0	530.7	725	531.6	2.3	57.8	133.1	738.3	28.9	27.6	0.0	0.0
Industry	818.5	403.7	2860.1	829.3	195.4	1928.3	119.5	1014.1	179.0	239.3	434.3	149.9
<i>Garments</i>	90.1	122.8	393.9	497	109.5	76.4	65.15	73.1	109.3	172.4	81.6	30.3
Services	4432.0	1337.3	3425.4	916.6	21.2	106.0	5.3	8.3	219.1	114.4	191.5	0.0
<i>Hotels and tourism</i>	3980.1	1105.1	2850.9	691.5	0.0	106.0	0.0	0.0	163.3	15.4	268.1	0.0
Total	5865.5	2271.7	7010.42	2278.0	218.9	2091.1	257.9	1760.7	426.9	302.2	625.8	149.9
Total	Percentage change from previous quarter											
	-	-	-	-	-81.1	855.5	-87.7	582.8	-75.8	-29.2	64.1	-76.0
Total	Percentage change from previous year											
	-44.5	-61.3	209	-67.5	-47.5	666.0	-39.9	52.2	95.1	-81.8	142.7	-91.5

Including expansion project approvals. Source: Cambodian Investment Board

Table 2: Value of construction project approvals in Phnom Penh, 2007–14

	2007	2008	2009	2010	2011	2012				2013		2014	
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	USD m												
Villas and houses	79.1	154.7	64.3	36.2	185.5	175.2	145.2	10.3	51.6	110.2	27.1	8.8	
Flats	297.2	221.6	149.6	183.8	219.6	372.1	114.1	33.0	62.7	131.9	106.5	75.2	
Other	259.6	740.9	227.3	269.7	199.9	463.6	154.4	238.3	336.0	130.8	190.0	141.7	
Total	635.8	1117.0	441.2	489.8	605.0	1010.9	443.7	281.6	450.3	372.9	323.6	225.7	
Total	Percentage change from previous quarter												
	-	-	-	-	-	-	590.9	-36.5	59.9	-17.2	-13.2	-30.2	
Total	Percentage change from previous year												
	96.7	75.7	-60.5	11.0	23.5	67.1	28.1	-15.6	157.5	107.6	-21.8	-19.8	

Source: Department of Cadastre and Geography of Phnom Penh municipality

Table 3: Foreign visitor arrivals, 2009–2014

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Thousands											
By air	1111.7	1304.3	1480.4	1722.1	611.2	398.1	428.0	580.4	699.0	438.2	497.5	638.8
By land or water	999.7	1094.6	1401.4	1862.2	560.9	522.5	536.6	572.5	569.0	495.2	501.2	663.9
Total	2111.5	2398.9	2881.8	3584.3	1172.1	920.5	964.6	1153.0	1268.0	933.4	998.7	1302.7
Total	Percentage change from previous quarter											
	-	-	-	-	16.4	-21.5	4.8	19.5	10.0	-26.4	7.0	30.4
Total	Percentage change from previous year											
	0.5	13.6	20.1	24.4	17.8	20.9	17.5	14.5	8.0	1.4	3.5	13.0

