

The Kingdom of Cambodia

– From Reconstruction to Sustainable Development –

March 2002

Institute for International Cooperation
Japan International Cooperation Agency

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Country Study for Japan's Official Development Assistance to the Kingdom of Cambodia

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This report is prepared based on the discussion and findings of the Country Study Committee on Japan's Official Development Assistance to the Kingdom of Cambodia by the Japan International Cooperation Agency (JICA). The views expressed in the report are those of the members of the Study Committee and do not necessarily reflect those of JICA.

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Highlights of Recommendations for Japan's Assistance to Cambodia by Country Study Committee of JICA in March 2002

1. Major Development Challenges Found in Cambodia

<Need for foundation-building toward sustainable development>

- (1) Reconstruction of a state system and recovery of physical infrastructure that were destroyed by successive changes of the ruling regimes and repeated conflicts
- (2) Recovery and development of human resources that were lost and damaged due to the long period of war

<Development issues to rejoin the international community/the regional economy and to promote sustainable development>

- (3) Measure for alleviation of poverty prevalent in rural areas
- (4) Expansion of the size of the economy to absorb a rapidly growing population
- (5) Recovery of natural resources and the environment, and restoration and conservation of the cultural heritage

<Strengthening of Cambodia's ownership and establishing of partnership with international community>

2. Recommendation by the Study Committee

(1) Basic perspectives on Japan's assistance to Cambodia

- (i) A span of this recommendation's coverage, a period of approximately five years is defined as Cambodia's 'foundation-building period' which prepares self-sustaining development to catch up with neighboring countries.
- (ii) The primary objective of Japan's assistance to Cambodia is defined as: *'To help reconstruct Cambodia's state institutions which enable to achieve post-conflict reconstruction and creation of new civil society, to build the foundations for mid- and long-term sustainable development and to alleviate Cambodia's extreme poverty.'*
- (iii) Recognizing that huge amount of uncoordinated international assistance flowing into Cambodia has weakened their ownership, Japan should consider Cambodia's absorptive capacity and lead international coordination efforts to strengthen ownership of Cambodia.

(2) Framework of Japan's development assistance to Cambodia

In order to accomplish aforementioned primary objective, six subordinate objectives are identified in the framework of Japan's development assistance to Cambodia (The framework is shown in Figure 1.). Within the framework, priority development issues are also identified for each issue.

(3) Considerations for Japan's assistance to Cambodia

<Considerations on Assistance Planning>

(i) Strengthening Cambodia's ownership

Establishment of ownership takes time and can be achieved along with progress in other development issues, such as poverty reduction, economic growth and the reinforcement of fiscal and human resources. In the next five years, Japan should facilitate strengthening of ownership through a policy dialogue with the Cambodian government, based on the recognition that ownership is one of the most important factors for foundation building.

(ii) Formation of better partnership between Cambodia and donors

Japan should actively involve in the discussions on desirable partnerships from the standpoint that respects and strengthens ownership.

(iii) Coordination and cooperation between Japan and other donors

As Japan wishes to contribute to variety of development issues in spite of constraints on its ODA resources in terms of know-how, personnel, budget and etc., coordination and cooperation with multilateral donors, donor countries and NGOs are critical to overcome these difficulties.

<Consideration on Assistance Implementation>

(i) Cross-sector approach for designated areas of cooperation

When assistance is provided to achieve specific target, closely related development issues should be approached simultaneously. For example, in the area of rural development (including demobilization) several issues in other sectors can be regarded as a package. Considering constraints of Cambodia's absorptive capacity and the difficulties of sectorally divided administrative systems both in Cambodia and Japan, a size of geographical area subject to this assistance should be limited. In that way, monitoring of outcomes and feedback become easier. If outcomes of a pilot project can be identified and confirmed, diffusion becomes possible.

(ii) Flexibility of assistance operations

In cross-sector assistance in focused areas, projects are operated on the basis of agreements among various stakeholders. Therefore, the original scale, scheme, and timing of assistance are likely to be changed frequently. Cross-sector, result-oriented assistance must correspond flexibly to these changes and organization needs to have such flexibility as well.

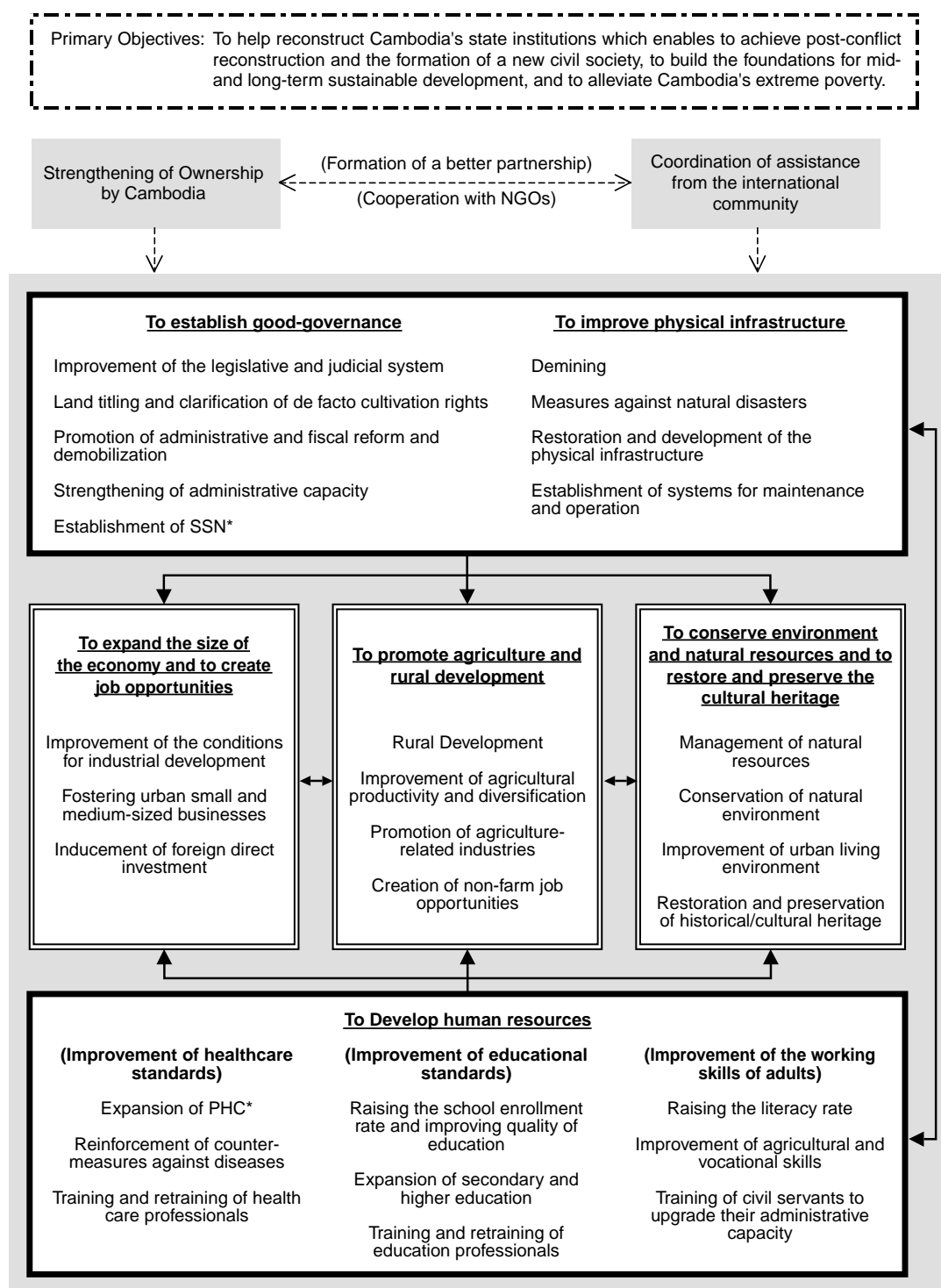
(iii) Monitoring and feedback on outcomes

As evaluation method for integrated approaches are under development, it is desirable to establish the method through trial and error in the field.

(iv) Expansion of operation areas

In the assistance targeting poverty alleviation such as ‘agricultural promotion and rural development’, ‘strengthening of human resources’ ‘restoration of the natural environment’ and ‘reinforcement of administrative capacity’, assistance activities need to be expanded to rural areas. Although assistance operations have been limited to areas in and around Phnom Penh form security reasons, areas ought to be accordingly expanded.

Figure 1. Framework of Japan's Cooperation for Cambodia



* SSN : Social Safety Net, PHC : Primary Health Care

**បំណុលសំខាន់ៗនៃអនុសាសន៍សំរាប់ជំនួយរបស់ជប៉ុនដល់ប្រទេសកម្ពុជា
ដោយគណៈកម្មាធិការសិក្សាអំពីប្រទេសនិមួយៗ នៃទីភ្នាក់ងារសហប្រតិបត្តិការអន្តរជាតិ JICA
ខែមីនា ឆ្នាំ២០០២**

១. ប្រវត្តិ និងគោលបំណងនៃការសិក្សា

ដោយប្រទេសកម្ពុជាបានចាប់ផ្តើមឡើងនូវការកសាងជាតិយ៉ាងពេញទំហឹង ហើយបានឈានពីដំណាក់កាលស្តារឡើងវិញ ចូលដំណាក់កាលអភិវឌ្ឍន៍ , ហើយទិសដៅអនាគតនៃជំនួយរបស់ជប៉ុនក៏ចាំបាច់ត្រូវពិនិត្យឡើងវិញ និងប្តូរឆ្ពោះទៅរកទិសដៅថ្មីវិញ ។ ជាមួយនឹងគោលដៅនៃការចូលរួមបរិច្ចាកនៃជំនួយដែលមានប្រសិទ្ធភាពរបស់ជប៉ុនដល់ប្រទេសកម្ពុជា ដោយការស្នើឱ្យមានទស្សនៈវិស័យរយៈពេលមធ្យម និងទិសដៅនៃជំនួយអភិវឌ្ឍន៍ជាផ្លូវការរបស់ជប៉ុន (ODA) ដល់ប្រទេសកម្ពុជា នៅខែសីហា ឆ្នាំ ២០០០ ទីភ្នាក់ងារសហប្រតិបត្តិការអន្តរជាតិជប៉ុន (JICA) បានរៀបចំឱ្យមានគណៈកម្មាធិការសិក្សាមួយ ស្តីពីការសិក្សាអំពីប្រទេសនិមួយៗ សំរាប់ជំនួយអភិវឌ្ឍន៍ជាផ្លូវការរបស់ជប៉ុនដល់ប្រទេសកម្ពុជា។ លោកសាស្ត្រាចារ្យ Yukio Imagawa ត្រូវបានចាត់តាំងជាប្រធានគណៈកម្មាធិការ ដែលមានសមាជិកចំនួនដប់នាក់ ជាមួយនិងអ្នកស្រាវជ្រាវ និសិត្យសាលាកិច្ចាល័យបឋម និងអ្នកជំនាញការ១៤នាក់ ដែលត្រូវបានទទួលស្គាល់ថា ជាអ្នកជំនាញការដែលមានអំណាចក្នុងវិស័យជំនាញរបស់ពួកគេ ។ គណៈកម្មាធិការនេះបានចងក្រងជាបាយការណ៍ ដែលមានផលប្រយោជន៍ដ៏ធំដែលបានមកពីកិច្ចពិភាក្សា ដ៏ខ្លាំងក្លាជាបន្តបន្ទាប់ ។

២. ការជ្រើសរើសកម្មវិធីអភិវឌ្ឍន៍សំខាន់ៗដែលមាននៅក្នុងប្រទេសកម្ពុជា

< សេចក្តីត្រូវការសំរាប់ការកសាងគ្រឹះដើម្បីឆ្ពោះទៅរកការអភិវឌ្ឍន៍ជាទិន្ន >

- (១) ការកសាងឡើងវិញនូវស្ថាប័នរដ្ឋ និងការស្តារឡើងវិញនូវរចនាសម្ព័ន្ធរូបវន្តជាតិដែលបានបំផ្លិចបំផ្លាញដោយសារសង្គ្រាម និងការផ្លាស់ប្តូររបបគ្រប់គ្រងជាបន្តបន្ទាប់
- (២) ការស្តារឡើងវិញនូវធនធានមនុស្សដែលបានបាត់បង់ អន់ថយគុណសម្បត្តិដោយសារសង្គ្រាម ដ៏យូរអង្វែង

< បញ្ហាអភិវឌ្ឍន៍ដើម្បីចូលរួមឡើងវិញជាមួយសហគមន៍អន្តរជាតិ / សេដ្ឋកិច្ចក្នុងតំបន់ និងដើម្បីលើកស្ទួយដល់ការអភិវឌ្ឍន៍ជាទិន្ន >

- (៣) ការដោះស្រាយបញ្ហាទូរគតភាព ជាពិសេសតាមដំបងជនបទ
- (៤) ការពង្រីកទំហំសេដ្ឋកិច្ច ដើម្បីមានលទ្ធភាពអាចទទួលនូវកំណើនដ៏ឆាប់រហ័សនៃប្រជាជន
- (៥) ការស្តារឡើងវិញនូវធនធានធម្មជាតិ និងបរិស្ថានដែលត្រូវបានបំផ្លិចបំផ្លាញ

< ការពង្រឹងភាពម្ចាស់ការរបស់ប្រទេសកម្ពុជា និងការបង្កើតឱ្យមានភាពជាដៃគូជាមួយនិងសហគមន៍ អន្តរជាតិ >

៣. អនុសាសន៍របស់គណៈកម្មាធិការសិក្សា

(១) ទស្សនៈវិស័យមូលដ្ឋានស្តីពីជំនួយរបស់ជប៉ុនដល់ប្រទេសកម្ពុជា

- (i) កម្មវត្ថុនៃសំណើនេះសន្និដ្ឋានទៅលើរយៈពេល ៥ ឆ្នាំទៅអនាគតដែលជារយៈពេលសំរាប់ ដំណើរការឆ្ពោះទៅរកការអភិវឌ្ឍន៍ (រយៈពេលកសាងគ្រឹះ) ។
- (ii) កំណត់គោលដៅសំខាន់ៗនៃសហប្រតិបត្តិការជំនួយចំពោះប្រទេសកម្ពុជា : "ជួយកសាងស្ថាប័នរដ្ឋសំរាប់កម្ពុជាក្រោយសង្គ្រាមឡើងវិញ ដើម្បីអាចកសាងនូវសង្គមប្រជាជនជាថ្មី និងកសាងឡើងវិញនូវវេន្យានសម្ព័ន្ធរូបវន្តជាតិ ពង្រឹងគ្រឹះដើម្បីអោយមានលទ្ធភាពក្នុងការអភិវឌ្ឍន៍ជានិរន្តរ៍ក្នុងកម្ពុជាពេលវែងនិងមធ្យម ព្រមទាំងដោះស្រាយកាត់បន្ថយនូវភាពក្រីក្រហួសហេតុ ដែលកម្ពុជាកំពុងតែប្រឈមមុខ" ។
- (iii) ដោយសារតែការហូរចូលនៃជំនួយអន្តរជាតិដ៏សន្លឹកសន្លាប់ ហើយដែលមិនត្រូវបានសម្របសម្រួល ដែលជាកត្តាមួយបានធ្វើឱ្យកម្ពុជាចុះខ្សោយនូវភាពជាម្ចាស់ការរបស់ខ្លួន ជប៉ុននឹងខំប្រឹងប្រែងធ្វើការសម្របសម្រួលរវាងម្ចាស់ជំនួយ ដោយពិចារណាអំពីសមត្ថភាពដែលកម្ពុជាអាចស្រូបទទួលបាន ដើម្បីសហការជាមួយកម្ពុជាក្នុងការពង្រឹងភាពជាម្ចាស់ការរបស់កម្ពុជា ។

(២) គម្រោងនៃជំនួយអភិវឌ្ឍន៍របស់ជប៉ុនដល់ប្រទេសកម្ពុជា

ដើម្បីសំរេចបាននូវគោលដៅជាបឋម ដែលបានលើកឡើងខាងលើនេះ គោលដៅឧបសម្ព័ន្ធទាំងអស់ប្រាំមួយ ត្រូវបានបង្ហាញឱ្យឃើញក្នុងគម្រោងនៃជំនួយអភិវឌ្ឍន៍របស់ជប៉ុនចំពោះកម្ពុជា (គម្រោងនេះត្រូវបានបង្ហាញនៅក្នុងតំនួសទី១) ។ ចំនុចអាទិភាពក្នុងការអភិវឌ្ឍន៍ ក៏បានត្រូវបញ្ជាក់បង្ហាញក្នុងគម្រោងនេះ តាមបញ្ហានិមួយៗដែរ ។

(៣) ការពិចារណាចំពោះជំនួយរបស់ជប៉ុនដល់ប្រទេសកម្ពុជា

< ការពិចារណាលើតំរោងជំនួយ >

(i) ការពង្រឹងភាពម្ចាស់ការរបស់កម្ពុជា

ការបង្កើតឡើងឱ្យមានភាពម្ចាស់ការត្រូវការពេលវេលា ហើយអាចសំរេចទៅបានជាមួយនឹងភាពជឿនលឿនក្នុងបញ្ហាអភិវឌ្ឍន៍វិស័យដទៃទៀត ដូចជាការកាត់បន្ថយភាពក្រីក្រ កំណើនសេដ្ឋកិច្ច និងការធ្វើឱ្យរឹងមាំឡើងនៃធនធានមនុស្ស និងហិរញ្ញវត្ថុ ។ ក្នុងរយៈពេលប្រាំឆ្នាំខាងមុខ ជប៉ុនគួរសម្រួលឱ្យមានការពង្រឹងនូវភាពម្ចាស់ការតាមរយៈសំវាទ នយោបាយជាមួយនិងរដ្ឋាភិបាលកម្ពុជា ដោយឈរលើគោលជំហរមួយទទួលស្គាល់ថាភាពជាម្ចាស់ការគឺជាកត្តាមួយដែលមានសារៈសំខាន់បំផុតសំរាប់កសាងគ្រឹះ ។

(ii) ការបង្កើតឱ្យមានភាពជាដៃគូកាន់តែប្រសើរឡើង រវាងកម្ពុជា និងម្ចាស់ជំនួយ

ជប៉ុនគួរចូលរួមឱ្យបានសកម្មក្នុងកិច្ចពិភាក្សានានា ស្តីពីភាពជាដៃគូដែលចង់បាននេះ ដោយឈរលើទស្សនៈគោរព និងពង្រឹងឱ្យមានភាពជាម្ចាស់ការ ។

(iii) កិច្ចសម្របសម្រួល និងកិច្ចសហប្រតិបត្តិការរវាងប្រទេសជប៉ុន និងប្រទេសជាម្ចាស់ជំនួយ ផ្សេងទៀត

ជប៉ុនមានបំណងចូលរួមបច្ចេកវិទ្យាគ្រប់បែបផែនដៃនៃបញ្ហាអភិវឌ្ឍន៍ តែដោយមានភាពកំរិតនៃធនធានជំនួយអភិវឌ្ឍន៍ជាផ្លូវការ (ODA) របស់ខ្លួន ទាំងវិស័យធនធានមនុស្ស ទាំងវិស័យចំណេះដឹង ទាំងវិស័យថវិកា ។ល។ និង ។ល។ ជប៉ុនត្រូវធ្វើកិច្ចសហប្រតិបត្តិការ ព្រមទាំងធ្វើការសម្របសម្រួលជាមួយនិងម្ចាស់ជំនួយពហុភាគី ប្រទេសអ្នកផ្តល់ជំនួយ និងអង្គការក្រៅរដ្ឋាភិបាលនានា ដើម្បីដោះស្រាយនូវភាពលំបាកទាំងនេះ ។