Source: Ministry of Tourism

Table 4: Exports and imports, 2009–2014*

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	USD m											
Total exports	2901.6	3630.2	4929.5	6106.4	1576.9	1620.1	1969.9	1815.4	1976.5	1859.8	2132.5	2137.1
Of which: Garments	2565.3	3223.4	4259.6	5015.4	1225.2	1259.0	1568.5	1333.4	1464.0	1379.2	1624.7	1492.6
<i>To US</i>	1512.6	1853.9	2055.3	2143.3	526.8	474.6	597.9	476.0	531.1	452.5	511.2	468.8
<i>To EU</i>	644.7	809.5	1322.2	1716.9	397.5	477.5	572.8	521.9	532.7	558.5	673.8	638.7
<i>To ASEAN</i>	6.9	9.9	17.6	39.4	13.0	12.7	17.4	17.2	21.9	19.3	20.5	21.7
<i>To Japan</i>	44.5	86.5	147.0	188.6	57.6	51.4	98.1	71.6	101.4	74.9	117.6	89.2
<i>To rest of the world</i>	356.5	463.6	717.5	927.2	230.3	242.8	282.4	247.4	277.0	273.9	301.6	274.2
Agriculture	73.1	164.9	362.1	376.7	123.8	128.9	362.4	173.0	167.0	157.3	133.7	166.4
<i>Rubber</i>	51.6	89.1	197.6	176.6	36.6	38.7	282.4	51.1	31.7	40.0	34.8	47.5
<i>Wood</i>	3.5	34.1	48.8	36.8	14.5	8.9	16.9	33.3	55.9	48.4	19.6	8.2
<i>Fish</i>	3.9	2.8	3.1	2.0	0.3	0.5	0.2	0.2	0.3	0.2	0.1	0.2
<i>Rice</i>	10.9	34.7	106.6	146.4	65.8	56.5	57.3	82.7	57.9	52.8	55.8	82.0
Other agriculture	3.0	4.1	6.0	14.9	6.6	24.4	5.7	5.7	21.2	16.0	23.5	28.5
Others	263.2	242.0	307.9	714.4	274.9	232.2	272.6	308.5	345.5	323.3	373.0	478.2
Total imports	4331.5	5190.6	6375.9	8593.3	2192.1	2211.4	2059.7	2130.1	2238.2	2454.4	2794.8	2807.9
Of which: Gasoline	91.13	108.6	294.4	308.0	1225.2	77.2	71.3	80.5	77.4	83.2	80.2	93.9
Diesel	180.67	203.8	447	559.5	526.8	137.4	150.9	132.2	148.5	142.5	163.4	147.9
Construction materials	49.74	57.6	48.1	66.1	397.5	17.8	18.0	17.2	27.8	29.2	29.0	31.6
Other	4010	4820.6	5586.4	7659.1	13.0	1979	1819.4	1899.6	1984.5	2199.5	2522.2	2534
Trade balance	-1429.9	-1560.5	-1446.4	-1341.6	-615.2	-591.2	-89.8	-314.7	-261.7	-589.5	-662.3	-670.8
Total garment exports	Percentage change from previous quarter											
	-	-	-	-	7.4	2.8	24.6	-15.0	9.8	-5.8	17.8	-8.1
Total exports	Percentage change from previous year											
	-	-	-	-	8.4	2.7	21.6	-7.8	8.9	-5.9	14.7	0.2
Total imports	Percentage change from previous year											
	-	-	-	-	13.1	0.9	-6.9	3.4	5.1	9.4	14.1	0.5
Total garment exports	-14.1	25.7	32.1	17.7	14.4	-14.6	18.0	16.9	19.5	9.6	3.6	11.9
Total exports	-6.3	25.1	35.8	23.9	23.2	-8.8	23.4	24.8	25.3	14.8	8.3	17.7
Total imports	1.4	19.8	22.8	16.8	36.2	17.3	2.2	9.9	2.1	10.8	35.7	31.8

* Import data include tax-exempt imports. Sources: Department of Trade Preference Systems, Ministry of Commerce and Customs and Excise Department, Ministry of Economy and Finance (website)

Table 5: National budget operations on cash basis, 2009–2014 (billion riels)

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenue	4885.2	5989.0	6251.4	7691.9	1820.2	2204.8	1868.9	2361.2	2220.5	2793.7	2580.6	2948.6
Current revenue	4855.9	5859.1	6179.3	7443.8	1817.4	2241.3	1858.1	2316.3	2219.2	2765.2	2571.4	2803.6
Tax revenue	4268.0	4693.0	5277.5	6334.8	1577.7	2024.0	1646.0	1950.4	1988.7	2383.1	2264.6	2358.8
Domestic tax	3088.6	3533.6	4071.6	5002.8	1254.5	1652.9	1300.6	1520.1	1593.6	1943.2	1798.0	1891.6
Taxes on international trade	1064.7	1159.4	1205.9	1331.7	323.1	371.1	345.4	430.3	449.0	439.9	466.5	467.2
Non-tax revenue	702.1	1166.1	901.8	1118.2	239.8	217.4	212.2	365.9	176.6	382.1	306.9	444.8
Property income	64.6	291.1	63.8	143.0	8.4	18.1	24.3	33.2	11.1	40.8	21.2	15.4
Sale of goods and services	408.0	460.1	588.7	667.4	153.3	173.3	178.8	245.0	160.3	197.5	212.9	300.5
Other non-tax revenue	228.2	408.9	249.3	298.8	78.1	25.9	9.0	87.7	5.2	143.7	72.7	128.9
Capital revenue	29.3	129.9	72.1	247.9	6.2	11.5	10.7	45.0	1.3	28.5	9.2	145.0
Total expenditure	7383.5	8784.6	9032.4	9660.9	2114.8	3181.6	3093.0	4146.4	2618.8	2867.2	3349.0	4471.4
Capital expenditure	2694.9	2853.2	3546.9	3628.3	1108.4	1273.7	1350.6	1834.8	1187.1	1395.9	1421.7	1586.0
Current expenditure	4440.0	4773.1	5341.2	6188.4	1006.4	1907.8	1742.4	2311.6	1431.7	1471.4	1927.3	2885.4
Wages	2012.0	2048.8	2170.6	2486.6	505.0	757.0	827.3	908.0	860.0	931.0	918.4	1046.1
Subsidies and social assistance	871.4	1099.4	1518.8	1586.8	252.0	652.5	285.0	373.4	213.1	259.6	434.8	719.5
Other current expenditure	1556.6	1624.8	1651.8	2115.1	249.4	498.3	630.1	1030.2	358.6	280.8	574.1	1119.9
Overall balance	-2498.3	-2795.7	-1271.4	-1969.0	-294.6	-976.7	-1224.1	-1785.2	-398.4	-73.5	-768.5	-522.8
Foreign financing	1746.1	1845.2	-2781.0	2457.8	906.0	1150.6	1032.2	1237.4	977.9	1123.9	1,012.5	857.9
Domestic financing	474.9	938.6	2379.2	-332.9	-470.6	270.3	113.0	65.8	-915.0	-172.9	-279.3	-61.4

Source: Ministry of Economy and Finance website

Table 6: Consumer price index, exchange rates and gold prices (period averages), 2009–2014

	2009	2010	2011	2012	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(October-December 2006:100)	Consumer price index (percentage change from previous year)											
Phnom Penh - All Items	-0.7	4.1	5.4	2.3	1.5	2.3	3.7	4.7	4.6	4.8	4.0	2.1
- Food & non-alcoholic bev.	-0.3	4.4	6.5	2.5	1.6	3.3	4.8	5.8	5.7	5.3	5.1	3.4
- Transportation	-10.7	7.0	6.9	3.3	-0.7	-1.0	-0.1	-0.4	-1.1	0.5	-0.2	-3.3
	Exchange rates, gold and oil prices (Phnom Penh market rates)											
Riels per US dollar	4140.5	4187.1	4063.6	4039.2	3995.0	4033.1	4062	4059.0	3993.8	4026.9	4059.5	4064.7
Riels per Thai baht	121.1	133.1	133.2	130.0	134.7	135.74	131.4	130.7	123.0	124.8	127.1	124.6
Riels per 100 Vietnamese dong	23.4	21.7	19.7	19.4	19.3	19.34	19.3	19.4	19.1	19.2	19.2	19.1
Gold (US dollars per chi)	113.1	147.5	184.5	200.9	197.3	173.4	161.1	171.8	156.6	155.9	155.5	141.1
Diesel (riels/litre)	3170.9	3859.3	4761.2	4941.2	5134.4	4992	5022.5	4927	4971.2	5006.7	5047.6	4382.8
Gasoline (riels/litre)	3593.1	4368.1	5044.5	5312.7	5410.5	5274.5	5245.2	5126.7	5171.5	5200.0	5348.6	4613.0

Sources: National Institute of Statistics, National Bank of Cambodia and CDRI

Table 7: Monetary survey, 2009–14 (end of period)