< ការពិចារណាស្តីពីការអនុវត្តន៍គំរោងជំនួយ >

(i) ការខិតខំដោះស្រាយតាមផ្នែកចម្រុះ សំរាប់ដំបន់សហប្រតិបត្តិការដែលមានទំហំកំណត់

នៅពេលដែលជំនួយច្រើនដែលមានទំហំទំនាក់ទំនងគ្នាយ៉ាងជិតស្និទ្ធ ត្រូវបានផ្តល់ឱ្យក្នុងគោលបំណងដោះស្រាយបញ្ហាអភិវឌ្ឍន៍ព្រមគ្នា (រួមទាំងការអភិវឌ្ឍន៍ជនបទ និងការរស់រានទី៣) ការប្រើវិធីដោះស្រាយ និងបញ្ហាជាច្រើនក្នុងផ្នែកផ្សេងៗទៀត អាចនឹងចាត់ទុកថាជាចំណេះស្រាយមួយ ។ ដោយហេតុថា ឧបសគ្គនៃសមត្ថភាពស្រូបទទួលរបស់ប្រទេសកម្ពុជា និងភាពលំបាកនានានៃប្រព័ន្ធគ្រប់គ្រងដែលបែងចែកតាមផ្នែកទាំងក្នុងប្រទេសកម្ពុជា ទាំងក្នុងប្រទេសជប៉ុន ហេតុនេះហើយ គួរតែចាប់ផ្តើមអនុវត្តគំរោងចំពោះដំបន់ដែលមានទំហំកំរិតជាការល្អ ។ តាមមធ្យោបាយបែបនេះ ការត្រួតពិនិត្យលើលទ្ធផល និងព័ត៌មានបានមកពីគម្រោងនោះអាចមានការងាយស្រួលវិញ ។ ប្រសិនបើលទ្ធផលនៃ គម្រោងសាកល្បងមានភាពងាយស្រួលនឹងពិនិត្យបញ្ជាក់ (វាយតម្លៃ) លទ្ធផលនេះអាចយកមកប្រើសម្រាប់ផ្តាំបន្ទាប់ទៀត ។

(ii) ភាពទន់ភ្លន់ (ភាពស្រួលកែច្នៃ) នៃសកម្មភាពជំនួយ

ចំពោះសហប្រតិបត្តិការដែលមានភាពចម្រុះតាមដំបន់មានទំហំកំរិតខាងលើនេះ សហប្រតិបត្តិការនេះត្រូវធ្វើឡើងដោយឈរលើកិច្ចព្រមព្រៀងគ្នាក្នុងចំណោមអ្នកដែលចូលរួមពាក់ព័ន្ធផ្សេងៗគ្នា រីឯទំហំនៃជំនួយនិងកាលៈទេសៈ ច្រើនតែត្រូវបានកែច្នៃផ្លាស់ប្តូរ ។ ការសម្របទៅតាមកាលៈទេសៈឬលក្ខណៈទាំងនេះមានភាពទន់ភ្លន់ជាការប្រសើរ ។ ហើយទន្ទឹមនេះជាមួយគ្នានេះរចនាសម្ព័ន្ធក៏ត្រូវមានភាពទន់ភ្លន់ ដើម្បីអាចសម្របទៅនឹងស្ថានភាពនេះដែរ ។

(iii) លទ្ធផលនៃការត្រួតពិនិត្យនិងការផ្តល់ព័ត៌មានស្តីពីលទ្ធផលនេះទៅប្រភពដើមដើម្បីកែ តម្រូវឡើងវិញ

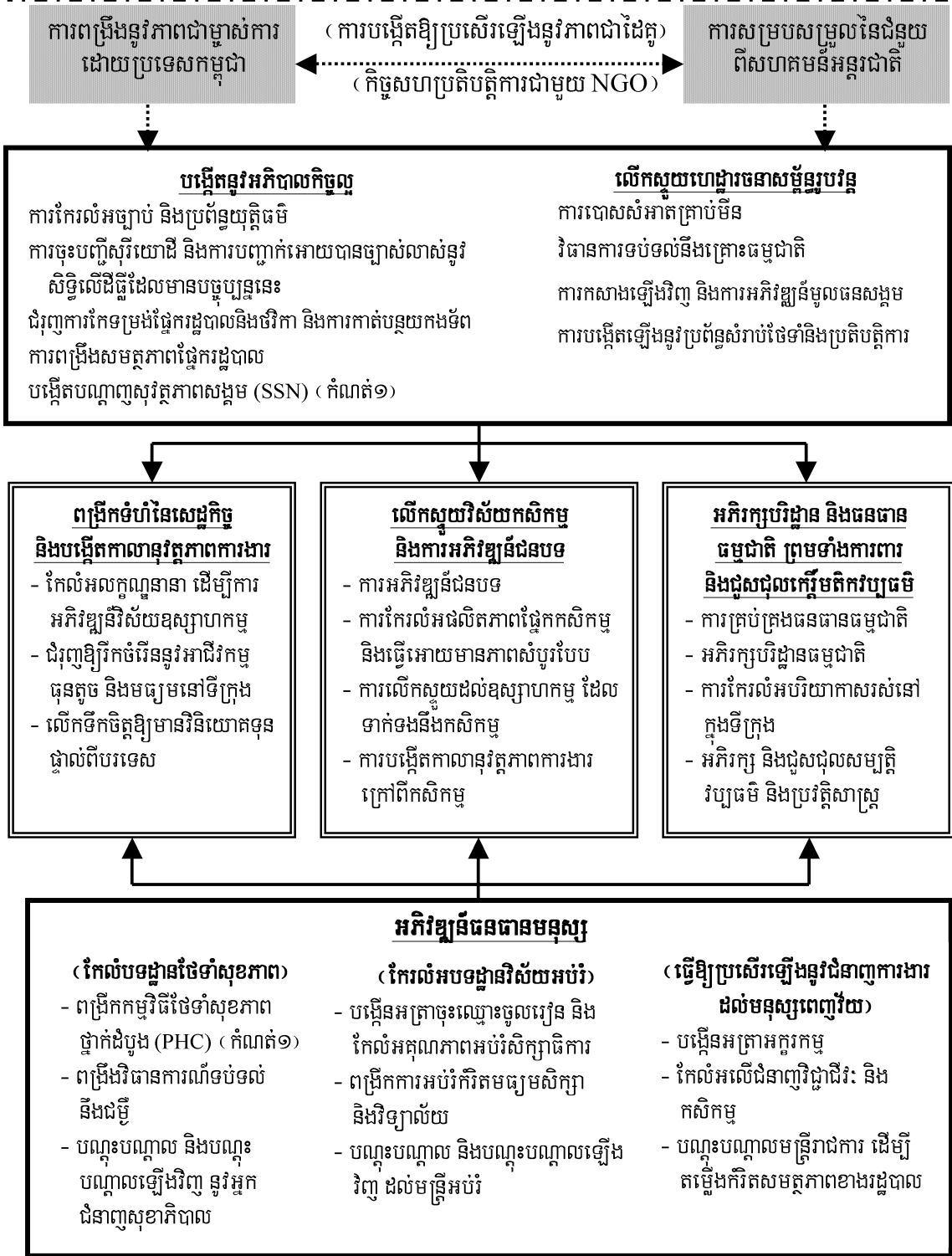
ចំពោះសហប្រតិបត្តិការពាក់ព័ន្ធនឹងផ្នែកចម្រុះនេះ ត្រូវបង្កើតនូវវិធីសាស្ត្រណាមួយដែលអាចយកមកប្រើដើម្បីយកលទ្ធផលហើយអាចផ្តល់ព័ត៌មានស្តីពីលទ្ធផលនេះទៅប្រភពដើមវិញ ដើម្បីធ្វើការកែលំអតាមរបៀបសាកល្បងហើយកែតម្រូវនេះ ។

(iv) ការពង្រីកដំបន់ប្រតិបត្តិការ

ក្នុងកិច្ចជំនួយដែលមានទិសដៅកាត់បន្ថយភាពក្រីក្រនេះ ដូចជា "ការលើកស្ទួយផ្នែកកសិកម្ម និងការអភិវឌ្ឍន៍ជនបទ", "ការពង្រឹងធនធានមនុស្ស", "ការស្តារបរិដ្ឋានធម្មជាតិ" និង "ការពង្រឹងឡើងវិញនូវសមត្ថភាពគ្រប់គ្រង" ត្រូវពង្រីកអោយទូលំទូលាយជាចាំបាច់ ទៅកាន់ទីជនបទ , ហេតុនេះហើយ ជំនួយមុនៗដែលបានប្រតិបត្តិតែនៅជីវិតក្រុងភ្នំពេញ ដោយសារមូលហេតុសន្តិសុខនោះ ក៏ត្រូវតែពង្រីកដំបន់ប្រតិបត្តិការនោះ អោយបានកាន់តែទូលាយទៅៗដែរ ។

គំនូសទី ១ . គម្រោងនៃប្រតិបត្តិការរបស់ជំនួយសំរាប់ប្រទេសកម្ពុជា

គោលបំណងជាមូលដ្ឋាន: ជួយកសាងស្ថាប័នរដ្ឋសំរាប់កម្ពុជាក្រោយសង្គ្រាមឡើងវិញ ដើម្បីអាចកសាងនូវសង្គមប្រជាជនជាថ្មី និងកសាងឡើងវិញនូវវេទនាសម្ព័ន្ធជាតិ ពង្រឹងគ្រឹះដើម្បីអោយមានលទ្ធភាពក្នុងការអភិវឌ្ឍន៍ជានិរន្តរ៍ក្នុងកម្ពុជាពេលវែងនិងមធ្យម ព្រមទាំងដោះស្រាយកាត់បន្ថយនូវភាពក្រីក្រហួសហេតុ ដែលកម្ពុជាកំពុងតែប្រឈមមុខ



កំណត់១ SSN : Social Safety Net (សន្តិសុខយ៉ាងទាបបំផុតដែលជាចាំបាច់ក្នុងសង្គម)
 PHC : Primary Health Care (ការថែទាំសុខភាពថ្នាក់ដំបូង)

Foreword

It has become increasingly important for developing countries to respond effectively to globally pertinent issues such as population growth, environment degradation and problems of food supply. At the same time, development assistance should respond flexibly to the diverse needs of developing countries based on a proper evaluation of developmental states of each country and the specific conditions. In light of such demand, the Japan International Cooperation Agency (JICA) has promoted the country-specific approach in order to provide a more responsive and specifically designed form of assistance. In its efforts to promote this country-specific assistance, JICA has commissioned country-specific studies with the participation of external academics and experts to explore and make proposals concerning the direction of the assistance. Thus far, a total of thirty-five country study committees for Japan's Official Development Assistance have been organized and their research outcomes were published in reports.

In Cambodia, Japan's assistance was halted due to the civil war, which had begun in the 1970s. As the peace was achieved through the Paris Peace Agreements of 1991, Japan resumed official development assistance to the country. During the last ten years, a general election was held and the establishment of a market economy has been making progress. Cambodia has now shifted into a mid- and long-term development phase. Accordingly, the demand for Japan's assistance has also shifted from the assistance for rehabilitation and reconstruction to that for mid- and long-term development.

Based on the above background, for the purpose of proposing future direction of Japan's assistance to the country, JICA organized the committee on the country study for Cambodia in August 2000. The committee consisted of ten members, headed by Professor Yukio Imagawa of the faculty of law at Kanto Gakuen University. The committee held six sessions of heated discussions, inviting resource persons from various fields, such as those from the NGO community in Japan, namely, "the People's Forum on Cambodia, Japan". The committee members and 14 experts who were responsible for each sector prepared the report, which benefited greatly from the sessions of discussions and input from resource person.

It is hoped that not only JICA, but also any other organizations and people engaged in cooperation activities for Cambodia, will find this report useful for their planning and implementation of assistance to Cambodia.

Finally, I am deeply grateful to Professor Imagawa, the head of the committee, as well as the other members of the committee and the authors of each section of the report. They have put great efforts into compiling this report. I would also like to thank every person in the ministries and organizations concerned for their cooperation.

March 2002

Takao Kawakami
President
Japan International Cooperation Agency

Preface

Cambodia suffered from about 20 years of conflicts and chaos until the promulgation of the new constitution in 1993. Based on the new constitution, a new Kingdom was born and the new coalition government with two prime ministers was launched. However, after the formation of the new government, internal conflicts again broke out. From June to July in 1997, the First Prime Minister's troops and the Second Prime Minister's troops clashed. Although the international community was afraid that the Cambodian peace process might collapse, Cambodia managed to overcome the crisis with the cooperation of the international community, including Japan. In July 1998, Cambodians succeeded in independently conducting a general election, five years after the general election held under the auspices of the United Nations Transitional Authority in Cambodia (UNTAC) in May 1993. The elections were confirmed domestically and internationally as being free and fair for the first time. The election results were still not recognized by some political parties that fared badly in the elections. This seemed about to trigger another conflict that might have affected the international community, but conflict was avoided through the astuteness of the King as well as the efforts of friendly nations, including Japan. As a result, the current new government with Hun Sen as the Prime Minister was launched at the end of October 1998, setting the stage for political stability. In the same year, Cambodia regained its representation in the United Nations. At the same time the Association of Southeast Asian Nations (ASEAN) accepted Cambodia as a new member. Thus Cambodia returned to the international community, and it has been maintaining conditions of peace and political stability since that time.

Japan played a very important role in the political settlement of the Cambodian conflict. Japan also took the initiative in promoting economic reconstruction after peace was achieved. The Paris International Conference on Cambodia, held in August 1989, appointed Japan and Australia as co-chairs of the Third Committee on the repatriation of refugees and displaced persons and the eventual reconstruction of Cambodia. Japan, as a co-chair, synthesized the opinions of the related nations concerning assistance for the reconstruction of Cambodia after the conclusion of the peace agreement. This resulted in the Declaration on the Rehabilitation and Reconstruction of Cambodia, the fourth document of the Agreements on a Comprehensive Political Settlement of the Cambodia Conflict in October 1991. It illustrated the direction of foreign assistance to Cambodia. Furthermore, Japan proposed the establishment of an International Conference on the Reconstruction of Cambodia (ICORC), which was approved unanimously by the Third Committee of the Paris International Conference on Cambodia. ICORC met alternately in Tokyo and Paris as an organization for the coordination of international assistance for Cambodia's reconstruction after the peace agreements. Japan has continued its cooperation for Cambodia's rehabilitation and reconstruction as the major assisting country, while ICORC evolved into the current Consultative Group (CG) Meeting for Cambodia, which was launched in 1996.

For future assistance to Cambodia, the Committee on the Country Study for Japan's Official Development Assistance to the Kingdom of Cambodia was organized in response to a request by JICA. The committee is expected to review the outcome of assistance to Cambodia up to now, as well as to conduct research to determine the direction of assistance with a perspective of five years in the future. It consists of nine members and thirteen authors, all of whom are experts in various fields with experience of long-term or frequent short-term stays in Cambodia. They also have a passionate concern for assistance to Cambodia's reconstruction and development. The first session of the committee was held at the Institute for International Cooperation on August 24, 2000. The committee convened once a month, until the last meeting on January 19, 2001.

Taking “good governance” into consideration as a matters of utmost concern in relation to future assistance to Cambodia, the committee held heated discussions on various tasks. The tasks they engaged in were related to reduction of extreme poverty, rural development, education, natural environment conservation, and other matters. Specific issues related to Cambodia, such as the improvement of the legislative and judicial systems, demining, support for veterans, and the restoration and preservation of cultural heritage sites, were also explored. During the period February 11 to 17, 2001, three committee members conducted field studies in Cambodia. The committee members also had interviews with H. M. King Sihanouk, H. E. Prime Minister Hun Sen and other high level officials. The viewpoints of the Cambodian leaders are reflected in the report. The committee secretariat in the Institute of International Cooperation integrated the results into this report, which will be presented to the President of JICA.

Finally, I would like to give my sincere thanks to the committee members, authors, resource persons and related members of JICA.

March 2002

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Abbreviations

A

ADB	Asian Development Bank
ADD	Accelerated District Development
ADHOC	Cambodian Human Rights and Development Association
AFD	Agence Francaise de Development
AFTA	ASEAN Free Trade Area
AIDS	Acquired Immune Deficiency Syndrome
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development

B

BHN	Basic Human Needs
-----	-------------------

C

CARERE	Cambodia Areas Regeneration and Rehabilitation
CAS	Country Assistance Strategy
CCC	Cooperation Committee for Cambodia
CDAF	Council for the Demobilization of Armed Forces
CDC	Council for the Development of Cambodia
CDF	Comprehensive Development Framework
CDRI	Cambodia Development Resource Institute
CFRC (RCR)	Chemins de fer Royauxdu Cambodge (Royal Cambodian Railway)
CG	Consultative Group
CIB	Cambodia Investment Bank
CICC	Center of the International Cooperation for Computerization
CIDA	Canadian International Development Agency
CGDK	Coalition Government of Democratic Kamphchea
CMAA	Cambodia Mine Action and Victims Assistance Authority
CMAC	Cambodia Mine Action Center
CPP	Cambodia People's Party
CVAP	Cambodia Veterans Assistance Program

D

DAC	Development Assistance Committee
DDRP	Disarmament, Demobilization and Reintegration Program
DFID	Department for International Development

E

EC	European Community
EDC	Electricite de Cambodge
EFA	Education for All
EPI	Expanded Programme to Immunization
ESAF	Enhanced Structural Adjustment Facility
EU	European Union

F

FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FTBC	Foreign Trade Bank of Cambodia
FUNICINPEC	Front Uni National pour un Cambodge Independent, Neutre, Pacifique et Cooperatif

G

GAP	Governance Action Plan
GDP	Gross Domestic Product

GMS	Greater Mekong Sub-region
GNP	Gross National Product
GSP	General System of Preferences
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit/ German Agency for Technical Cooperation

H

HI	Handicap International
HIPC _s	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HYV	High Yielding Variety

I

ICC	International Co-ordinating Committee on the Safeguarding and Development of the Historic Site of Angkor
ICORC	International Committee on the Reconstruction of Cambodia
IDA	International Development Association
IDRC	International Development Research Center
IFC	International Finance Corporation
IFIC	Institute for International Cooperation
ILO	International Labor Organization
IMCI	Integrated Management of Childhood Illness
IMF	International Monetary Fund
IOM	International Organization for Migration
IPP	Independent Power Producer
ITU	International Telecommunication Union

J

JBIC	Japan Bank for International Cooperation
JCIF	Japan Center for International Finance
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JILD	Japanese Institute for Legal Development
JSA	Japanese Government Team for Safeguarding Angkor

K

KID	Khmer Institute for Democracy
KPNLF	Khmer People's National Liberation Front

L

LLDCs	Least Less Developed Countries
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M

MPDF	Mekong Project Development Facility
MSF	Medecins Sans Frontieres

N

NBC	National Bank of Cambodia
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development Cooperation
NPRD	National Programme to Rehabilitate and Develop Cambodia

O

ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OECF	Overseas Economic Cooperation Fund
OOF	Other Official Flows

P

PAP	Priority Action Programme
PASEC	Programme d'appui au secteur education au Cambodge
PDRD	Provincial Department of Rural Development
PFP	Policy Framework Paper
PHC	Primary Health Care
PKO	Peace Keeping Operations
PIP	Public Investment Program
PRDC	Provincial Rural Development Committee
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
PTTC	Provincial Teacher Training College
PVC	Provincial Veterans Committee

R

RCAF	Royal Cambodia Armed Forces
RDB	Rural Development Bank
RTTC	Regional Teacher Training College

S

SAF	Structural Adjustment Facility
SEDP	Socioeconomic Development Plan
Sida	Swedish International Development Co-operation Agency
SNC	Supreme National Council
STD	Sexually Transmitted Diseases
SWAp	Sector-wide Approach