	2009	2010	2011	2012	2013				2014			
					Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Billion riels											
Net foreign assets	14,655.0	16,697.9	17,893.9	18,154.5	19,976.7	21,772.9	18,720.7	21,260.1	23,344.4	26,235.8	26,817.8	26,699.7
Net domestic assets	1573.0	2778.9	5760.8	10,437.4	10,504.1	9886.1	10,634.8	11,508.3	11,817.4	12,024.4	13,950.5	15,859.8
Net claims on government	-2252.0	-2126.6	-2123.1	-2486.4	-2991.6	-3012.6	-2804.4	-2794.9	-3349.3	-3747.3	-4113.0	-4359.1
Credit to private sector	10,532.0	13,331.2	17,552.8	23,536.6	24,820.2	25,146.0	26,445.3	27,608.8	28,584.5	30,621.3	33,226.4	36,244.6
Total liquidity	16,228.0	19,476.8	23,654.7	28,591.9	30,480.8	31,659.1	29,355.5	32,768.4	35,161.8	38,259.9	40,768.3	42,559.5
Money	3120.0	3220.9	3956.2	4045.7	4500.6	4585.9	4720.8	4878.2	5376.2	5231.3	5583.1	6308.4
Quasi-money	13,108.0	16,255.9	19,698.5	24,546.2	25,980.2	27,073.2	24,634.8	27,890.2	29,785.7	33,028.5	35,185.2	36,251.1
	Percentage change from previous year											
Total liquidity	36.9	20.0	17.8	20.9	22.6	18.8	9.3	14.6	15.4	20.8	38.9	29.9
Money	30.1	3.2	16.9	2.3	12.9	18.4	23.6	20.6	19.5	14.1	18.3	29.3
Quasi-money	38.6	24.0	17.9	44.6	24.4	18.8	6.9	13.6	14.6	22.0	42.8	30.0

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		
	2010	2011	2012	2013	2014	2015	2015	2015	2015	2014	2015	2015
					Feb	May	Aug	Nov	Feb	Aug	Nov	Feb
Cyclo drivers	9036	9532	10,303	10,438	10,832	10,764	9867	11,634	13,103	-7.2	7.8	21.0
Porters	9939	10,785	12,143	13,247	12,141	12,568	13,399	16,188	16,997	-5.4	22.2	40.4
Small vegetable sellers	8250	8337	10,771	11,366	12,294	13,581	15,372	17,735	15,185	33.8	43.1	23.5
Scavengers	6683	8388	8680	9819	9593	9214	8337	9548	10,752	-13.3	-1.4	12.1
Waitresses*	5596	5986	6111	6697	7449	6696	7565	9435	8566	11.4	40.0	15.0
Rice field workers	5679	5695	6151	6599	8932	5836	8795	6781	8401	13.2	6.6	-5.9
Garment workers	7828	8409	8932	10,161	9548	11,412	11,388	12,092	14,816	11.4	16.3	52.2
Motorcycle-taxi drivers	10,603	11,568	12,930	13,450	13,227	13,401	12,656	14,259	14,720	-7.3	8.6	11.3
Unskilled construction workers	8773	10,307	11,078	13,184	15,162	15,316	15,401	15,436	16,877	18.3	15.4	11.3
Skilled construction workers	11,929	13,159	13,743	15,442	15,163	15,765	20,420	18,302	17,251	29.1	10.4	13.8

* Waitresses' earnings do not include meals and accommodation provided by shop owners. Surveys on the revenue of waitresses, rice-field workers, garment workers, motorcycle taxi drivers and construction workers began in February 2000. Source: CDRI

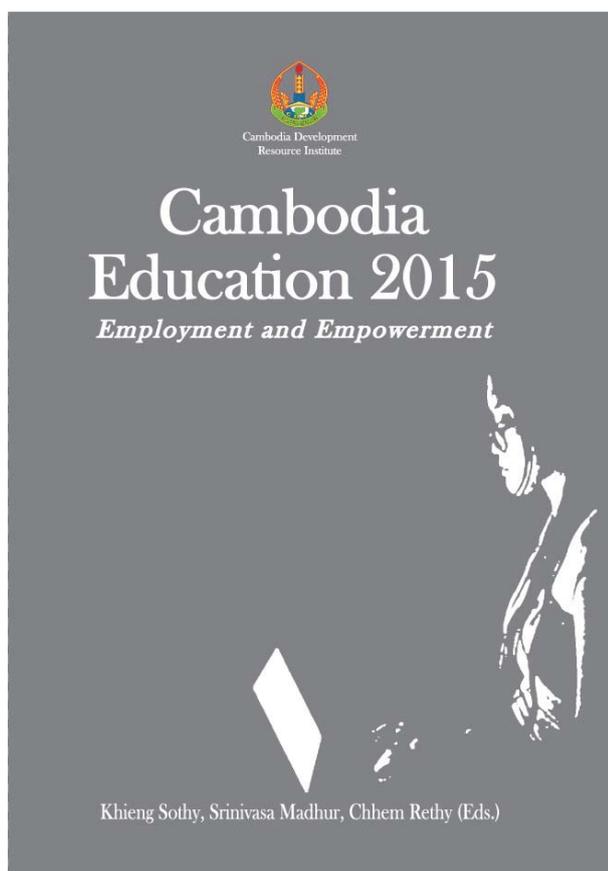
New release

Cambodia Education 2015

Employment and Empowerment

Edited by

Khieng Sothy, Srinivasa Madhur, Chhem Rethy



Improving the education system is one of the most significant challenges facing Cambodia. This study is the result of consultation and collaboration with national executive and legislative institutions, education institutions, development partners and the private sector that have provided a repository of significant skills, knowledge and experience. It encompasses several main topics: getting to grips with the skill gap; aiming high through higher education; shaping and scaling up TVET; securing secondary education; meeting basic learning needs through primary education; and lifelong learning through preschool and early childhood development.

As Cambodia considers the education of future generations, it must attend to both quality and relevance while remaining forward looking. Investment in quality, systemic educational reforms will provide a stable building block to serve the country's long-term goals. Cambodia is a nation on the move. Well-informed policy and practice backed by sound research will help it chart a prosperous course for the future.

All CDRI publications are available for free download from the website: www.cdri.org.kh.
Print copies of CDRI publications can be bought at CDRI reception desk and Monument Bookshop.

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was released at the Conference. The flagship report, conference presentations and materials, and the 2015 Cambodia Outlook Brief generated following the conference, are now available on the CDRI website: www.cdri.org.kh.

6 March 2015: At CDRI's annual full Board of Directors meeting, chaired by HE Dr Sok Siphana, the Board welcomed two new members: Ambassador Takahashi Fumiaki, President of the Japan-Cambodia Association and former Japanese Ambassador to Cambodia, and Dr Il Hounng Lee, President of the Korea Institute of Economic Policy. The Board congratulated the Executive Director for the successful transition and the staff for overcoming the hard and busy time of adjustment to new leadership. The Director of Research thanked the Board for their encouraging words during his assignment at CDRI. The Board members, the Executive Director and the Staff Representative thanked him for his significant contributions to the Institute.

31 March 2015: CDRI's Executive Director gave a lecture at the National Seminar on Reform Measures for Cambodia's Education System, hosted by the National Assembly. The Seminar was attended by more than 200 participants, including parliamentarians, higher education leaders from ministries, public and private sectors, as well as from NGOs. Four keynote speakers were invited: the Minister of Education, Youth and Sport, UNESCO Representative in Cambodia, Executive Director of CDRI and the Executive Director of the NGO Education Partnership. A lively and fruitful dialogue between education partners from various sectors followed the lectures.

RESEARCH

Agriculture

The Unit has been working on eight projects, two of which are joint studies with the Health and Environment research teams. The project to *Design Evaluative Framework and Oversee a Baseline and Endline Survey for Productive Assets and Livelihood Support (PALS)*, with support from the World Food Programme, concluded in early February. Three projects receive financial support from the Swedish International Development Cooperation Agency (Sida). First, for the *Impact*

of Contract Farming on Smallholder Livelihoods, the project report is being prepared for publication as a working paper. The findings of the *Study on Farm Mechanisation and Agricultural Labour Market Trends* are being fine-tuned and justified with reference to analytical models to improve the empirical results. And for the third project, the report on the *Impact of Rice Export Promotion Policy and Food Security* is in train.

Making good progress under Phase II of *Agricultural Policies for Rice-Based Farming Systems* in the Middle Mekong, a project supported by the Australian Centre for International Agricultural Research (ACIAR), is the case study on Livestock Production and Value Chain Analysis. The team is preparing to start work on a four-year (2015-18) project, *Testing Innovative Models of Extension in Cambodia's PADEE Programme*, funded by the International Food Policy Research Institute (IFPRI). Another recently awarded project will involve research on *Rice Policy Analysis: Implications of Vietnam's Rice Export Policy for Cambodia*. This project receives support from the Lower Mekong Public Policy Initiative (LMPPI), funded by the United States Agency for International Development (USAID).