U

UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCOHCHR	United Nations Cambodia Office of High Commissioner for Human Rights
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNTAC	United Nations Transitional Authority in Cambodia
UNV	United Nations Volunteer
USAID	United States Agency for International Development
UXO	Unexploded Ordnance

V

VAT	Value-added Tax
VDC	Village Development Committees

W

WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
WWF	World Wide Fund for Nature

Map of Cambodia



Source: The University of Texas at Austin The General Libraries (PCL Map Collection)

The Kingdom of Cambodia

Land area: 181,035 sqkm

Population: 13.1 million (mid-2000 estimate)

Capital: Phnom Penh

Official Language: Khmer

Religion: Buddhism

Form of government: Constitutional Monarchy

Head of the State: King Norodom Sihanouk

Currency: Riel (CR) (Average exchange rate in 2000: CR 3,840.8=US\$)

Fiscal year: Calendar year

Contents

Highlights of Recommendations for Japan's Assistance to Cambodia	i
Foreword	vii
Preface	ix
List of the Committee Members	xi
List of the Contributors to the Report	xii
Abbreviations	xiv
Map of Cambodia	xvii
Outline of the Study and the Report	1
Part I Summary of Current Condition and Recommendation for Japan's Assistance	Nobuhiro KOYAMA
1. Peacemaking, Reconstruction and Development of Cambodia	
1-1 From the war in the 1970s to the building of peace	5
1-2 Development efforts in parallel with the postwar reconstruction	6
2. International Assistance to Cambodia	
2-1 Overview	10
2-2 Multilateral donors	10
2-3 Donor countries besides Japan	10
2-4 Japan's assistance to Cambodia and its characteristics	12
2-5 NGOs	13
2-6 Issues in Cambodia's ownership and international aid coordination	14
3. Direction of Further Development in Cambodia	
3-1 Development challenges found in Cambodia	15
3-2 Direction of further development in Cambodia	15
4. Recommendation for Japan's Assistance to Cambodia in Mid-term Perspective	
4-1 Viewpoints of Japan's assistance to Cambodia	18
4-2 Basic framework for Japan's assistance to Cambodia	19
4-3 Considerations for Japan's assistance to Cambodia	30
Part II Current Condition and Prospects	
Chapter 1 Overview of Present State of Cambodia	
Section 1. Politics	Yukio IMAGAWA
1. Good governance	37
2. The Cambodian peace process	37
3. Factors in the success of the peace process in Cambodia	39
4. Recent developments in internal affairs	40
5. Recent developments in external relations	42
Section 2. Economy	Nobuo HIROHATA
1. Economy of Cambodia	45
1-1 Transition to market economy	45
1-2 The present state of the economy	46
1-3 The features of Cambodia's economy	46
1-4 Dependence on foreign capital inflows	46
2. Industry	47
2-1 Industrial structure	47
2-2 Primary sector	48
2-3 Secondary sector	48
2-4 Tertiary sector	50
2-5 Industrial structure: changes and prospects	50
2-6 Employment structure	50

3. National budget	51
3-1 National revenue	51
3-2 National expenditure	52
4. Balance of international payments	53
4-1 Balance of international payments	53
4-2 External debt	53
4-3 Exchange rates	53
4-4 Trade	54
5. Finance	56
5-1 Financial institutions	56
5-2 National Bank of Cambodia and its financial policy	56
5-3 The Foreign Trade Bank of Cambodia	58
5-4 The Rural Development Bank	58
5-5 Private commercial banks	58
6. Foreign Direct Investment	58
6-1 Approved amount of foreign direct investment	58
6-2 Investment trends by industry	59
6-3 Investment trends by country	61
Section 3. Gender	Kasumi NISHIGAYA
1. Gender equality in Cambodia	63
1-1 Gender equality and women's empowerment	63
1-2 Education	65
1-3 Healthcare and reproductive health	66
1-4 Economic participation	69
1-5 Participation in decision-making in the public domain	72
2. Gender equality promotion – governmental approach and future needs	73
2-1 Efforts by the Cambodian government	73
2-2 Policy and projects	74
3. Donor support to enhance gender equality provided by donors, UN organizations, and International NGOs ...	75
3-1 Local NGOs that support Cambodian women	75
4. Direction of future support towards gender equality	75
4-1 Support strategy and future aid provided by the government of Japan	75
Section 4. Cambodia's History and Culture	Yoshiaki ISHIZAWA
1. An understanding of the contemporary history of Cambodia, disrupted by international politics	79
1-1 The significance of the 'liberation' of 1975	79
1-2 The Pol Pot faction	80
1-3 International relations between Cambodia, China, and Vietnam	80
1-4 Cambodia's peace process spurred by the collapse of the Soviet Union and East Bloc grouping	81
1-5 Political disorder in Cambodia after the achievement of peace	82
1-6 Traumatic experiences affecting the general elections	83
1-7 Relations between Cambodia and its neighboring countries, Vietnam and Thailand	84
1-8 Cambodian people released from Pol Pot's reign of terror	85
1-9 The profound spirituality of Khmer culture	86
1-10 Rural areas now being tainted by the monetary economy	87
1-11 Spiritual values for the Cambodian people	88
2. International cooperation in the preservation and restoration of the world cultural heritage	89
2-1 Human resources development as a support for the independence of the local people	89
2-2 Support for the preservation and restoration of Angkor Wat and the human resources development project as the repose of souls of colleagues	90
2-3 Project for the coexistence of human beings (village), nature (environment), and culture (monuments)	91
2-4 Efforts to interpret messages hidden in Angkor Wat	93
2-5 Who should be responsible for the cultural heritage of Cambodia?	93
2-6 Searching for the original scenery of Angkor Wat	94
Section 5. Development Plans of Cambodia	Masatoshi TERAMOTO
1. Introduction	100

1-1	Up to the peace agreement	100
1-2	Drafting development plans/programs for reconstruction	100
2.	Outline of development plans/programs	100
2-1	National Programme to Rehabilitate and Develop Cambodia (NPRD)	100
2-2	First Socioeconomic Development Plan (SEDP)	102
2-3	Poverty Reduction Strategy Paper (PRSP)	104
3.	Future prospects	107

Section 6. Trends in Development Assistance to Cambodia Masatoshi TERAMOTO / Hideo EZAKI

1.	Historical background	109
1-1	Chronology	109
1-2	Overview of the ICORC and the CG	109
2.	Fourth consultative group meeting on Cambodia	110
2-1	Introduction	110
2-2	Informal meeting	110
2-3	Plenary session	110
3.	Trends in Japan's assistance	114
3-1	Grant aid and technical assistance by JICA	114
3-2	Loan aid	115
4.	Trends in development assistance from multilateral donors and donor countries	117
4-1	Overview	117
4-2	Multilateral donors	117
4-3	Bilateral donors	118
4-4	NGOs	118
5.	Prospects	119

Chapter 2 Sector- and Issue-wise Analyses and Trends in Assistance to Cambodia

Section 1. Good Governance

1.	Introduction	Yasunobu SATO
1-1	Importance of governance	123
1-2	Governance in Cambodia	125
1-3	Direction of Japan's assistance	128
2.	Democratization	Yasunobu SATO / Kuong TEILEE
2-1	Post-UNTAC developments related to democratization	134
2-2	Challenges for democracy	135
2-3	Government efforts related to good governance and relevant assistance	137
2-4	Assistance by major donor countries	137
2-5	Consideration for future assistance	138
2-6	Direction of Japan's assistance	140
3.	Human rights	Yoichi YAMADA
3-1	Significance of human rights in good governance	141
3-2	Human rights situation in Cambodia	141
3-3	Challenges for the Cambodian government	144
3-4	Direction of future assistance	146
3-5	Direction of Japan's assistance	148
4.	Legal system	Kazuyo SAKURAGI
4-1	Past and present situation of Cambodia's legal system	150
4-2	Legal and judicial reforms by the Cambodian government	152
4-3	Assistance by major donor countries and multilateral donors	153
4-4	Obstacles to the establishment of the rule of law	155
4-5	Challenges and direction of future assistance	155
4-6	Direction of Japan's assistance	157
4-7	Content and scope of Japan's legal assistance (specific plans and priorities)	160
4-8	Points to be considered in implementing legal assistance	160
5.	Administrative functions	Yasunobu SATO
5-1	Current state of the administrative and financial functions	165
5-2	Significant challenge requiring resolution	166

5-3	Measures by the Cambodian government and trends in development assistance	167
5-4	Direction of Japan's assistance	168
Section 2. Industrial Development and Improvement of Industrial Environment		Nobuo HIROHATA
1.	The present state of affairs	178
1-1	Changes up to the present	178
1-2	Attempts of the royal government of Cambodia	178
1-3	The Poverty Reduction Strategy Paper (PRSP)	184
1-4	External support	185
2.	Direction of development	187
2-1	Macro-economic stability and economic reform	188
2-2	Improvement in the investment environment	188
2-3	Development of strategic industries	189
2-4	Small-scale enterprises	190
2-5	Promotion of the diffusion of information technology	191
3.	Direction of Japan's assistance	193
3-1	Basic concept	193
3-2	Expected results of the foreign assistance	193
3-3	Strategy for achieving the expected results	193
3-4	The contents of external assistance	194
Section 3. Infrastructure Development		Akira KANEKO / Hayao ADACHI
	Introduction	199
1.	The state of Cambodia's infrastructure	199
1-1	History of infrastructure development in Cambodia	199
1-2	The state of Cambodia's infrastructure	200
1-3	Assistance for infrastructure development in Cambodia	204
2.	Infrastructure development – problems and challenges	205
2-1	Issues on infrastructure development in general	205
2-2	Issues on each sector	207
3.	Direction of infrastructure development	209
3-1	Basic concepts	209
3-2	Work to meet the immediate needs for rehabilitation and reconstruction	210
3-3	Mid- to long-term work for infrastructure development	211
3-4	Policy measures necessary for infrastructure development	214
4.	Direction of Japan's assistance	216
4-1	Basic policy	216
4-2	Capacity building for developing and managing the infrastructure	217
4-3	Assistance in formulating master plans, technical standards, etc.	218
4-4	Objectives and strategies of Japan's assistance	218
Section 4. Improvement of Health Care		Hidechika AKASHI
1.	Analysis of the present conditions	221
1-1	Background	221
1-2	The present situation of health care	221
1-3	Government action	225
1-4	Trends in aid provision	235
2.	Identifying the main issues and problems	237
3.	Direction of development	237
4.	Direction of Japan's assistance	238
4-1	Strengthening of central government functions	238
4-2	Establishing national systems	238
4-3	Human resources development	238
4-4	Reinforcement of regional areas	239
4-5	Strengthening of education and information activities	239
4-6	Other individual operations	239
4-7	Summary	239
Attachment: Social Security Issues		242

Section 5. Human Resource Development	Mitsuru WAKABAYASHI / Norio KATO
1. Analysis of the current situation	245
1-1 Background	245
1-2 Cambodia's education system today	246
2. Major development agendas and problems	251
2-1 Problems and agendas for education administration	251
2-2 Problems with primary education	252
2-3 Human resources development and socioeconomic needs	256
2-4 Aid coordination	257
3. Mid-term prospects for human resources development	257
3-1 Improving the quality of primary education and expanding secondary education	258
3-2 Consolidation and reform of higher educational institutions and vocational and technical training institutions	259
3-3 Industrial development and human resources development	260
4. Direction of Japan's assistance	260
Section 6. Demining, Mine Victims Assistance, and Assistance for Demobilized Soldiers	Eri KOMUKAI
1. Antipersonnel mines	265
1-1 Background	265
1-2 Situation analysis	265
1-3 Main agenda	270
1-4 Key points of development assistance	271
1-5 Direction of Japan's assistance	272
2. Assistance for demobilized soldiers	273
2-1 Basic concept for demobilization	273
2-2 The demobilization program in Cambodia	273
2-3 Major agendas	276
2-4 Key points of development assistance	276
2-5 Direction of Japan's assistance	276
Section 7. The Environment	Yukio TAKAHASHI / Rikuo DOI / Hiroshi ENOMOTO
Introduction	280
1. Present state of the environment	280
1-1 Basic conditions	280
1-2 The state of the natural environment	281
1-3 The state of the daily life environment	286
1-4 Administrative organization related to the environment	296
1-5 The achievements and trends of assistance from multilateral and bilateral donors	301
2. Main issues	302
2-1 Natural environment	302
2-2 Living environment	304
2-3 Issues related to the central government	305
3. Direction of development based on the experience of Japan and other countries	306
3-1 Basic perspectives: sociopolitics of environmental issues	306
3-2 Specific directions for development	308
3-3 Environmental administration	311
3-4 Environmental education	312
4. Direction of Japan's assistance	312
4-1 Basic concept	312
4-2 The objectives of assistance	312
Appendix	
1: Matrix Recommended on Japan's Assistance to Cambodia	319
2: Suggestions from the People's Forum on Cambodia, Japan	329
3: Main Indicators of Cambodia and Neighboring Countries	345

Tables and Figures

<Part I Summary of Current Condition and Recommendation for Japan's Assistance>

Table 2-1	Net ODA Receipts by Cambodia	10
Table 3-1	Comparison of Major Development Indicators between Cambodia and Neighboring Countries	16
Figure 3-1	Challenges in the Development of Cambodia	16
Figure 4-1	Framework of Japan's Cooperation for Cambodia	20
Table 4-1	Outlines of the Priority Development Issues under the Five Sub-Objectives	25

<Part II Chapter 1 Section 2. Economy>

Table 2-1	Cambodia's Main Macro-economic Indicators	46
Table 2-2	National Savings and Investments (percentage ratio to GDP)	47
Table 2-3	International Assistance (officially announced)	47
Figure 2-1	Cambodia's Industrial Structure	47
Table 2-4	GDP by Industry	48
Table 2-5	Real GDP Growth Rates by Industry	51
Figure 2-2	Cambodia's Employment Structure	51
Table 2-6	Employment by Industry	52
Table 2-7	Balance of the National Budget	52
Table 2-8	Cambodia's Balance of International Payments	53
Table 2-9	External Debt Burden	54
Table 2-10	Exchange Rate of the Riel to the U.S. Dollar	54
Table 2-11	Trade Balance	54
Table 2-12	Exports by Product	55
Table 2-13	GSP Granted Exports: Trade Partners	56
Table 2-14	Imports by Product	57
Table 2-15	Lending Conditions of Commercial Banks	58
Table 2-16	Foreign Direct Investment Approved by CIB	58
Table 2-17	Foreign Direct Investment Approved by CIB: Industry Breakdowns	59
Table 2-18	Project Approvals by CIB between 1994 and 1998	60
Table 2-19	Foreign Direct Investment Approved by CIB: Country Breakdowns	61

<Part II Chapter 1 Section 3. Gender>

Table 3-1	Child Nutrition Problem in Cambodia	68
Table 3-2	Sex Ratio of the Employed Population by Employment Type and Industry	69
Table 3-3	Labour Participation Rate by Region (Age Disaggregated)	69
Table 3-4	Labour Participation Rate by Age Group	70

<Part II Chapter 1 Section 6. Trends in Development Assistance to Cambodia>

Table 6-1	Donor Commitments Announced at the fourth CG Meeting	112
Table 6-2	Japan's ODA to Cambodia	114
Table 6-3	Loan for the Sihanoukville Port Urgent Rehabilitation Project	115
Table 6-4	Selected Economic Indicators	116
Figure 6-1	GMS Project Map	120

<Part II Chapter 2 Section 1. Good Governance>

Table 1-1	Japan's Assistance for Good Governance (scope and content)	130
Table 1-2	Goals of Legal Assistance and the Direction of Desirable Assistance	158
Table 1-3	Content and Scope of Japan's Legal Assistance	161

<Part II Chapter 2 Section 2. Industrial Development and Improvement of Industrial Environment>

Table 2-1	The Outline of the PRSP	185
Table 2-2	IMF Loans	186

Table 2-3	World Bank Loans	186
Table 2-4	The Asian Development Bank Loans	187
Table 2-5	Diffusion of Information Related Apparatuses	191
<Part II Chapter 2 Section 3. Infrastructure Development>		
Table 3-1	Expenditures on Infrastructure Development in the National Budget	200
Table 3-2	The State of Road Development	201
Table 3-3	Investment Approvals in Infrastructure Development	206
Table 3-4	Candidate Projects for BOT Arrangements	206
Table 3-5	Comprehensive Transportation Plan for Cambodia (main items)	214
Table 3-6	Scope of Traffic Regulations	215
<Part II Chapter 2 Section 4. Improvement of Health Care>		
Table 4-1	Health Indicators	221
Figure 4-1	Organizational Structure of the Ministry of Health	227
Figure 4-2	Immunization Coverage	230
Figure 4-3	Faculty System at the University of Health Science	232
Table 4-2	Health Budget and Related Statistics	234
Table 4-3	Health Budget Summary	235
<Part II Chapter 2 Section 5. Human Resource Development>		
Table 5-1	Educational Indicators and Targets in the Education For All: Country Report 2000	247
Table 5-2	Promotion, Repetition and Dropout Rates by Grade at Primary Schools	248
Table 5-3	Gross Enrollment Rate by Level of Education (1997)	248
Table 5-4	Enrollment Rates for Primary and Secondary Education in Asian Countries	248
Table 5-5	List of Higher Educational Institutions	250
Table 5-6	Donor Assistance	251
Table 5-7	Regional Disparities in the Enrollment Rate	252
Table 5-8	Proportion of Primary Schools Providing Education up to Various Grades	253
Table 5-9	Changes in the Numbers of Pupils and Primary Schools	253
Figure 5-1	Framework for Human Resources Development	258
Table 5-10	Important Subsectors for Development Assistance, and Assistance Objectives and Tools in the Education Sector in Cambodia	262
<Part II Chapter 2 Section 6. Demining, Mine Victims Assistance, and Assistance for Demobilized Soldiers>		
Table 6-1	Minefields in Cambodia	266
Table 6-2	Trends in Landmine/UXO Casualties	266
Table 6-3	Data Concerning Mine Casualties	266
Table 6-4	Amputees	266
Table 6-5	Causes of Disabilities	267
Table 6-6	Number of Mines Removed	268
Table 6-7	Japan's Assistance to Cambodia in the Field of Antipersonnel Landmines	269
Table 6-8	Contributions to the UNDP Trust Fund for CMAC	268
Table 6-9	Number of Foreign Experts in CMAC	270
Table 6-10	A Comprehensive Approach to the Problem of Antipersonnel Mines	271
Figure 6-1	Implementation Plan for CVAP	273
Table 6-11	Activities in Each Phase	274
Table 6-12	Results of Registration Exercise	274
Table 6-13	Donor Commitments	275
Table 6-14	Outline of the Pilot Projects	275
Figure 6-2	Japan's Assistance Schemes	277

<Part II Chapter 2 Section 7. The Environment>

Table 7-1	Natural Forest Area According to the Type of Forest	282
Table 7-2	The Annual Harvest of Fish in Cambodia	283
Table 7-3	Endangered Species of Fauna	286
Table 7-4	General Conditions of the Waterworks in Cities	287
Figure 7-1	Water Quality at the Tap in the Capital	289
Figure 7-2	The Quality of Drinking Water in Provincial Capitals	290
Figure 7-3	Wastewater Quality in the Capital	291
Table 7-5	Main Ministries Responsible for Environmental Management and Conservation	297
Table 7-6	Assistance in Environmental Management Provided by Japan and Other Donors	302

Boxes

<Part I Summary of Current Condition and Recommendation for Japan's Assistance>

Box 1-1	National Program to Rehabilitate and Develop Cambodia (NPRD)	6
Box 1-2	Socioeconomic Development Plan (SEDP)	7
Box 1-3	Interim Poverty Reduction Strategy Paper (I-PRSP) (October 2000)	8
Box 1-4	Government Action Plan (GAP) (January 2001)	9
Box 2-1	Assistance to Cambodia by Major Donors	11
Box 2-2	Priority Areas of Assistance to Cambodia by Japan and JICA	12
Box 2-3	A New Development Cooperation Partnership Paradigm for Cambodia (2000)	14

<Part II Chapter 1 Section 4. Cambodia's History and Culture>

Box 4-1	Cooperation in the Preservation of the Angkor Monuments through the UNESCO Japanese Trust Fund	96
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<Part II Chapter 1 Section 5. Development Plans of Cambodia>

Box 5-1	WB/IMF Joint Staff Assessment and Major Policy Agendas for the PRSP Full Report	106
---------	---	-----

<Part II Chapter 2 Section 1. Good Governance>

Box 1-1	Human Rights	171
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<Part II Chapter 2 Section 4. Improvement of Health Care>

Box 4-1	AIDS Control Measures for Residents	223
Box 4-2	Growth Process of Newborn Infants	223
Box 4-3	Customs Related to Childbirth and the Health of Expectant and Nursing Mothers	223
Box 4-4	Diet in the Rural Villages	224
Box 4-5	Food Sanitation Conditions	225
Box 4-6	Health Care Seeking Behavior of Villagers	226
Box 4-7	Conditions in the Regional Hospitals	228

Outline of the Study and the Report

Background of the Study

Cambodian political disorder and conflicts from the 1970s were finally ceased by the Paris Peace Agreements of 1991. Since then the Kingdom of Cambodia has advanced its efforts on restoration and reconstruction with assistance from various countries and multilateral donors. In 1998 general election was held by Cambodians themselves and the new government of Hun Sen was established. In 1999 it gained a membership status of ASEAN. Such events illustrate that Cambodia has achieved political stability and rejoined the international community. However, damages and losses brought by long period of disorder in economic and social foundation as well as in human resources were so tremendous and profound that serious obstacles still remain in various aspects of their development process. Japan has taken central role in support for Cambodia, based on the recognition that Cambodia's stability is essential for the peace, stability and further development of Asia-Pacific region.