Economics

With the support of the International Development Research Centre (IDRC) of Canada, the Unit organised a roundtable on "Improving Working Conditions in Garments in the Mekong" in Phnom Penh on 5 March. The aim was to promote the debate on the impact of labour standards (minimum wages, working conditions, health and safety) compliance in global supply chains on businesses and workers. CDRI received a grant from IDRC to coordinate and implement a three-year Greater Mekong Subregion Network (GMSNet) programme on *Improving Job Prospects for the Young: Labour Markets, Skill Development and Private Sector in the Greater Mekong Subregion*. The programme will launch a first-ever competitive research call for up to 12 subprojects in two streams of research (policy and action). The policy subprojects will take stock of trends and policy reforms affecting decent job prospects for the young in private businesses. The action subprojects will include

research or evaluation of compliance with good labour standards, innovative business programmes and new business practices.

The remaining two components—Labour Market Policy and Credit Market—of the Sida-supported five-year research project on *Inclusive Growth are making good progress*. The draft report on *Community Responses to Violence against Women* was submitted to partners for review. Report writing for *Interrelations between Partner Countries' Public Policies, Migration and Development: Case Studies and Policy Recommendations*, a study funded by the Organisation for Economic Cooperation and Development (OECD), is now underway. Also making headway is a joint research study with the University of Manchester, on *Political Settlement and Primary Education in Cambodia*; stakeholder interviews and a desk review of the literature are being conducted.

Regular publications—the monthly *Flash Report on the Cambodian Economy*, “Economy Watch” and “Vulnerable Worker Survey” in the quarterly *Cambodia Development Review*, and monthly Provincial Price Surveys—continue to paint an economic picture, from local wage rates and prices on domestic markets to global commodity prices.

Environment

Hydrological assessment, water governance, capacity building and knowledge dissemination planned under the IDRC-funded *Climate Change and Water Governance in Cambodia* project are being implemented. Primary data is being analysed to evaluate the impacts of human activities on water availability in Kompong Chhnang, Pursat and Kompong Thom provinces. A project to develop a *Community-based Disaster Management Plan* in Rural Cambodia, which received funding from the Japanese Institute of Irrigation and Drainage (JIID), was completed in March. The team for the *Follow up Study on the 2011 Nationwide Knowledge, Attitude, and Practice Study on Climate Change in Cambodia* is preparing a completion report to be submitted to the Cambodia Climate Change Alliance (CCCA) of the Ministry of Environment in early April.

A working paper on *Agricultural Technological Practices and Gaps for Climate Change Adaptation: System of Rice Intensification (SRI)*,

a Sida-funded study, was published. Data analysis for the project *China Goes Global*, supported by the Economic and Social Research Council, was completed. The results have been published in the *Cambodia Development Review* and will be published in *Energy Policy*, a peer-reviewed international journal, later in 2015.

A proposal was submitted to LMPPI to undertake research on the sustainability of hydropower development on the Cambodian Mekong River and its tributaries. Other project proposals submitted to various partners are being reviewed, and two new proposals are being developed. One involves a pilot study on “Water Governance under Climate Change in Cambodia”, and the other an end-project evaluation of “Promoting Climate Resilient Livelihoods for Small-Scale Farmers in Most Vulnerable Dry Land Areas in Siem Reap and Kampong Cham Provinces”.

Governance

The team has started work on two new studies. The first—*Public Service Delivery in Cambodia*—examines administration strategies, methods and techniques from a regulatory perspective, with a focus on incentivisation and professionalism and with a view to improving the quality and effectiveness of public service delivery. The detailed study design is being developed with recourse to the literature and in consultation with government agencies and their development partners. The second study on *Space for Dialogues on Mekong Water Governance*, a component of the research programme on *Water, Land and Ecosystems*, funded by the Consultative Group for International Agricultural Research (CGIAR), is well underway with an inception workshop planned to take place in April.

Four studies were completed. The research outputs of two of these have been published, one as a chapter titled “Meeting Learning Needs through Primary Education” in *Cambodia Education 2015: Employment and Empowerment*, and the other as a Working Paper on *Rights-based Approach in Action: Determinants and Prospects in Cambodia*. The draft papers on *Social Accountability in Cambodia* and *Decision-making and Capacity Development for Water Resources and Climate Change Adaptation in Cambodia* are being revised based on comments received from peer reviewers.