Purpose of the study

As Cambodia has started full-scale nation building and moved into development phase from reconstruction phase, future direction of Japan's assistance need to be reviewed and redirected toward the new goal. With the aim of contributing to Japan's effective assistance to Cambodia, by proposing medium term prospects and direction of Japan's ODA to Cambodia, the Japan International Cooperation Agency (JICA) organized the Study Committee on Country Study for Japan's Official Development Assistance to Cambodia in August 2000.

Organization of the study committee

Professor Yukio Imagawa was assigned as the chairman of the committee, which consisted of ten members with 14 experts, primarily university scholars and researchers recognized as authorities in their fields of expertise (see the list of members). The committee held six sessions of heated discussions, inviting resource persons from various fields, such as those from the NGO community in Japan, namely, "the People's Forum on Cambodia, Japan". The committee members and 14 experts each responsible for their expertise prepared the report, which benefited greatly from the sessions of discussions and input from resource person.

Structure of the report

This report consists of two parts: "Part I: Summary of Current Condition and Recommendation for Japan's Assistance" and "Part II: Current Condition and Prospects" as follows.

<p>Part I Summary of Current Condition and Recommendation for Japan's Assistance</p>

<p>Part II Current Condition and Prospects</p>

<p>Chapter 1 Overview of Present State of Cambodia</p>

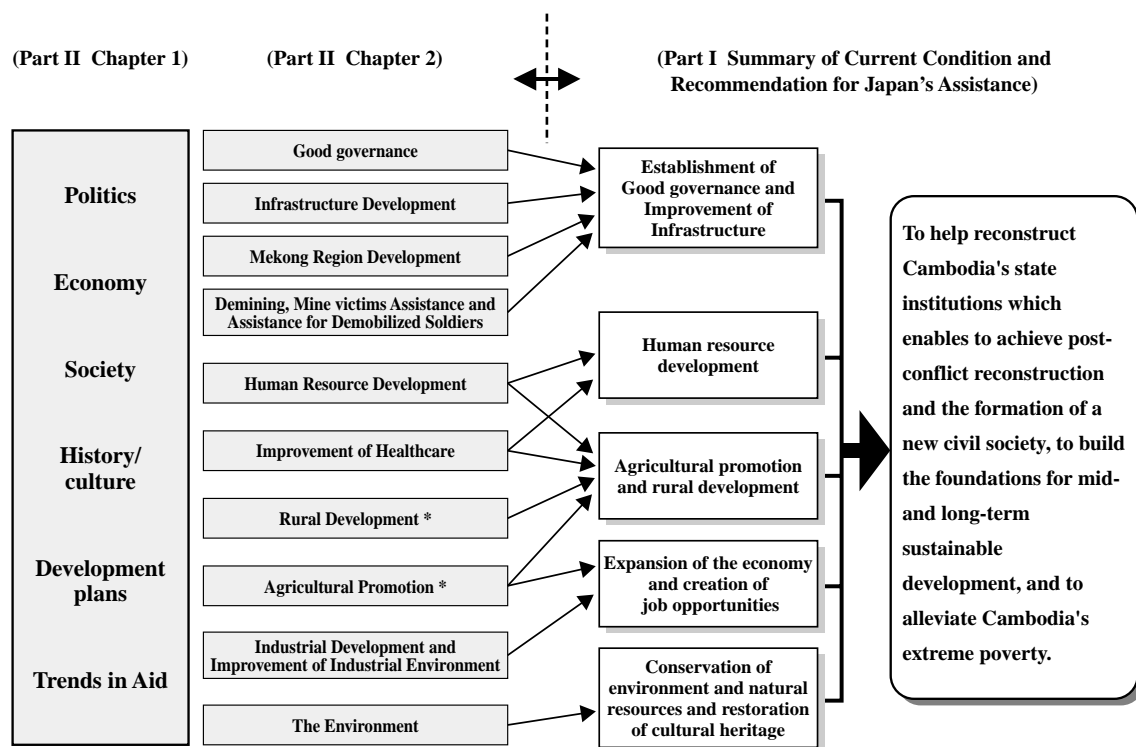
<p>Chapter 2 Sector- and Issue-wise Analyses and Trends in Assistance to Cambodia</p>
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Part I first summarizes the background and the current state of development in Cambodia, which briefly covers the transition from the peace making phase to the reconstruction phase and current development efforts. Then, within the framework of the development assistance, it synthesizes the identified challenges and problems described in Part II. It suggests direction of Japan's basic policy on assistance to Cambodia over the next five years, as well as on the goals and focus of the assistance.

Part II is subdivided into two Chapters: "Chapter 1: Overview of Present State of Cambodia" and "Chapter 2: Sector- and Issue-wise Analyses and Trends in Assistance to Cambodia." Chapter 1 outlines and analyzes the country's politics, economy, society, history and culture, as well as the development policies of the Cambodian government and trends in international assistance to the country. Chapter 2 looks at specific issues such as 'the promotion of good governance' and 'the creation of an environment conducive to industrial development,' to identify challenges and problems related to each issue specifically.

This report also includes appendices. Among them are the perspectives from NGOs, including recommendations from "People's Forum on Cambodia, Japan", a group of NGOs, addressing Cambodia's state of affairs and major development agendas.

Relationship between Part I and Part II is shown in the diagram below.



* These sections are not contained in this report.

Part I Summary of Current Condition and Recommendation for Japan's Assistance

1. Peacemaking, Reconstruction and Development of Cambodia

1-1 From the war in the 1970s to the building of peace

After independence in 1953, Cambodia (now the Kingdom of Cambodia) enjoyed political stability and economic development resulting from advances in healthcare, education and industry under the rule of His Highness Norodom Sihanouk. Towards the end of the 1960s, however, Cambodia was confronted with political disorder and conflicts due to economic crisis, threats from communist in North Vietnam, and air strikes by the United States and South Vietnamese forces in the final stages of the Vietnam War. In 1970, Lon Nol launched a successful coup d'état and deposed Sihanouk as the head of state. Sihanouk found refuge in China, established FUNK (National United Front of Kampuchea) and GRUNK (Royal Government of the National Union of Kampuchea), and let a communist group of the Pol Pot party, the Khmer Rouge join the forces. The Vietnam War was already creating greater chaos, leading to frequent conflicts in Cambodian territory between the North Vietnamese Army allied with the National Liberation Front (NFL) in South Vietnam, and the South Vietnamese government forces allied with those of the United States, also with the Lon Nol government army. The US air force repeatedly raided to push North Vietnamese and the Vietcong forces out of Cambodia. These attacks not only killed many civilians and destroyed many villages, but also ruined huge areas of land due to unexploded bombs, deforestation by Agent Orange, and land mines. During the Lon Nol administration flood of war refugees arose as the result of war and conflict.

In April 1975, the Khmer Rouge expelled Lon Nol, and established the Democratic Kampuchea regime. Angkar (a communist group led by the heads of the Khmer Rouge) implemented radical land reform under the name of Khmer Rouge's particular form of communism. The Khmer Rouge destroyed Cambodia's traditional systems such as social norms, culture, religion, organizations, communities, and families through the pursuit of collectivism. The encouragement of espionage and betrayal resulted in planting distrust and fear among people. The social institutions surviving from the Lon Nol administration were completely destroyed.

During the four years of rule by the Khmer Rouge, 1.7 million people were reportedly killed.

In January 1979, the Vietnamese forces overthrew the Khmer Rouge and supported the establishment of the People's Republic of Kampuchea. Under the Heng Samrin regime as well, continuous battle between Vietnamese forces and the Khmer Rouge caused further waves of refugees and devastating damage to agriculture. Vietnam promoted the collective ownership of farms in order to reconstruct Cambodia through Vietnamese-style communism. In the era of the Cold War, western countries did not recognize the Heng Samrin administration that was entirely supported by Vietnam, and stopped aid to Cambodia. In the latter part of the Heng Samrin administration, Cambodia very slowly returned to stability through increasing national restoration activities.

The conflicts after 1970 are considered to have brought the following impacts on Cambodia.

- (i) Loss of the sense of unity based on royalism and Buddhism
- (ii) Loss of a great many lives and great amount of physical damage and trauma
- (iii) Massive transmigration and relocation of the population, and the virtual collapse of social systems
- (iv) Destruction of public and private infrastructure and facilities, and suspension of various social services
- (v) Collapse of law and order, and intensified distrust of the government
- (vi) Significant changes in the economy including property ownership
- (vii) Loss of confidence in Cambodia's own history and culture

Cambodian peace negotiations started in the late 1980s, rapidly advanced with the end of the Cold War, and finally reached a resolution in the Paris Peace Agreements of October 1991. In March 1992, United Nations Transitional Authority in Cambodia (UNTAC) initiated the Peace Keeping Operation (PKO). UNTAC made great efforts to restore Cambodia through a broad range of activities both in the military and civilian sectors within a limited period of one and a half years. Based on the Fourth Document of the Paris Agreements,

Box 1-1 National Program to Rehabilitate and Develop Cambodia (NPRD)

The National Program to Rehabilitate and Develop Cambodia (NPRD) describes two “principles” and six “action objectives” toward the rehabilitation and development of Cambodia. The first principle is that the Cambodian government should plan and control the development process. The second one is that the government should be a partner of the domestic private sector. The six action objectives are

1. To establish the rule of law
2. To achieve economic stability and structural reform with the aim of doubling GDP by 2004
3. To extend education and healthcare in order to build up human resources and to improve people’s living standards
4. To restore, reestablish and develop the infrastructure and public facilities
5. To reintegrate the Cambodian economy into regional and international economies
6. To emphasize rural development and to manage the environment and natural resources sustainably

The NPRD has the following three pillars supporting this development: (1) continued economic development, (2) sustained development of human capital, (3) sustainable management and use of natural resources. It also emphasizes the following challenges: establishment of good governance; rural development; poverty alleviation; economic reform; development of the private sector; building up human resources; reintegration of veterans into society; improvement of healthcare, education and infrastructure; and Cambodia’s re-integration in the international economy. The program seemed to be widely appreciated and played a role as the precursor to the five-year Socioeconomic Development Plan (SEDP).

the “Declaration on the Restoration and Reconstruction of Cambodia”, the International Committee on the Reconstruction of Cambodia (ICORC) was established. A general election was held in May 1993, followed by inauguration of the Constitution Establishment Assembly, the promulgation of a new constitution of the Kingdom of Cambodia, and the establishment of a new government jointly-headed by Norodom Ranariddh and Hun Sen.

Japan actively contributed to the Cambodian peace negotiations successfully resulting in the Paris Peace Agreements. Japan has also contributed to peacemaking in Cambodia by providing human resources to the PKO in order to help UNTAC’s activities for peacemaking and election support. Despite armed confrontation between Norodom Ranariddh and Hun Sen in July 1997 Cambodia almost recovered peace through the second general election in July 1998 and the formation of a coalition government between Funcinpec and the Peoples’ Party led by Prime Minister Hun Sen in November 1998.

1-2 Development efforts in parallel with the postwar reconstruction

1-2-1 Past development efforts by the Cambodian government

Within a year from the establishment of the new government in 1993, it launched ‘the National Program to Rehabilitate and Develop Cambodia’ (NPRD: 1994), the first full-scale and comprehensive national development program. In 1996, ‘the first Socioeconomic Development Plan 1996-2000’ (SEDP), a five-year national plan was also developed. In this period of postwar restoration and reconstruction, the Cambodian government had severely limited institutional capacity, commitment, human resources and funds. As a result, both the program and the plan were inevitably designed and implemented through the initiative of donors. Throughout the early stage of development efforts, Cambodian ownership remained weak and the programs could not fully attain their objectives. This had a considerable influence on the following stage. Primary points addressed in NPRD and SEDP are summarized in Box 1-1 and Box 1-2.

Box 1-2 Socioeconomic Development Plan (SEDP)

Regarding Cambodia as a nation with a market economy, the SEDP stressed the development of rural infrastructure (especially roads), and proposed the following policy agendas: to introduce a market economy; to improve rural living standards; to promote and attract domestic and international private investment; to privatize state-owned enterprises; and to strengthen administrative services. Focusing on the development of rural districts where 90% of the poor population resides, SEDP intends to allocate 65% of public investment to rural districts (Note: On the completion of SEDP, 35% of public investment was allocated to rural districts, and 65% to urban areas).

SEDP proposed a developmental framework on the assumption that total amount of investment be US\$2.2 billion during the period of 1996 - 2000.

Contents of SEDP**PART ONE: The National Development Objectives and Strategies**

1. Development objectives, strategies, and constraints
2. Employment and poverty
3. Social Reconstruction and Development for the Vulnerable
4. Developing the Rural Areas
5. Managing the Environment and Natural Resources
6. Reforming State Institutions

PART TWO: The Context and Framework of the Plan 1996-2000

7. Economic Performance 1990-1995
8. Macroeconomic, Sectoral and Social Target 1996-2000
9. Public investment and Its Allocation 1996-2000

PART THREE: Sectoral Development Programmes 1996-2000

10. Agriculture
11. Manufacturing and Mining
12. Tourism
13. Transport and Communications
14. Water supply and Electricity
15. Education
16. Healthcare
17. Culture, Religious Affairs and Information.

The objectives of fiscal policy as a part of macro-economic management are i) to reduce external debts, ii) to reduce the aggregate spending for personnel cost for public officials and to increase the wage levels, iii) to expand sources for taxation and to decrease dependence on customs revenue, iv) to shift towards a budget surplus, v) to reduce national defense spending, and vi) to increase spending for physical infrastructure.

For rural development, with respect to the Department of Rural Development and the Rural Development committees, it aims at i) food security centered on rice and grain farming, ii) the introduction of a market economy into rural areas, and iii) an increase in farm profits by fostering small-scale local industries. As a specific measure, it proposes to establish an internal and external marketing (distribution) system by constructing main national roads and rural road networks, and to foster industries by making use of grain, except for rice, livestock industry, forestry (especially rubber), and marine products, taking the environmental impacts into consideration.

In the area of industrial development, the SEDP stressed improvement of the investment environment, through establishing legal and regulatory framework to attract capital investment from domestic and international sources, fostering labor-intensive such as apparel manufacturing and upgrading the level of the work force through education and vocational training. It also gives high priority to creation of job opportunities in rural areas in order to absorb the increasing population entering labor market, such as youth, unemployed public officials and veterans.

Box 1-3 Interim Poverty Reduction Strategy Paper (I-PRSP) (October 2000)

The Interim Poverty Reduction Strategy Paper (I-PRSP) proposes the following three measures to alleviate poverty in Cambodia: i) to accelerate economic growth; ii) to improve the distribution of income and property; and iii) to promote social development. The four basic principles to realize poverty alleviation are also described. The objective, alleviation of poverty will be undertaken by establishing appropriate partnerships with donor organizations and by increasing domestic revenues while paying deliberation to cross-sector issues. The four basic principles for reducing poverty are;

1. Promoting opportunities: fostering macro-economic stability, acceleration of economic growth, facilitating private sector development, improvement of infrastructure, strengthening the energy sector, enhancement of the sustainable development of agriculture, improvement of water resource management, advancement of rural development and decentralization, proper management of natural resources, improvement of living conditions in urban and rural districts, and promotion of land reform.
2. Creating security: establishment of small-scale financial services for the poor, coping with globalization, strengthening of the safety net, environmental conservation, and demining.
3. Strengthening capabilities: improvement of healthcare, securing safe water and sanitation, and enhancement of the quality of education.
4. Protecting human rights: establishment of good governance, the rule of law, and improvement of the conditions for NGO activities.

1-2-2 On-going development efforts by the Cambodian government

The development plans of the Cambodian government which deserve greater attention for the period of next 5 years are 'the Second Socioeconomic Development Plan' (SEDPII, the year 2001-2005) and 'the Poverty Reduction Strategy Paper' (PRSP). In the October 2000, the Interim PRSP (I-PRSP) was completed by the Ministry of Finance and Economy with support of the IMF and World Bank. Thereafter, the SEDP-II and the full PRSP will then be finalized mainly by the Ministry of Planning. Details of both plans are not yet known at this point.

What has been tentatively known about SEDPII as of August of 2001 is that "it sets alleviation of poverty as the primary development goal and elaborates 3 strategies: i) to promote sustainable economic development with equity, ii) to promote social and cultural development, iii) to ensure the sustainable management and the

use of natural resources and the environment"¹. We also should note that the coherence between the full PRSP and the SEDPII is still remained as an unsolved issue.²

I-PRSP released in October of 2000 proposes three measures to alleviate poverty in Cambodia: i) to promote economic growth, ii) to improve the distribution of income and property, and iii) to enhance social policy measures. These three measures are in line with "Three Strategies for Poverty Alleviation" proposed by Prime Minister Hun Sen in May 2000: i) long-term sustainable economic growth at an annual rate of 6-7%; ii) equitable distribution of the benefits of economic growth between the rich and poor, urban and rural areas, and the male and female population; and iii) sustainable management and operation of the environment and natural resources (See Box 1-3 for the outline of the I-PRSP). "The full PRSP" is planned to be finalized after ensuring broad-based participation and coherence with the SEDP II.

As pointed out in the I-PRSP, Cambodian govern-

¹ This information is based on the interview with the Minister of Economy and Finance. The interview was conducted during the field studies conducted in February 2001.

² The Cambodian government has two options. One is to complete the current SEDPII process to gain national approval. In this case, the full PRSP will be treated as a separate document from the SEDP II, but part of the same process. The other option is to make the SEDPII more comprehensive by adding several elements, thereby submitting a more comprehensive SEDPII to the World Bank and the IMF.