In-house training on conducting political economy analysis, delivered by Professor Caroline Hughes, Research Advisor to the Governance Unit and Professor of Peace Studies, University of Bradford, was attended by researchers from all units. A research associate presented a paper on “Primary Education in Cambodia” to the 21st Century Academic Forum Conference on the theme “Teaching, Learning and Research in the 21st Century” at Harvard University on 8-12 March.

Health

Three major projects are in progress. Research for *Building Pro-poor Health Systems during Recovery from Conflict (ReBUILD)* is funded by DFID and consists of three subprojects: Health Financing, Health Human Resources and Health Contracting. Draft reports for all three subprojects have been completed. Research on *Obstetric Referral in the Cambodian Health System*, a joint project with the Nuffield Centre for International Health and

Development and the University of Leeds, receives support from the ReBUILD Responsive Fund. Data cleaning and transcribing were completed and coding and data analysis are in progress. Under the project *Eliminating eXploitative Child Labour through Education and Livelihoods (EXCEL)*, two more studies, one on Domestic Child Labour and the other on *Landlessness and Child Labour*, have been published on CDRI’s website. The literature review and tool preparation for a fourth subproject on *Child Labour Research*, a synthesis of all three EXCEL studies, are underway.

The team was awarded all three proposals submitted in the previous quarter. Work has started on these new projects, which involve *Opinion Leader Research (OLR) on Infant and Young Child Feeding (IYCF)*, a Verification of Sanitation Outcomes to assess the impact of improved rural sanitation and, from a gender perspective, an exploration of *Career Pathways for Health Workers in Cambodia*.

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CDRI UPDATE

MAJOR EVENTS

Dr Srinivasa Madhur stepped down from the position of Director of Research at the end of March. He brought to CDRI a deep knowledge and experience of development policy issues in the Asian region and, above all, an intellectual curiosity. His considerable contributions include critical research-based inputs to the Supreme National Economic Council in the planning of the National Strategic Development Plan Update, preparation of the concept note outlining a bold new modality to expand research partnerships for the Greater Mekong Subregion Development Analysis Network (GMS-DAN) coordinated by CDRI, and the initiation and production of a new series of CDRI flagship publications, notably *Cambodia's Development Dynamics: Past Performance and Emerging Priorities*.

16 January 2015: CDRI signed a memorandum of understanding with the National Institute of Public Health (NIPH) at a ceremony held at the NIPH. The MOU will pool professional expertise and resources, develop capacity in public health research and facilitate collaborative research that will inform health policy and practice in Cambodia.

26 January–3 February 2015: CDRI's Executive Director travelled to China to meet Professor Chen Dongxiao, President of the Center

for Asia-Pacific Studies at the Shanghai Institutes for International Studies; Professor Zhang Yuyan, President of the Institute of World Economics and Politics, China Academy of Social Sciences; and Professor Li Wen, Deputy Head of the National Institute of International Studies, China Academy of Social Sciences. The aim of these visits was to deepen CDRI's engagement with Chinese academic and research institutions through policy dialogue. CDRI's recent proposal to establish a forum for a China-Cambodia Dialogue in collaboration with Cambodia's Chinese partners was well received especially in light of new initiatives such as the Asia Infrastructure Investment Bank (AIIB), the Silk Road Fund and the BRICS Bank.

5 March 2015: The 2015 Cambodia Outlook Conference, a partnership of CDRI and ANZ Royal, on the theme ASEAN Economic Community 2015 and Beyond: Our Reform Agenda was held in Phnom Penh and attracted 460 participants. The keynote address was again delivered by Prime Minister Hun Sen. The programme focused on three subthemes: ASEAN Economic Community 2015—Coming Ready or Not!; Cambodia's Industrial Development—Policy and Action Priorities; and Rebranding Cambodia: Positioning for AEC 2015 and Beyond. CDRI's annual flagship report, this year on the theme Cambodia Education 2015: Employment and Empowerment,

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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.

CDRI's Contact Details

56, Street 315, PO Box 622, Phnom Penh, Cambodia
☎ (855 23) 881701/881384; ☎ (855 23) 880734
e-mail: cdri@cdri.org.kh / pubs@cdri.org.kh
website: www.cdri.org.kh



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