Additional work to be added to SEDPII are (i) prioritizing policies and measures to be implemented in three years; (ii) fully costing the public expenditure interventions and programs; (iii) establishing systems for monitoring outcomes; and (iv) undertaking an extensive participatory process, including consultation with the poor.

(Aid-Memoire, Joint World Bank/IMF Mission for PRSP Workshop, April 25-26, 2001)

Box 1-4 Government Action Plan (GAP) (January 2001)

- A. Cross-cutting areas where improvements are fundamental pre-requisites for a functioning government and for the basic rules that underlie a robust economy and society.
1. Judicial and legal reform: establishing basic rules of fairness and predictability
 2. Public administration, Decentralization and Deconcentration: improving effectiveness and efficiency in civil services and government staff
 3. Public finance: improving governance particularly in financial management, customs, tax administration as well as budget management
 4. Anti-corruption: establishing the framework of behavioral rules that set standards probity in economic, social and political life
 5. Gender equity
- B. Specific policy issues
6. Demobilization of the armed forces: maintaining public safety and social peace as well as shifting military spending to development expenditure
 7. Natural resource management (including land, forestry and fisheries management): improving access of the poor to the resources
- The GAP is under the review for identifying priority with World Bank's support.

ment recognizes that establishment of good governance, which will nurture democracy, a liberal market economy, the rule of law, and the protection of human rights is essential to alleviate poverty and to achieve equitable and sustainable development. To show the commitment for various reform plans the Cambodian government announced its Draft Governance Action Plan (GAP) at a CG meeting (May, 2000), then set up the Administrative Reform Committee, and formerly presented GAP in January 2001 (See Box 1-4). This plan is an action plan promoting not only administrative reform but also various reforms widely. The plan highlights that necessity of not just governments' efforts but broad range of cooperative efforts among all the relevant parties including multilateral donors, donor countries, NGOs, and private sector in achieving the objectives. The government seeks to realize concrete target under broad participation among related entities.

2. International Assistance to Cambodia

2-1 Overview

From the collapse of the Pol Pot regime in 1979 through 1982, international assistance to Cambodia was provided with an emphasis on emergency supplies and refugee support. With the United Nations' declaration of the end of the emergency in 1982, international aid agencies and western countries suspended such assistance. Vietnam and the USSR then started to support Cambodia. During the period that western allies ceased provision of assistance, NGOs continued their humanitarian support. Among them, the Cooperation Committee for Cambodia (CCC), the NGO Forum on Cambodia, and Medicam played a major role in coordinating the activities of NGOs. The Japan International Volunteer Center (JVC) has supported Cambodian refugees since February 1980.

After the conclusion of the Paris Peace Agreements in October 1991, international assistance was fully resumed. Accordingly, the International Committee on the Reconstruction of Cambodia (ICORC) has been convened annually since 1993. The Consultative Group Meeting for Cambodia (CG) replaced the ICORC in 1996, and its fourth meeting was held in Paris in May 2000. Japan has led international assistance to Cambodia as the largest donor, and has hosted CG meetings alternately with France. Seventeen nations, including Japan, seven multilateral donors, and representatives of NGOs and the private sector participated in the 4th meeting, and pledged support for macro-economy and reform programs, governance issues, and social sector issues.

The reconstruction and development of Cambodia heavily depends on international assistance. As shown in Table 2-1, the average amount of ODA receipts is around US\$400 million. The net sum ODA in 1998 was US\$337 million, which is 1.38 times the net revenue of US\$245 million in the same year. In 1998, the ratio of the net sum ODA to GNP reached 11.9%. It is much lower than the 23.0% of Laos, but much higher than the 4.3% of Vietnam.

In this section, trends in assistance by each multilateral donors, bilateral donors, and NGO are reviewed.

Table 2-1 Net ODA Receipts by Cambodia

(Unit: million \$)

Donor	1994	1995	1996	1997	1998	1994-98
<DAC Countries>						
Australia	14.3	25.8	28.2	24.0	21.9	114.2
France	28.4	53.4	52.1	27.1	21.4	182.4
Germany	12.2	19.6	14.2	17.0	17.9	80.9
Japan	64.5	152.0	71.3	61.6	81.4	430.8
Netherlands	11.0	11.8	8.4	11.5	9.3	52.0
Sweden	10.1	10.9	16.0	23.0	14.3	74.3
GB	7.0	10.7	12.3	7.4	9.9	47.3
United States	16.0	33.0	28.0	30.0	32.5	139.5
Others	17.5	24.0	22.0	26.8	22.0	112.3
Sub total	181.0	341.2	252.5	228.4	230.6	1,233.7
<Multinational Donors>						
AsDB	16.4	45.4	32.1	10.7	29.3	133.9
EC	11.4	33.0	52.6	32.9	32.9	162.8
IDA	38.2	24.6	45.6	30.4	19.2	158.0
IMF	20.0	42.5	0.0	0.0	0.0	62.5
UNDP	17.8	19.1	18.1	17.5	9.8	82.3
Others	39.6	50.2	20.6	13.6	15.3	139.3
Sub total	143.4	214.8	169.0	105.1	106.5	738.8
Arab Countries	2.2	0.0	0.0	0.0	0.0	2.2
Total	326.6	556.0	421.5	333.5	337.1	1,974.7

Source: OECD (2000)

2-2 Multilateral donors

The major multilateral donors involved with assistance to Cambodia include the International Monetary Fund (IMF), the World Bank, the Asian Development Bank and UN groups. Each of the donors recognizes "alleviation of poverty" as the first priority agenda for Cambodia, and provides support to strengthen governance, reform the economic structure, enhance social development, establish social capital, build up human resources, and promote the private sector development. (See Box 2-1 for each Donor's Activities)

2-3 Donor countries besides Japan

As shown in Table 2-1, while the amount of aid to Cambodia from major multilateral donors and donor countries was at the level of US\$100 million from 1994 through 1998, Japan was the largest donor, providing US\$430 million, followed by France, the US, and Australia.

France is a major ODA donor along with the US and

Box 2-1 Assistance to Cambodia by Major Donors**<IMF>**

The IMF has provided aid to Cambodia since 1994 focusing on reform of the economic structure and state-owned corporations through the Enhanced Structural Adjustment Facility (ESAF) and Poverty Reduction and Growth Facility (PRGF), in order to achieve i) economic growth, ii) a rise in per capita income, and iii) the reduction of poverty.

<The World Bank>

The World Bank has exercised overall leadership in development assistance to Cambodia through activities such as chairmanship of the CG meetings. According to the Country Assistance Strategy (CAS) 2000-2003, the World Bank plans to provide US\$ 270 million over the next four years on the condition that the Cambodian government tackles priority agenda such as management of the macro-economy, public sector reforms, and demobilization. The objectives and priorities are as follows:

<Objectives> To build the foundations for sustainable development and poverty reduction

- <Priorities>
1. To strengthen governance: Enhancement of governance and elimination of corruption, establishment of the rule of law, lifting demobilization and the promotion of the reintegration of veterans into society, administrative reforms, increase in domestic revenues, and reform of the laws and regulation related to land management
 2. To build physical infrastructure: Construction of roads, waterworks and sewerage, electrification, creation of job opportunities in rural areas, and establishment of poverty monitoring systems
 3. To enhance human resources development: Improvement of health services (especially in rural areas), and the quality of education
 4. To facilitate private sector development and to create job opportunities in rural areas: Improvement of the environment for fostering the private sector, reform of civil services, and promotion of investment from the private sector for infrastructure development.

<ADB>

The Asian Development Bank has supported the development of the SEDP and the Mid-term Public Investment Program (PIP) in cooperation with its counterpart, the Ministry of Planning, and has also supported restoration projects for national main roads together with Japan and the World Bank. In addition, it has provided technical support in various fields such as forest restoration, drafting of land laws and support for good governance, and has made efforts to promote SWAP in education in cooperation with the World Bank. The ADB is now developing a Country Assistance Plan (CAP), 2000-2002. Its objectives and priorities are as follows:

<Objectives> Reduction of poverty through economic growth

- <Priorities>
1. Agriculture (development of agriculture, rural areas, forests and natural resources)
 2. Infrastructure (energy, transportation and communications, and finance)
 3. Social infrastructure (healthcare, education, and urban development)
 4. Governance
 5. Gender
 6. Private sector

<UN Group>

Cambodia started its postwar rehabilitation under the supervision of UNTAC and other UN agencies, with the UNDP playing a major role in assistance to Cambodia. The UNDP's principles for assistance to Cambodia are shown in its Country Cooperation Framework (CCF) (2001-2005). Its objectives and priorities are as follows:

<Objectives> To strengthen - both national and local level- through policy dialogue and advocacy, consolidation of the legal framework, enhanced natural resource management, towards the overall goal of poverty reduction.

<Primary priorities>

- Governance (administrative reform, decentralization, the rule of law, and parliamentary reform)
- Poverty Reduction (poverty impacts, human rights, rural and urban poverty)

<Secondary priorities>

- Human capital development (education, HIV/AIDS, women, and land mines)
- Management of natural resources (forests, natural resources management and biodiversity conservation)

Box 2-2 Priority Areas of Assistance to Cambodia by Japan and JICA

Japan places emphasis on implementation of DAC New Initiative, assistance for both hardware-oriented assistance and advisory support in the area of legal system, effective linkage between private and public sector, consideration of development and security from perspective of Indochina region. As with emergency relief assistance such as humanitarian aid, from mid- long- term perspective, i) economic infrastructure ii) basic living area such as health and medical iii) agriculture, iv) human resource development are recognized as priority area.

JICA's Country-specific program implementation plan for Cambodia 2000-2003 identifies eight priority areas based on the following basic recognition:

1. As Cambodian administrative capacity to absorb assistance is limited, not only the transfer of specific technical knowledge but also human resource development that supports institutional building is important.
2. Development of the physical infrastructure that has been damaged over the period of conflicts is essential.

The eight priority areas are

1. Good governance,
2. Creating the environment for economic development,
3. Improvement of the economic and social infrastructure,
4. Extension of healthcare services,
5. Improvement of education,
6. Development of rural areas and agriculture,
7. Removal of land mines and support for land mine victims, and
8. Conservation of natural resources, including forests.

Australia. France regards Cambodia as a special partner due to its former colonial status, and focuses on support for rural development, establishment of a judicial system, and healthcare. It puts weight on cultural support such as the restoration of Angkor Wat. The US considers the democratization of Cambodia as the most important policy issue. Since it does not regard the present government as democratic due to the coup d'état in July 1997, it provides humanitarian assistance not through intergovernmental cooperation, but through NGOs. The US is intending to develop a collaborative agenda in healthcare, such as for HIV/AIDS, as a part of the Japan-US common agenda. Australia contributed to the Paris Peace negotiations, and has provided assistance focusing on agriculture, healthcare, a support for students studying overseas, and removal of land mines, as well as policy proposals in military affairs.

2-4 Japan's assistance to Cambodia and its characteristics

Japan acknowledges that Cambodia's stability is vital for Asia-Pacific region's peace, stability and development. Based on the recognition that a stable government is essential for Cambodia's postwar rehabilitation,

reconstruction and democratization, Japan has supported Cambodia's efforts as the largest donor.

Japan has provided grant aid and technical cooperation through the systematic coordination of various aid schemes. In 1998, the total of Japanese assistance to Cambodia reached 9.67 billion-yen (7.82 billion yen for grant aid, 1.85 billion yen for technical cooperation). Although loan aid had not been provided since 1968 as Cambodia was under the category of an LLDC and politically unstable, it was resumed in 1999 on the basis of a solid trend towards political stability and economic reconstruction by the new government. Grant aid has been provided for transportation infrastructure (roads and bridges), social infrastructure (water supplies and electricity), agriculture, and election support. Technical cooperation has been provided for maternal and child healthcare, tuberculosis control measures, legal reform, demining, resettlement of refugees, and rural development. (See Box 2-2 for priority areas of Japan's and JICA's assistance to Cambodia.)

Japan's assistance to Cambodia has the following characteristics.

- (1) Since the Paris International Conference on Cambodia in July 1989, Japan has contributed to peacemaking, and stabilization as well as recon-

struction of Cambodia. It has actively supported development of Cambodia through activities such as participation in the PKO in September 1992 and hosting CG meetings.

- (2) Japan is the largest donor to Cambodia. The total amount of assistance over the 1994-1998 period reached US\$430.8 million, accounting for 21.3% of the total of US\$1,974.7 million in ODA received by Cambodia for the same period.
- (3) Japan's assistance to Cambodia covers diverse areas ranging from healthcare, education, increase of food production, physical infrastructure improvements, and demining, to legal assistance. It employs most of existing aid schemes, such as grant aid (including non-project grants and grant assistance for grassroots projects), acceptance of trainees, dispatch of experts and study teams, providing equipment and undertaking development studies.
- (4) Although Japan has stressed development of rural areas where 90% of the poor reside, its assistance has been limited to Phnom Penh and its surrounding areas due to security problems.
- (5) Cross-sector approaches in cooperation with NGOs are indispensable to tackle poverty issues including the integration of veterans and land mine victims into society. Since promoting these types of approaches can be accompanied with various constraints, there has been little cumulative experience in this field.
- (6) Although there is trend towards effective and efficient cooperation by strengthening international partnerships to increase Cambodian ownership, the experience of partnership formation has been limited so far due to differences in approaches, aid schemes, and procedures among the donors.

2-5 NGOs

Since the early 1980s, when the relationship between Cambodia and western countries was broken and political and security conditions were unstable in Cambodia, NGOs have provided direct assistance focusing on humanitarian support. The Cambodian government therefore appreciates the role of NGOs, and has given them favorable treatment such as almost the same privileges and exemptions as those accorded to international agencies. Coordination by the Cooperation Committee for

Cambodia (CCC) and other organizations to promote communication among NGOs has successfully led to the publication of periodicals and holdings of meetings for exchange of opinion. The number of NGOs working in Cambodia is between 400 and 600 including international and local ones. Representatives of NGO groups officially participate in CG meetings and local donor meetings through coordinating agencies.

NGOs have actively involved in assistance to Cambodia not only in fields where NGOs have traditionally played major roles such as local healthcare, education and water supplies, but also in highly political fields such as demining (e.g. mapping, removal, education for avoidance, and support for the victims), and good governance (e.g. election monitoring, reviewing various draft laws, corruption countermeasures, and monitoring of illegal logging). The NGO statement for the CG meeting in 2000 identified the priority issues to be addressed by the NGOs as 'agriculture, child's right, commune administration and decentralization, commune elections, disability and rehabilitation, education, fishery, forestry reform, gender and development, good governance, health, HIV/AIDS, human rights, land mines, land reform, microfinance and weapons reduction.

Japanese NGO group, namely "People's Forum on Cambodia, Japan" also recognizes good governance, human resource development, support for the rural poor as priority areas of assistance to Cambodia. (See appendix of the full report)

Japanese NGOs have been involved in activities in various fields including education and healthcare, and have recently started assistance activities in cooperation with ODA through "Grant Assistance for Grassroots Projects", "Community Empowerment Programs" and the "JICA Partnership Program for NGOs, Local Governments and Institutes". Cooperation between NGOs and ODA will be increasingly necessary in fields related to land mines and poverty.

However, generally speaking, NGOs face the following issues: i) the localization of NGOs has been limited by restraints in human resources; ii) the financial base is too weak for NGOs to sustain projects; iii) they are short of human resources. These issues should be surmounted to make their activities more effective.

Box 2-3 A New Development Cooperation Partnership Paradigm for Cambodia (2000)

While this proposal appreciates the substantial contribution of international assistance to the reconstruction and development of Cambodia, it points out various problems such as i) increase in amount of funds beyond the government's control, mainly from capital investments, ii) excessive burden on Cambodia's capacity to receive assistance, iii) a lack of management for aid performance and results assessment through cooperation. In order to resolve these problems, it requires i) promotion of general and comprehensive dialogue and adoption of an focused approach, ii) development of a new means of cooperation, considering the capacity gap, administrative capacity, and constraints of Cambodia, and iii) to reform the management of international assistance. A New Development Cooperation Partnership Paradigm for Cambodia proposes the following six directions towards a desirable partnership:

- (1) To share common visions and objectives: strengthening partnerships by theme, sector, and objectives, specifically to "alleviate poverty"
- (2) To share the recognition on governance and accountability: having a common recognition of desirable forms of governance and accountability, desirable legislative and judicial systems and decision-making procedures and rules to ensure transparency.
- (3) To harmonize targets among partners: adjustment of cooperation targets to maintain a proper relationship with the SEDP and PRSP
- (4) To coordinate cooperation between partners: enabling reliable reporting and monitoring by coordinating fundraising and administrative capacity in order to reduce confusion caused by various projects/program and excessive loads on this capacity
- (5) To consider Cambodia's learning and adapting capacity: Partners need to recognize that a large amount of funds and time are required to achieve the development objectives in Cambodia. Keeping this in mind, partners ought to focus their assistance on technology transfer and the enhancement of human resource development in the field of info-communications where the sector is considerably behind.
- (6) To establish and maintain the reliability of partnerships: In order to form better partnerships, donors should establish systems that make it possible to identify problems and to resolve disagreements by openly coming to decisions based on agreed procedures and rules. As a part of the process, a Sector-wide Approach (SWAP) should be considered in the fields of physical infrastructure, healthcare, education and governance.

2-6 Issues in Cambodia's ownership and international aid coordination

As for consultation between the government of Cambodia and major donors, the CG meeting was held 5 times between the first meeting in 1996 and June of 2001. In addition, the CG monitoring meeting has been held 4 times annually (changed to 2 times at the 4th meeting in 2000) since 1999. At the monitoring meeting current progress of reform efforts required by donors are supposed to be monitored. Furthermore, for the practical discussion 4 sub-working-groups (SWG) have been set up initially for i) forestry, ii) support for demobilized forces, iii) administrative reform, and iv) fiscal reform. Then, SWG for v) social sector (including education, health care, food security and HIV team), and vi) governance have been added.

In terms of already mentioned heavy dependency on international aid, the Cambodian government proposed

"the New Development Cooperation Partnership Paradigm for Cambodia" at the CG meeting in 2000 for the purpose of strengthening its own ownership and making effective use of international assistance to promote development and poverty reduction in Cambodia. The outline of the New Development Cooperation Partnership Paradigm for Cambodia is described in Box 2-3.

There is a remark pointing out that this proposal was developed under the leadership of UNDP, not under the Cambodian government. Such a fact itself shows the current development status of Cambodia.

3. Direction of Further Development in Cambodia

As we reviewed in the previous sections, in Cambodia, i) all social and economic systems were destroyed due to the long period of conflicts, ii) the constitution was revised with every change of ruling regimes, iii) there have been upheavals in economic systems as well due to a series of changes and reversals between capitalism and socialism. In this section, major issue in Cambodia's development and direction for solution are identified based on the current condition of Cambodia.

3-1 Development challenges found in Cambodia

Cambodia lost many lives in two decades of war and conflict. Such prolonged turmoil also produced many refugees forced to migrate in and out of the country. Human resources were significantly impaired and deteriorated due to the breakdown of the workforce and rising levels of illiteracy. Physical infrastructure was destroyed and deteriorated as it was. Similarly, the natural environment was assaulted, and extensive areas of land were ruined by land mines and unexploded bombs.

While Cambodia underwent wars and conflict for 20 years, neighboring countries in the ASEAN region have consolidated the foundation for their development and achieved economic growth by attracting foreign direct investment. This has resulted in hugely disproportionate levels of development between Cambodia and the original ASEAN member states. Although the socialist states of Vietnam and Laos share the same issues for promoting reforms towards a market economy like Cambodia, they do not face the same problems such as the extreme loss of human resources and physical infrastructure. (See Table 3-1 for Comparison of Major Development Indicators between Cambodia and Neighboring Countries)

In addition, it should be noted that Cambodia's population has increased explosively since the 1980s as a secondary impact of the long-term conflicts. Since those aged 15 and under account for almost 50% of the population, school education is now in high demand and a high demand for job opportunities will become apparent in the near future. It is extremely important to enhance the capacity building of young people to create a livelihood and become self-reliant in order to stabilize

the development of Cambodia.

Figure 3-1 shows a summary of the issues for the development of Cambodia. As an overall development issue the committee recognizes i) to reconstruct a state institution destroyed by successive changes of ruling regimes and repeated conflicts, and to recover and develop physical infrastructure; and ii) to develop human resources weakened by long periods of civil war. In addition, to rejoin the international community as well as regional economy and to promote sustainable development, Cambodia must i) take measures for poverty prevalent in rural areas, ii) expand the size of the economy to absorb a rapidly growing population, and iii) recover depleted natural resources and rehabilitate the environment, and restore and conserve the cultural heritage.

3-2 Direction of further development in Cambodia

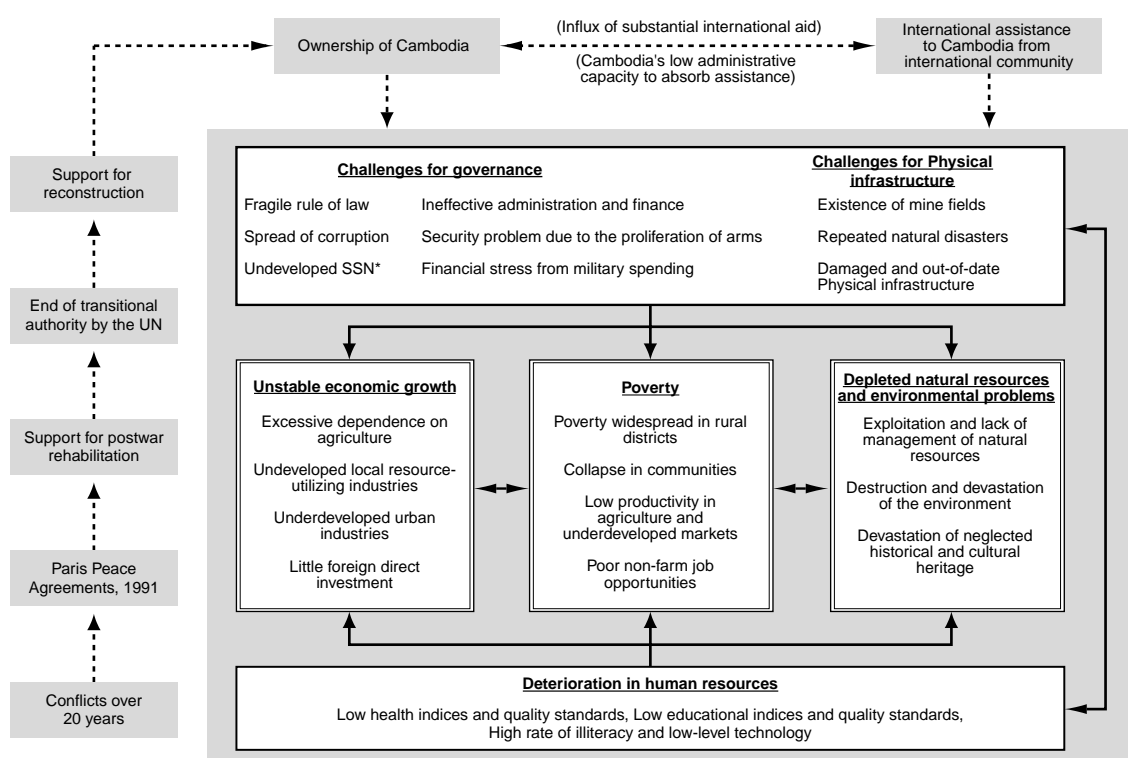
As identified in the previous section, establishment of good-governance, improvement of physical infrastructure and human resource development are fundamental issues for Cambodia. Among issues toward establishment of democratic government, which represents public interest and respects human rights, reform in all aspects in legislature, judiciary and administration are needed. In addition, the fact that prolonged war widened the gap in economic development and created losses and deterioration in quality of human resources weigh crucial importance in development challenges. Such recognition leads to identify the central issue: how to bridge the gap in this serious economic disparity between Cambodia and its neighboring countries. For the time being, in order to work on this central issue, "foundation building" that enables development is vital.

To tackle these development issue as mentioned in 1-2, the Cambodian government has implemented "the National Program to Rehabilitate and Develop Cambodia" (NPRD) and "the Socioeconomic Development Plan" (SEDP) to address the problems. It has also recently developed "the Interim Poverty Reduction Strategy Paper" (I-PRSP), and SEDP II to achieve development objectives. Responding to these efforts by the Cambodian government, substantial international aid

Table 3-1 Comparison of Major Development Indicators between Cambodia and Neighboring Countries

Factors	Cambodia	Lao PDR	Vietnam	Thailand
Surface Area (km ² , 99)	181	237	332	513
Population (1,000, 99)	12,000	5,000	78,000	62,000
Pop. Density (pop./km ² , 99)	67	22	238	121
GNP (bil. US\$, 99)	3.0	1.4	28.2	121.0
GNP per capita (US\$, 99)	260	280	370	1,960
Adult Illiteracy Rate (% , 98)				
male	43	38	5	3
female	80	70	9	7
Pop. Growth Rate (% , 90-99)	2.8	2.6	1.8	1.7
Pop. underage of 15 (% , 99)	49.0	41.1	38.1	31.9
Gini Index (% , 92-98)	40.4	30.4	36.1	41.4
Secondary School Enrollment (% , 97)	39	63	55	48
Access to Improved Water (% , 90-96)	13	39	36	89
Irrigated Land (% , 95-97)	7.1	18.6	31.0	23.9
Arable Land (ha/capita, 95-97)	0.34	0.17	0.08	0.28
Agri. Value Added Growth Rate (% , 90-99)	2.1	4.6	4.9	2.7
Value Added of Industry as of GDP (% , 99)	15	22	33	40
Paved Roads (% of total, 98)	7.5	13.8	25.1	97.5
TV sets per 1,000 people (98)	123	4	47	236
Telephone Mainlines per 1,000 people (98)	2	6	26	84
Mobile Phones per 1,000 people (98)	6	1	2	32
Personal Computers per 1,000 people (98)	0.9	1.1	6.4	21.6
Internet Hosts per 10,000 people (2000)	0.13	0.00	0.02	6.46
Net Private Capital Flow (mil. US\$, 98)	118	46	832	7,825
FDI (mil. US\$, 98)	121	46	1,200	6,941
External Debt Present Value (% of GNP, 98)	62	92	76	79
ODA (US\$ per capita, 98)	29	57	15	11
ODA (% of GNP, 98)	11.9	23.0	4.3	0.6

Source: World Bank (2000b)

Figure 3-1 Challenges in the Development of Cambodia

Note : SSN - Social Safety Net

has been provided through multilateral donors, donor countries and NGOs, and this has led to considerable achievements.

However, it should be noted that donor countries have led the restoration and development of Cambodia, and the Cambodia's ownership of development process has remained very weak. There are several reasons for the weakness of Cambodia's ownership: i) it was only a couple of years ago (November 1998) that a stable government was established after a long period of civil war; ii) balancing the power between the two major parties took precedence over good governance; iii) administrator's knowledge and experience regarding good governance has not been accumulated; and iv) there are not enough qualified civil servants nor incentives to provide the basis for good governance. These factors have complexly created current status of very weak ownership. As we design assistance for Cambodian development these circumstances should be taken into consideration.

As such, not only efforts by Cambodians themselves but also cooperation among multilateral donors are necessary in order to improve Cambodian development issues. Strengthening Cambodian ownership and establishing better partnership are vital agenda as well.

4. Recommendation for Japan's Assistance to Cambodia in Mid-term Perspective

4-1 Viewpoints of Japan's assistance to Cambodia

4-1-1 Significance of assistance

Based on the analyses in the previous section, the significance of Japan's assistance to Cambodia, in other words, basic viewpoints of the assistance are clarified in this section.

(1) Political and economic stability of Cambodia vital for the ASEAN region

Japan, as a leader of economy in the region, it has contributed to development of private sector activities in Asia. In provision of Official Development Assistance (ODA) as well, Japan has given priority to Asian region. In 1998, for instance, Japan provided ASEAN countries with US\$2.36 billion, equivalent to 27.4% of the total amount of Japanese ODA. The top ten recipient countries of Japan's bilateral ODA include five ASEAN countries: Indonesia, Thailand, Vietnam, the Philippines and Malaysia.

While globalization is integrating the economies of the world into one economy, integration within regional economic blocs, such as EU, NAFTA and ASEAN is also being accelerated simultaneously. Among such trends the member states of ASEAN are now focusing their efforts on regional cooperation toward the elimination of tariff and other trade barriers throughout the ASEAN Free Trade Area (AFTA) which comes into effect in 2002. Such further economic development facilitated among ASEAN countries has direct and immediate importance for Japanese economy as well. Japan should, therefore, continue to show strong commitment in supporting the region as it has provided. Since long-term political and economic stability are precondition for promotion of such regional economic development, stabilization of Cambodia is vital as it is considered to be one of the least stable of ASEAN countries. One of the central perspectives of Japan's assistance to Cambodia is therefore to contribute to its political and economic stabilization.

(2) Closing the gap between Cambodia and ASEAN countries

The variations in level of development of ASEAN countries are very large. Whereas Singapore has a per capita GNP of nearly 30,000 dollars, for countries such as Cambodia, Laos, Myanmar and Vietnam it is less than 500 dollars. For AFTA to fulfill its purpose of promoting intra-regional cooperation, the economies of the least developed countries must be helped to overcome this economic gap. In particular, growth of Cambodia, which has suffered tremendous damage over the years from conflicts and chaos, is the key to upgrade the economic status of the region. In other words, the recovery of Cambodia's initial conditions for development is essential not only for the reconstruction and development of the country, including its rural area burdened by extreme poverty, but also for the long-term development of the economy of ASEAN as a whole. Therefore, the second perspective of Japan's assistance is 'foundation building' of Cambodia to catch up with other developed countries in ASEAN.

(3) Model case for realizing sustainable development of post-conflict country

Cambodia has been an important partner for Japan's diplomacy. Historically, Cambodia renounced its right to demand compensation from Japan after World War II, which indirectly helped Japan to recover from the debilitating effects of the war to become a peaceful nation. The Cambodian peace negotiations after 1986 became a turning point for Japan's foreign policy, from the traditional 'passive diplomacy' of postwar compensation to a new 'creative diplomacy' of playing an active role in building peace in Cambodia. Cambodia was also the destination of Japan's first participation in the PKO in 1992 and 1993, where the Japanese contingent worked for the Cambodian restoration and the implementation of a general election.

In order to contribute to the development of Cambodia based on these past diplomatic outcomes, Japan should make every effort to continue its support to Cambodia. If Cambodia can realize the slogan "The end of war, postwar restoration and reconstruction and now to-

wards sustainable development”, it would not only give a great hope to other countries experienced conflicts, but also enrich Japan’s “creative diplomacy” toward peace building. So the third focus of Japan’s perspective regarding Cambodia is to ensure that this assistance experience provides a ‘model case’ of leading a post-conflict country towards sustainable development.

4-1-2 Basic principles of Japan’s assistance

Based on recognition of the aforementioned perspectives and current context in the implementation of assistance to Cambodia, the basic principles of Japan’s assistance for Cambodia in mid-term can be summarized in the following three points.

(1) Defining the next five years as a period of ‘foundation-building’ for Cambodia’s catching up:

As shown in Figure 3-1, Cambodia faces many problems, including the establishment and reinforcement of its ownership of the development process. These problems need to be solved by taking a cross-sector approach as well as an integrated organizational approach extending from the central to local government levels. It is very important to promote the “Three Strategies for Poverty Reduction” (economic growth, equitable distribution of economic benefits and management of the environment and natural resources) advocated by Prime Minister Hun Sen. However, prior to, or in parallel with the implementation of these strategies, the preconditions for reconstruction and development, such as good governance, physical infrastructure and human resources capacity must be reinforced. The committee identifies the next five years as a period of foundation building and recommends that Japan prioritize assistance for foundation building.

(2) The primary objectives of Japan’s assistance in the period of ‘foundation-building’ are as follows:

- *To help reconstruct Cambodia’s state institutions that will enable it to achieve post-conflict reconstruction and the formation of a new civil society, to build the foundation for mid- and long-term sustainable*

development, and to alleviate Cambodia’s extreme poverty.

The key issue in the organization of state institutions is the establishment of good governance and the development of physical infrastructure. In foundation building toward sustainable development, the enhancement of human capital development will be a crucial factor. To alleviate extreme poverty, priority should be given to rural areas where 80% of the national population lives and its population is showing rapid increase. The measures include agricultural and rural development, creation of job opportunities, and the conservation of natural resources and environment. This proposal means that cooperation should be provided in a broad range toward improvement of fundamental issues without placing exclusive focus on particular development issues.

(3) Significance of strengthening Cambodia’s ownership and international aid coordination

Cambodia is confronted with a number of hurdles to overcome on the path toward reconstruction and development, as shown in Figure 3-1. Nevertheless, international assistance is now flowing into Cambodia significantly beyond its absorptive capacity, which is resulting in yet another burden on the Cambodian government. As a consequence, various individual assistance activities without coordination are weakening Cambodia’s ownership. In this context, Japan should lead international aid coordination efforts and help to strengthen ownership of Cambodia.

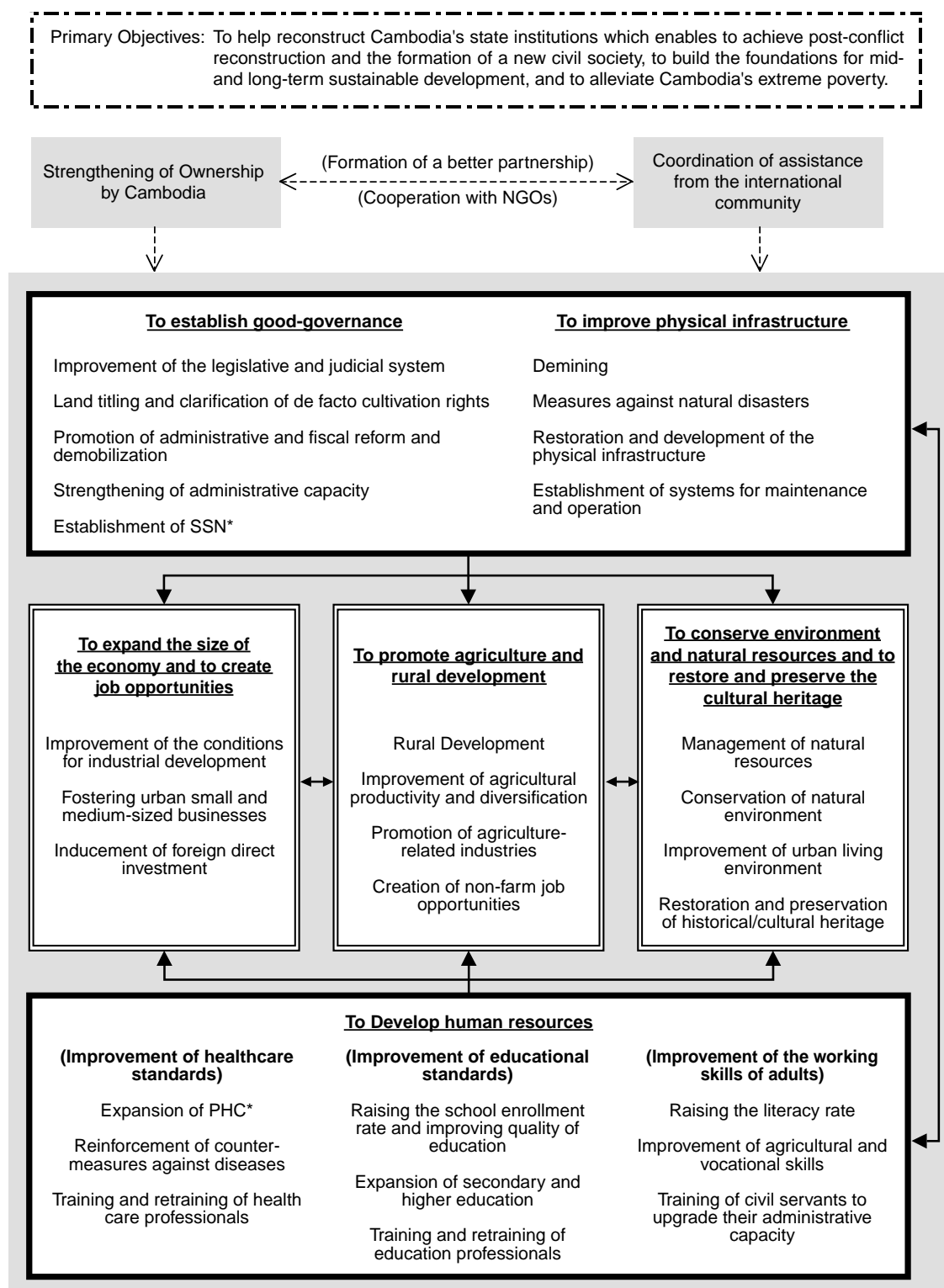
4-2 Basic framework for Japan’s assistance to Cambodia

Based on the perspectives showed in the figure 4-1, Japan’s mid-term basic framework and priority issues of the assistance to Cambodia are specified.

4-2-1 Framework for Japan’s assistance to Cambodia

To achieve the primary objectives the study committee has drawn concrete ‘Framework for Assistance to Cambodia’. As shown in Figure 4-1, the framework

Figure 4-1 Framework of Japan's Cooperation for Cambodia



* SSN : Social Safety Net, PHC : Primary Health Care

consists of five sub-objectives as follows:

- (1) To establish good governance and to develop physical infrastructure
- (2) To develop human resources
- (3) To promote agriculture and rural development,
- (4) To expand the size of the economy and To create job opportunities
- (5) To conserve natural resources and environment, and to restore and preserve the cultural heritage.

The sub-objectives (1) and (2) serve as bases for foundation building and are prerequisites for the achievement of the other sub-objectives. Therefore, the former two sub-objectives (1), (2) are given the highest priorities. As the committee recognizes the importance to alleviate extreme poverty, it stresses foundation building in the latter three sub-objectives (3), (4), (5) as well. Moreover, the restoration and preservation of Cambodia's cultural heritage is significant both for the nation and for all humankind. Japan has expressed its strong commitment to assisting these efforts.

With the framework shown above, in order to elaborate Japan's assistance to Cambodia, additional three elements should be taken into account, such as Cambodian government's next five years development plan, trend in international assistance, and experience of Japan's ODA and activities of NGOs.

- (i) As referred in 1-2-1, SEDPII is basically succeeding the framework presented in SEDP. However, the fact that the poverty map is currently under process of formulation in finalization of PRSP should be noted. Depending upon the outcomes of the mapping, there is a possibility that poverty targeting and regional poverty reduction strategy will be more clarified. If this is the case, methods of assistance implementation could be affected.
- (ii) In comparison with tendency of international cooperation toward Cambodia, Japan's assistance is not concentrated on particular sub-objectives, but rather covers a broad range of needs³. The establishment of "good governance" is unquestionably important for Cambodia, which is moving

toward development stage from reconstruction.

We also need to recognize significance of taking measures for the issues require long-term efforts, such as development of physical infrastructure and economic growth in parallel with the effort for legal and judicial reform, administrative and fiscal reform and the establishment of social safety nets. Therefore, Japan should maintain its style of assistance based on a long-term vision rather than as short-term conditionalities.

- (iii) Since NGOs have involved the communities and local authorities as their counterparts, their experience is essential for the extension of ODA to the local level. In particular, coordination and cooperation with local Cambodian NGOs should be encouraged. When ODA agencies and NGOs cooperate in activities for achieving the same issue, NGO's on infield experiences are complementary rather than overlapping. Therefore, it is desirable for both sides to seek coordination and cooperation in planning with a view that assistance can be grouped by the degree of each role such as i) ones mainly dependent on NGOs, ii) ones complementarily between NGOs and ODA agencies, and iii) ones led by ODA agencies.

4-2-2 Priority development issues of Japan's assistance to Cambodia

Based on aforementioned framework and elements, the committee proposes priority development issues under sub-objectives. (Table 4-1. p.25 shows basic understanding for each priority development issues)

(1) To Establish Good Governance and to Improve Physical Infrastructure (Key issues for foundation building)

1) Establishment of Good Governance

Five priority issues to be focused on for "the establishment of good governance" are i) improvement of the

³ The sectoral allocation of international assistance projects by the number of projects are closely looked by utilizing information from the CAS (2000-2002) of World Bank and JICA's Country Specific Project Implementation Plan 2000. Half of ODA has been devoted to 'establishment of governance', and the second largest portion is for 'human resource development' (18%). The total support for these two issues accounts for almost two thirds of the total number of the projects. The 'development of physical infrastructure' has been given only 12% of assistance. But on the other hand, in Japan's assistance, the biggest portion of assistance (29%) goes to 'developing physical infrastructure', with 26% to establishing good governance and 19% to 'human resource development'.

legislative and judicial systems, ii) land titling and clarification of de facto cultivation rights, iii) promotion of administrative and fiscal reform and demobilization, iv) strengthening of administrative capacity, and v) establishment of social safety nets.

The Cambodian government is trying to cope with these issues mainly through its Governance Action Plan (GAP), while multilateral donors such as UNDP, the World Bank (WB) and the Asian Development Bank (ADB) are concentrating their assistance on this issue. So far, Japan has provided focused assistance in reform of the legal system and the strengthening of administrative capacity.

In the field of the establishment of good governance, it is essential to recognize that ownership of Cambodia has not yet been established. As long as ownership remains weak, the solid establishment of good governance is still difficult even if institutional aspects, such as legal and judicial systems are reformed. Japan should pay close attention to how these efforts are progressing, and prioritize its assistance by selecting urgent themes from the abovementioned five priority issues. In actual assistance operations, the gender aspect should always be considered.

2) Improvement of Physical Infrastructure

For “the development of physical infrastructure”, the following four priority development issues should be stressed: i) demining, ii) measures against natural disasters, iii) restoration and development of physical infrastructure, and iv) establishment of systems for the maintenance and operation.

The Cambodian government has been tackling these issues by setting up a “National Program to Rehabilitate and Develop Cambodia (NPRD)” and the “Socioeconomic Development Plan (SEDP)”, with the focus on post-war restoration and reconstruction. The scope of international assistance led by the WB and the ADB has also been the same. As already mentioned, Japan has given priority to physical infrastructure reconstruction, which the Cambodian government highly appreciates. The government expects Japan to continue this policy.

In every part of Cambodia there is a nationwide need for the development of infrastructure. As development of infrastructure requires a considerable amount of fund, projects should be carried out based on long-term planning. The removal of land mines requires steady con-

tinuous assistance, and natural disaster control necessitates countermeasures against repeated droughts and floods. In the restoration and development of infrastructure, improvements in the transportation network, as well as electricity, communications, schools and health centers are necessary. The transportation network must be developed at various levels, such as international access facilities, the national trunk road network, access to isolated districts and villages, and community routes between farms and markets.

It is obvious that the Cambodian government cannot rely on international assistance for all of these developmental efforts, and that the government should promote self-reliant efforts. As there are various levels of infrastructure building, from nationwide to community levels, the maintenance and operation systems should be organized according to these levels. The active participation of citizens and NGOs is desirable at community-level. For medium-level development, local institutions should establish their own systems for maintenance and operation even though international assistance in terms of funds and technology are required to some extent. The development of nationwide infrastructure development that requires sophisticated technology can mainly be provided through international assistance including the private sector.

(2) To Develop Human Resources (Key issues for foundation building)

The sub-objective “building human resources” consists of three areas: improvement of levels in health, education and vocational skills of work force. Each area has three priority issues. In the area of health, the focus should be on i) expansion of primary health care, ii) reinforcement of countermeasures against diseases, and iii) educating and retraining of healthcare professionals. In the area of education an emphasis should be placed on i) an increase in the school enrollment rate and improvement of the quality of education, ii) expansion of secondary and higher education, and iii) the training and retraining of education professionals. To improve the vocational skill of the workforce, the stress should be on i) increasing the literacy rate, ii) improvement of agricultural and vocational skills, and iii) training of civil servant to upgrade administrative capacity.

Cambodia's long period of civil war destroyed the systems and facilities in health and education. The

damage to and decline in the quality of human resources in these fields are obvious. Since peace has been restored, the rate of increase in the population has accelerated in the 1990s, and the need for education and job opportunities for young people has been growing substantially. The Cambodian government is making efforts to achieve these sub-objectives through the NPRD and SEDP with various assistance by the UN agencies and NGOs. Japan, too, has been providing support in this field through maternal and child health care, school construction and training programs.

The reinforcement of human resources has been given precedence both in international and Japan's assistance. Coordination with other international assistance is therefore indispensable. In order to achieve good results in this field, assistance must coincide with a wide variety of Cambodian needs, and so a substantial assistance menu should be prepared. This includes training programs in developed countries including Japan, programs in the countries of ASEAN to which Cambodia belongs, and internal training to deal with local problems. In the fields of health, education and vocational skill development, in order to contribute to poverty reduction in rural areas, assistance should not be limited to areas in and around Phnom Penh, but operations should be expanded to every district of Cambodia, with a cautious examination of security condition. Coordination and liaison with the UN system and NGOs will be useful both for the development of human resources, and for information exchange of security conditions.

(3) To Promote Agriculture and Rural Development (Reduction of Extreme Poverty)

The sub-objective "to promote agriculture and rural development" aims at "reducing extreme poverty" in rural area where 90% of the poor reside. In this field Japan should stress the following priority development issues in assistance: i) rural development, ii) improvement of agricultural productivity and diversification, iii) promotion of agriculture-related industries, and iv) creation of non-farm job opportunities.

The Cambodian government is prioritizing poverty reduction efforts in the NPRD, the SEDP, "Three Strategies for Poverty Reduction" and the I-PRSP. Multilateral donors such as the UN agencies, WB and ADB,

many donor countries, and NGOs are also cooperating with each other on poverty reduction efforts. Japan has provided assistance for rural development (tripartite cooperation with the participation of ASEAN experts), support measures for the victims of land mines and other assistance through NGO activities. Here again, coordination and liaison with other multilateral donor is important, especially when trying to expand assistance to rural areas. NGOs that are closely involved in the communities are playing an important role in rural development and betterment of the life of socially vulnerable groups. Therefore cooperation with NGOs is crucial.

Much of the international assistance places "rural development" in the core of poverty reduction measure. A model case is the UNDP's SEILA Program, in which assistance is initially provided to areas designated for pilot programs and then expanded to other areas based on the outcome of efforts in the pilot program areas. Japan's assistance has been limited to areas in and around Phnom Penh due to security management problems, but as Cambodia is stabilizing, the assistance area should be enlarged to cover the whole country. Rural development should be placed at the center of poverty reduction in Japan's assistance as well. This assistance should be provided in a comprehensive way, i) to ensure annual household spending of rural inhabitants (through improvement of agricultural productivity and diversification), ii) to mitigate vulnerability of the people against natural disasters and diseases (promotion of agriculture-related industries and the creation of non-farm job opportunities), and iii) to enable to adapt advancement of industrialization and market economy in Cambodia.

(4) To Expand the Size of the Economy and to Create Job Opportunities

As presented in "Three Strategies for Poverty Reduction" it is essential to expand the whole size of the economy as well as to give direct support to the poor in Cambodia, whose population is increasing very rapidly. The committee identifies three priority development issues in the objective "to expand the economy and job opportunities": i) improvement of the conditions for industrial development, ii) fostering urban small and medium-sized businesses, and iii) inducement of foreign direct investment.

The Cambodian government emphasizes economic

growth and industrial development in its NPRD and SEDP, and economic growth in the “Three Strategies for Poverty Reduction”, I-PRSP and SEDPII. Despite such strong needs, Japan and other donor countries have not devoted much assistance to this area. There are two reasons for less assistance have been provided to expansion of the economy: i) the priority for assistance to Cambodia has been given to the establishment of good governance, the improvement in physical infrastructure and human resource development, and ii) in a market economy, expansion of the economy largely depends upon private sector initiative. Possible government role is limited to the improvement of investing environment.

Economic growth through industrial promotion hinges greatly upon the establishment of good governance such as the extent of democratization, legal systems, and property rights, etc., and of the private sector development such as creation of new business, investment and management. Although Japan is considered to have substantial experience in this field from its own postwar restoration, such experience can hardly be applied directly to Cambodia. Such difficulty in applying Japan's experience lays in the fact that Cambodia currently has considerable problems in relation to good governance, economic and social infrastructure and human resources, and does not have a sufficiently clear advantage for attracting private investment compared to neighboring countries such as Vietnam and Laos.

However, it is also true that Cambodia is required to dismantle intra-regional trade barriers in the near future under the framework of AFTA, for which preparations need to start. In the next five years, Japan should emphasize “improvement of condition for industrial development” including human resource development. For “the inducement of foreign direct investment” Japan is expected to support designing an industrial promotion plan regarding the creation of free trade areas (FTA) and export processing zones (EPZ).

(5) To Conserve Natural Resources and the Environment and to Restore and Preserve the Cultural Heritage

Due to the two decades of conflict and the recent overexploitation of forest resources, Cambodian natural resources and environment have been degraded substantially. To make sustainable development possible, the restoration of such resource is essential.

Under the sub-objective “to protect natural resources and the environment” and “to restore and preserve the cultural heritage” the committee has identified four priority issues: i) management of natural resources, ii) conservation of the natural environment, iii) improvement of urban living environment and iv) restoration and preservation of the cultural heritage. The Cambodian government has addressed the conservation of natural resources in NPRD, SEDP, “Three Strategies for Poverty Reduction”, I-PRSP and SEDPII, and the restoration and preservation of the cultural heritage in SEDPII. Although there has been relatively not much international assistance in this field, some efforts have been made in forest management, environment management and personnel training. Japan is initiating the assistance for forest restoration.

Despite the fact that the Japan's experience in assisting this field is very much limited, the natural environment of Tonle Sap Lake and the Mekong River, which many people rely on for their livelihood, requires immediate action for protection. To achieve this sub-objective, coordination is necessary between macro-assistance such as an environmental management plan, and micro-assistance such as improvement in livelihood of local people. The suitable combination of both approaches as well as strengthening ties with NGOs for the micro-assistance are required.

Although it differs viewpoints with conservation of natural resources, restoration and preservation of Cambodian historical and cultural heritage is important not only for Cambodia itself but also for the whole world. Assistance should be given mainly to train those who will take charge of restoration and preservation activities.

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (1/6)

1.1 To Establish Good Governance (Key issue of foundation building)
<p>1.1.1 Improvement of the Legislative and Judicial Systems</p> <p>Neither the necessary legal system nor the independence of the judiciary has been established in Cambodia. There is an absolute shortage of specialists practicing in the field of the rule of law. In the belief that the legal and the judicial systems are central to upholding democratization and human rights, Japan has undertaken to focus on:</p> <ul style="list-style-type: none"> • Development of the legal and judicial systems, including establishment of the civil code and the civil procedural law that are now providing support, • Education of legal professions, • Promotion of legal education and studies, and • Education for democratization with the aim of spreading awareness of the rule of law and human rights <p>As many multilateral donors and donor countries are involved in this field, Japan needs to coordinate and cooperate with them. Support for NGO activities should also be considered as part of the promotion of human rights and democratization.</p>
<p>1.1.2 Land Titling and Clarification of de facto Cultivation Rights</p> <p>In Cambodia, few people have a certificate of title for their own land. This is resulting in a rising number of disputes over land and a further increase of landless farmers. The Cambodian government is now initiating land reform to prevent unlawful occupation and to preserve forests. Japan should primarily support land reform by the government, as this issue could also determine the success of poverty reduction efforts. While international assistance is mostly limited to land status surveys, Japan's support for Cambodian government's reform should be based on an clarification of the status of the vested interests of rural inhabitants and systems that protect de facto cultivation rights of these people.</p>
<p>1.1.3 Promotion of Administrative and Fiscal Reform and Demobilization</p> <p>The inefficient and overstaffed administrative organization of Cambodia including the National Army needs to be rationalized and streamlined. Basis for tax collection needs to be reinforced to increase tax revenue. To address these issues, the government is now undertaking a National Administrative Reform Program (1999-2003). Japan should provide support to this program as well as the Veterans' Self-reliance Assistance Program, which is indispensable for peace-building and fiscal restructuring. To encourage veterans to reintegrate into the society, measures to improve the livelihood of socially vulnerable groups should also be supported.</p>
<p>1.1.4 Strengthening of Administrative Capacity</p> <p>The administrative capacity of the national government, which is essential for tackling the challenge of the developmental issues described in 1.1.1-3 above, must be strengthened. At the same time, capacity building of local authorities needs to be addressed since they play an important role in the decentralization now in progress. The Commune Councils are expected to take charge of administrative services in communities, but their capacity is very low at present. Therefore, while bearing in mind that the SEILA Program being carried out by UNDP is expected to expand, emphasis should be placed on capacity building at the local administration level. This includes support for local authorities as well as other organizations that have close relations with local administrations such as the Ministries of Social Welfare, Women, Health, Education, Rural Development and the Environment.</p>
<p>1.1.5 Establishment of Social Safety Nets (SSN)</p> <p>The socially vulnerable population in Cambodia used to consist mainly of returning refugees, war victims, including mine victims, and landless peasants. However, now there are an increasing number of new socially vulnerable groups such as unemployed public sector workers. To address this problem, the I-PRSP emphasizes the importance of the Social Safety Net (SSN). Japan has provided assistance through tripartite cooperation in the resettlement of refugees and rural development and through the Veterans' Self-reliance Support Program. In addition to enhancing this assistance, Japan should also support efforts in strengthening the problem-solving capacity of socially vulnerable groups through related institutions such as the Ministry of Social Welfare. Many NGOs are involved in this field, and Japan should coordinate and cooperate with them.</p>

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (2/6)

1.2 To Improve Physical Infrastructure (Key issue of foundation building)
<p>1.2.1 Demining</p> <p>Japan's assistance for the removal of land mines has been conducted by means of support to CMAC. However, since September 2000, when the CMCC was established to supervise both mine removal activities and the provision of support to the victims, there has been systemic confusion. This field of assistance can be divided into (1) land mines removal activities, (2) support and rehabilitation of victims, (3) education to avoid mines, among which Japan should focus on (2). It is also necessary to support capacity building within the Ministry of Social Welfare and to coordinate and cooperate with NGOs in the actual support operations.</p>
<p>1.2.2 Measures against Natural Disasters</p> <p>Cambodia has suffered from repeated floods and drought. Strengthening the capacity to deal with natural disasters is vital. In relation to Mekong river basin development, Japan should provide support to the development of a weather information system, a prioritized protection plan and a disaster recovery plan. After priority projects are identified in these plans, assistance should be provided to them. Irrigation development is expected to be included in these plans, and assistance to this field should be carefully planned from a broad perspective in order to link disaster prevention with strengthening agricultural productivity and promotion of diversification.</p>
<p>1.2.3 Restoration and Development of Physical Infrastructure</p> <p>For the purpose of foundation building for post-conflict reconstruction and future development, physical infrastructure (transportation, communications, electricity, schools, hospitals, etc.) must be restored and improved, at the state level, community level and commune level. Japan should participate in designing plans, organizing maintenance and operation systems, and developing human resources in order to assist priority projects for restoration and development. In relation to poverty reduction, strengthening physical infrastructure at the rural commune level should be promoted as a priority on the basis of community participation and coordination and cooperation with NGOs.</p>
<p>1.2.4 Establishment of Systems for Maintenance and Operation</p> <p>In order that assistance regarding issues 1.2.1-3 above may be highly cost effective and sustainable over the long term, ownership by Cambodia is essential. Except for state level infrastructure that requires large scale funding and highly advanced technology, Cambodia's own human resources and technology should be fully utilized. To make this possible, Japan should provide support in organizing the required systems (human resources, technology, information, hardware, immediate funds, etc.). From the viewpoint of the ownership of operation and maintenance, support for institutional building such as fund raising and management based on community participation and the principle of user fees is also important as well.</p>
2. To Develop Human Resources (Key issue for foundation building)
<p>2.1 Improvement of Health Standards</p> <p>(1) Expansion of PHC</p> <p>Primary Health Care (PHC), a practical strategy of Health for All (HFA), emphasizes the importance of maternal and child healthcare. In reality, Cambodia remains at a very low level in terms of infant mortality, maternal mortality, and basic reproductive health. PHC is also indispensable for the reduction of extreme poverty. Japan should support the improvements for health education, nutrition, safe water, hygiene, health workers, health centers, etc., by developing the institutional capacity, facilities and personnel to maintain them. Assistance should pay particular attention to coordination with rural development policies and the activities of NGOs.</p>
<p>(2) Reinforcement of Countermeasures against Diseases</p> <p>In Cambodia, there are many cases of malaria, parasitic diseases, tuberculosis and HIV/AIDS. The government is directing its efforts at reinforcement of the healthcare system, the integration and improvement of programs at health centers, and the upgrading of medical technology. Undeveloped healthcare systems are closely related to poverty and the heavy burden of medical expenses can lead to the loss of land. Coordination and liaison with NGOs is needed again in this field. Japan should continue and reinforce its assistance for countermeasures against tuberculosis and infectious diseases, and at the same time, should stress assistance for HIV/AIDS treatment in a new cooperative relationship with the United States.</p>

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (3/6)

<p>(3) Training and Retraining of Healthcare Professionals</p> <p>Because of the history of genocide of intellectuals by the Pol Pot regime, there is a shortage of doctors, and even illiteracy among healthcare professionals. The government is trying to reform medical schools and nursing schools, but is still at the stage of trial and error. Japan should focus on the education and retraining of health nurses, midwives and district health officers who are at the frontline of PHC. Consideration must also be given to the improvement of medical education and medical technology schools, education for medical practitioners, and the education and retraining of local government workers.</p>
<p>2.2 Improvement of Education Standards</p> <p>(1) Raising the School Enrollment Rate and the Improvement of Quality of Education (primary education)</p> <p>Although the school enrollment rate has risen in Cambodia, regional disparities have become wider. The dropout and failure rates are high, and the disparity between the sexes is obvious. The government is now building a Pro Poor Education System Plan along with SEDPII. Besides the proposals in the Plan, the outcomes from the School Building Plan with Community Participation (overseas development studies) conducted by Japan will provide a basis for assistance towards the improvement of the quantity and quality of elementary education. Such assistance includes the provision of education services to meet local needs and the operation of schools through community participation. It is necessary to pay close attention to the trend towards sector-wide approaches and to the relationship with rural development efforts, while pursuing coordination and establishing liaison with NGOs.</p>
<p>(2) Expansion of Secondary and Higher Education</p> <p>Cambodia urgently needs to train workers with special knowledge and skills in preparation for the market economy. But the enrollment rate for early secondary education is still very low (30% in 1998). As this is mainly because the number of schools is too small, the number of schools for secondary education must be increased though it requires large amount of educational budget. Japan has addressed the improvement of secondary education services through the Secondary Teacher Training Project in Science and Mathematics. In future, assistance should cope with the expansion of secondary and higher education both in terms of quantity and close the disparity between the sexes.</p>
<p>(3) Training and Retraining of Education Professionals</p> <p>In the Pol Pot era, 75% of teachers disappeared and the education system was totally destroyed. Since then, education has been expanded quantitatively employing unqualified teachers, but as a result, the quality of education has dropped significantly. Japan should emphasize the upgrading of professionals for elementary education in rural areas, while improving teacher-training centers for elementary school teachers and regional teacher training centers for junior high school teachers. Also, the retraining of personnel in the Ministry of Education and provincial education offices needs to be supported.</p>
<p>2.3 Improvement of the Working Skills of the Adults</p> <p>(1) Raising the Literacy Rate</p> <p>Only one third of the Cambodian people can read and write. The other two thirds are semi-literate or illiterate. The level of semi-literacy and illiteracy is higher than in neighboring countries, and the disparity is wide between the sexes and in proportion to income. Improvement of literacy rate for women of the poorest groups in rural areas is a key for poverty reduction. Japan should give support to basic education in reading, writing and arithmetic for adults at the commune level. It is also necessary to maintain the relationship with rural development efforts, while pursuing coordination and establishing liaison with NGOs.</p>
<p>(2) Improvement of Agricultural and Vocational Skills</p> <p>To increase agricultural productivity, it is necessary not only to reinforce dissemination activities but also to build the capacity of rural farmers to absorb assistance. Vocational education other than in agriculture is also necessary for the younger generation, which is rapidly growing in number. In Cambodia capacity of the agencies in charge of agricultural and vocational education (including the National Training Committee and the Ministries of Agriculture, Education, Social Welfare and Women) are very low. Japan should start its assistance with capacity building for these agencies, and should reinforce their agriculture extension services for rural development. International cooperation and coordination with NGOs must always be kept in mind.</p>

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (4/6)

<p>(3) Training of Civil Servants to Upgrade Administrative Capacity</p> <p>Administrative capacity must be strengthened as mentioned in 1.1.4 above. For this, human resource development for capacity building is necessary at the same time. The need for human resources varies between sectors and the levels from local to central government. Japan should provide a wide variety of training programs including: advanced training in Japan, semi-advanced training in ASEAN countries and local training within Cambodia. Special programs for Cambodia may be prepared in consideration of the fact that human resource capacity in Cambodia generally remains at a very low level.</p>
<p>3. To Promote Agriculture and Rural Development (tackling the reduction of extreme poverty)</p>
<p>3.1 Rural Development</p> <p>Since 90% of Cambodia's poor national population lives in rural areas, rural development is crucial for poverty reduction. The government emphasizes rural development in the Three Strategies for Poverty Reduction, I-PRSP, and other plans. Rural development aims at increasing the welfare level of rural households (as a whole) through comprehensive policies. Cross-sectoral approaches must be adopted to address agricultural and industrial promotion, the development of physical infrastructure, protection of the rights of agricultural laborers and small farmers, protection of the natural environment and the reinforcement of local administration. The strict vertical administrative divisions within Cambodia in fact inhibit such an approach. Therefore, Japan should initiate its assistance operations by limiting them to areas where a cross-sectoral approach can be adopted, and then expand operations based on the outcomes from these areas. This field of assistance has already involved many donors such as UNDP and NGOs, with which Japan should coordinate and cooperate.</p>
<p>3.2 Improvement of Agricultural Productivity and Diversification</p> <p>The productivity of Cambodia's traditional rain-fed agriculture is low. There is too much emphasis on rice cultivation, and the consequent lack of diversification forces them to import food such as vegetables. Through the Agricultural Reform Program, the Cambodian government is making efforts to improve rice productivity and to facilitate crop diversification, while promoting fruit cultivation, livestock raising, fishery and forestry. Japan could provide technical support for irrigation systems, extension services, micro-credit services, and market infrastructure. It is also necessary to raise the market consciousness of small farmers and to organize systems such as agricultural cooperatives. Coordination and cooperation with NGOs must be considered here again.</p>
<p>3.3 Promotion of Agriculture-related Industries</p> <p>Cambodia has practically no agriculture-related industries other than those catering to local consumption. Development of such industries is significant issues. Recognizing this as an important development agenda, the Cambodian government is trying to promote off-farm industries including marketing and distribution, and to facilitate the formation of cooperatives by small farmers. Japan should support the promotion of resource-oriented industries such as food processing, canneries, furniture and flooring production and construction. Japan's experience should also be fully utilized in system establishment and capacity building.</p>
<p>3.4 Creation of non-farm Job Opportunities</p> <p>In the Provinces of Kampong Speu and Kandal, non-farm income is as low as 20% of the total. This means that people have few job opportunities other than cultivation, and that rural households will suffer considerable losses when natural disasters damage agriculture. In order to reduce such risks, to provide jobs to rural youth and to control the population flow to the cities, job opportunities must be created in rural areas. This is not an easy issue, and so Japan should give assistance to selected particular areas first. This assistance includes the institutional building that enables to make the most of local industrial promotion initiatives. An example is "one special product for one village". The assistance should also promote industries that develop local potential such as tourism, and improve the infrastructure through the employment of local people.</p>

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (5/6)

4. To Expand the Size of the Economy and to Create Job Opportunities
4.1 Improvement of Condition for Industrial Development <p>Cambodia is in a transition period from war to peace, and from socialism to a market economy. Its conditions for industrial promotion are inadequately prepared, and its private sector is young and weak. The growth of the private sector is essential for long-term economic growth and the expected opening of its market through AFTA in 2008. Along with the development of legislative and judicial systems for industrial promotion mentioned in 1.1.2, Japan should emphasize assistance to the operation of the macro-economy, the development of industrial policies, and the promotion of small and medium-sized businesses. Assistance is also needed for capacity building and personnel education for the Investment Committee, the Ministries of Economy and Finance, Industry and Energy and Commerce, and the National Bank.</p> <p>Since there is not much international assistance available in this field, support should be given to long-term training in Japan using internal arrangements..</p>
4.2 Fostering Urban Small and Medium-sized Businesses <p>In Cambodia, small and medium-sized businesses are not mature enough to support industrial promotion in terms of commerce, distribution, construction, production and services. Their expansion, especially in urban areas, is indispensable for the future economic growth of Cambodia. Japan should start with an understanding of the current condition, and then help build the necessary policy framework. Recently an education services industry developed by the private sector has been flourishing in Phnom Penh, such as teaching business administration, computer literacy and English language. Japan's assistance can seek possibilities to cooperate with these businesses through the personal contribution of specialists and senior volunteers.</p>
4.3 Inducement of Foreign Direct Investment <p>It is hardly possible to find any point in which the market, labor and infrastructure of Cambodia are superior to that of any neighboring country. With domestic industries still undeveloped, foreign direct investment is vital to the maintenance of employment and human resources development. However, the government is now reducing its favored treatment of foreign direct investment. Some alternative measures must be considered. Japan should help with the planning of development projects with high potential such as Free Trade Areas (FTA) and Export Processing Zones (EPZ) around the Port of Sihanoukville or in the Thai-border region, for example. The process of planning must be based on a good understanding of the Cambodian market and the needs of the potential investors such as ASEAN countries, Korea and Japan, and consideration for competition with similar projects planned in neighboring countries.</p>
5. To Conserve Natural Resources and the Environment and to Restore and Preserve the Cultural Heritage
5.1 Management of Natural Resources <p>In Cambodia, forest resources are decreasing, water pollution is damaging marine resources, and biological diversity is being threatened. The conservation of natural resource is an urgent issue. The government has emphasized the importance of this issue in all of its plans since the NPRD, but these plans have not been carried out as expected. It is claimed that illegal logging has not been controlled at all. Japan should support the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment in their efforts to reinforce natural resources management capacity, mainly with regard to system and capacity building. Coordination and cooperation with multilateral donors and NGOs must be maintained.</p>
5.2 Conservation of the Natural Environment <p>In spite of the efforts of the Cambodian government since the NPRD to conserve the natural environment, Cambodia's environment has been degraded. Japan should place a priority on the improvement of the environment of the Tonle Sap Lake and the Mekong River, on which many of the nation's population rely for their livelihood. An environmental improvement plan must be designed after identifying the current state of the environment and related problems. Japan should support the establishment and operation of the plan, in terms of training personnel needed for implementation of the plan, building analytical skill, and construction of information systems. Since many multilateral donors and NGOs are involved in this field, cooperation and coordination with them must be pursued.</p>

Table 4-1 Outlines of the Priority Development Issues under the Five Sub-Objectives (6/6)

<p>5.3 Improvement of the Urban Living Environment</p> <p>Japan should focus on the development of water works and sewerage treatment plant in urban areas. Priority should be considered in the order of firstly the capital, Bat Dambang, and then other cities. The technology to be adopted must be suitably related to the characteristics of each city, should be operated and maintained within local technical capacity, and should not impose a heavy financial burden. Since local administrative capacity is generally low, assistance should be given at the same time to system and human resources development.</p>
<p>5.4 Restoration and Preservation of the Cultural Heritage</p> <p>There are numerous precious cultural heritages in Cambodia, but most of them are neglected and about to collapse. Due to the genocide of intellectuals in the Pol Pot era, the number of skilled workers for restoration is far from enough. The government emphasizes the importance of this issue in its SEDPII. However, the restoration and preservation of the cultural heritage requires full ownership by Cambodia. Japan is required to help educate workers involved in restoration so that the Cambodian people can conduct activities by them.</p>

4-3 Considerations for Japan's assistance to Cambodia

In this section, we identify considerations as Japan plans and implements the assistance based on the framework and priority issues described in 4-2.

4-3-1 Considerations on assistance planning

When Japan, the largest donor, attempts to provide assistance covering all the five sub-objectives for the period of next five years, it must consider the following points: i) strengthening of Cambodia's ownership, ii) better partnership between Cambodia and the donors and iii) coordination and cooperation between Japan and other donors including multilateral donors, donor countries and NGOs.

(1) Strengthening Cambodia's ownership

Since the establishment of the Hun Sen cabinet in November 1998, ownership of development process by Cambodia has been gradually improving. The government announced a Governance Action Plan (GAP) to strengthen its ownership. Just like good governance, the establishment of ownership takes time and can only be achieved when issues such as poverty reduction, economic growth and the reinforcement of fiscal and human resources have made progress. In the next five years, with the recognition that ownership is one of the most important factors for foundation building, Japan should facilitate it through a policy dialogue with the Cambodian government.

(2) Formation of better partnerships between Cambodia and donors

Toward efficient use of the assistance, Cambodian government is attempting to form a good partnership with multilateral donors (See 2-6). However, in fact, affiliation can be observed between certain multilateral donors and particular departments of the Cambodian government. It also has been pointed out that the I-PRSP was prepared with substantial support of multilateral donors and finalized without sufficient domestic discussion in Cambodian side. This resulted from the donors' desire to facilitate procedures and lead the assistance operations, which in the end inhibits the establishment of Cambodia's ownership. Japan should actively involve in the discussions on desirable partnerships from the standpoint of respecting and strengthening ownership.

(3) Coordination and cooperation between Japan and other donors

As Japan wishes to contribute to a variety of development issues in spite of constrain on its ODA resources (know-how, personnel, budget, etc.), coordination and cooperation with multilateral donors, donor countries and NGOs is critical to overcome these difficulties. In the field of 'the establishment of good governance' on which assistance from multilateral donors and bilateral donors is concentrated, Japan should seek coordination and cooperation with other donors, and in the field of 'agricultural promotion and rural development' for the reduction of extreme poverty, cooperation with NGOs

should be sought. Japan should lead assistance operations in the fields of 'the development of physical infrastructure' and 'economic growth and the creation of job opportunities' where Japan has extensive know-how and human resources, while inviting the participation of other groups.

For Japan to make policy dialogue with Cambodia fruitful and actively participate in the discussion of ideal way of partnership, Japan need to engage in the dialogue based on adequate understanding on Cambodia's macro and micro development issues which change constantly along with time. In terms of strengthening coordination and partnerships with other donors and NGOs, it is necessary to exchange information among the related organizations. Here again, the Japanese embassy and overseas offices of JICA are expected to play a leading role.

4-3-2 Consideration on assistance implementation

Aforementioned considerations are suggested in the context of the tripartite relationship among 'Cambodia', 'multilateral donors' and 'Japan'. In the actual operation of assistance, careful attention should be paid to the considerations listed as follows.

(1) Cross-sector approach for designated areas of cooperation

When assistance is provided to achieve specific target for improving development issues closely related development issues should be approached simultaneously. For example, in the area of rural development, several issues can be regarded as a package. Such issues include land titling and clarification of de facto cultivation rights, establishment of SSN, expansion of PHC, increase in the school enrollment rate and improvement in the quality of education, increase in the literacy rate, the reconstruction and development of physical infrastructure and restoration of the natural environment. For another example, in the field of 'demobilization,' the package should include issues such as the establishment of SSN, increase in agricultural and vocational skills, creation of non-farm job opportunities, and reinforcement of administrative capacity and human resources.

The problem is, however, that projects are conducted

under a system of separated sectors both in Cambodian and the Japanese side. Such operational system makes cross-sector approaches difficult to apply. Therefore, when cross-sector approach is implemented, a size of geographical areas ought to be limited in order to understand the relationship between sectors clearly. By doing this, the monitoring of outcomes and effective feedback to subsequent years' operation become easier. If the outcome of a pilot project can be identified and confirmed, diffusion of the outcome becomes possible.

(2) Flexibility of assistance operations

To achieve cross-sector objectives, the areas of operation should be limited at the initial stage as mentioned in (1), and various outside assistance resources should be effectively utilized by enhancing coordination and partnership efforts with NGOs and other donors as mentioned in 4-3-1 (3). Coordination and cooperation with the residents in the communities, local authorities and branch offices of the government are important when operating assistance. As projects operated on the basis of agreement among various stakeholders, the original scale, scheme and timing of assistance are likely to be changed frequently. Cross-sector, results-oriented assistance must correspond flexibly to these changes, and the organization needs to have such flexibility as well.

(3) Monitoring and feedback on outcomes

It is important to monitor how the operation is progressing and to give the feedback for the next stage of cooperation for ensuring the outcome. Although there are established evaluation methods for traditional individual projects such as PCM, there is no established method for evaluating achievement of 'development issues' that consist of multiple individual projects under 'five sub-objectives' that consist of several 'developments issues' along with and even superior 'primary objectives.' Evaluation methods for such integrated approaches are now under development, as indicated in Evaluating Country Programs (1999, OECD DAC). By limiting the operation area, measurement of effectiveness will be easier. It is therefore desirable to establish an effective monitoring and feedback method through trial and error in the field.

(4) Expansion of operation areas

In the assistance targeting poverty alleviation such as 'agricultural promotion and rural development,' 'strengthening of human resources,' 'restoration of the natural environment' and 'reinforcement of institutional capacity,' assistance activities need to be expanded to rural areas. Although assistance operations have been limited to areas in and around Phnom Penh until now for security reasons, these areas ought to be accordingly expanded. As mentioned in (1), cross-sector projects should be planned to gradually extend its subject area from the perspective of disseminating outcomes gained in pilot area. Since security is not stable in the rural areas of Cambodia, it is indispensable to constantly collect and analyze security information for each area to consider the possibility of expansion of assistance activities. Where security condition is not likely to improve in the near future, a possible option would be to select an area with stable security and to start assistance introducing the perspective of comprehensive regional development.

As reiterated in this report, Cambodia is now in the development phase in which many fundamental issues must be approached simultaneously. As the top donor to Cambodia, Japan is expected to provide a range of assistance from the establishment of solid ownership and better partnerships to solution of various development issues organized under the five sub-objectives. For this assistance to be effective, Japan should plan it on the basis of a precise understanding of Cambodia's needs while pursuing coordination and cooperation with multilateral donors and NGOs. "A policy dialogue" with the Cambodian government has fundamental importance. This study proposes promotion of the delegation of authority to the local Japanese embassy and JICA offices in order to strengthen their functions and allow them to play a leading role in such policy dialogue. If this is achieved, assistance to Cambodia can provide a model case.

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Part II Current Condition and Prospects

Chapter 1 Overview of Present State of Cambodia

Section 1. Politics

Yukio IMAGAWA

1. Good governance

This paper deals with the state and problems of Cambodia's politics as a prelude to the discussion of "good governance," a key issue in development assistance to that war-ravaged country. However, it is first necessary to look briefly at what "good governance" is from the viewpoint of politics.

Although "good governance" is not necessarily synonymous with "good government," it can be simply defined as "good governing by good government." "Good government" is often said to be tantamount to "cheap government" or "small government" in terms of reducing the financial burden on the public. But this is only one aspect of good government. What matters most is that good governance is conducted by a democratic government representing the will of the people. Generally speaking, good governing may be defined as the appropriate act of governing according to law by a democratic government that, while representing the will of the people, commits itself to maintaining peace and stability in the state, improving the life and welfare of the people, and respecting human rights.

Considering this definition, is the Cambodian political situation characterized by good governance, or is the Cambodian government at least committed to it? Unfortunately, the answer may be "no," in light of the state of affairs in Cambodia. Many problems in the areas of legislation, administration and the judiciary remain to be addressed. Above all, human resources development is a matter of utmost concern. Human resources development is not limited to training personnel to improve their quality and efficiency. It also involves training disciplined government employees who put the interests of the public before their personal concerns if they are engaged in governance in one way or another. This is important as it helps to eradicate corruption among government employees.

When reviewing Cambodia's politics as a prelude to a discussion of good governance, it is insufficient just to understand today's political situation in Cambodia. It is also necessary to understand the peace process that was designed over more than five years to find a political solution to the conflict that had ravaged the country for

about 20 years. Although the peace process had many problems, it constituted the basis for the present political situation. In the following sections, the peace process, and then developments in Cambodia's internal affairs and its external relations in recent years after peace was established are reviewed.

2. The Cambodian peace process

Cambodia once enjoyed peace under the policy of neutrality promulgated by Prince Norodom Sihanouk, who was adored by the people as the father of independence. But after March 1970, when Lieutenant General Lon Nol overthrew Prince Sihanouk in a coup d'état, Cambodia was turned into a killing field during a civil war that lasted about 20 years. Cambodia experienced successive changes of power that were brought about with the use of force. The US-backed Lon Nol regime was brought down by the China-backed Khmer Rouge regime led by Pol Pot, which, in turn, was overthrown by the Vietnam-backed Heng Samrin regime.

Ravaged by this civil war, Cambodia started to work toward peace. In December 1987, Prince Sihanouk, who led the anti-Vietnam three-party coalition known as the Coalition Government of Democratic Kampuchea (CGDK), and Prime Minister Hun Sen of the Vietnam-backed Heng Samrin regime, the Phnom Penh government, had peace talks in a room of the Chateau Hotel in Fere-en-Tardenois, about 120 kilometers east-northeast of Paris, France. The fact that the representatives of the warring parties met with each other for the first time was a historical first step toward peace. That meeting was significant because the peace initiative was begun by Cambodians themselves, although the initiative faced a rocky road. Since the meeting, confidence has been gradually building among Cambodians.

In 1989, the Cold War ended in Europe, terminating the confrontation between the East and the West. These developments in the international arena helped settle the Cambodian conflict, a remnant of the Cold War in Asia. In July 30 of the same year, France took the initiative and hosted the Paris International Conference on Cambodia (PICC). The conference, co-chaired by France and Indonesia, was attended by participants from eigh-

teen countries: four Cambodian parties, the five permanent members of the United Nations Security Council (the US, the UK, France, China, and the Soviet Union), the six ASEAN members (Indonesia, Thailand, Malaysia, Singapore, the Philippines, and Brunei), the two other countries of Indochina (Laos and Vietnam), Japan, Australia, India, and Canada, as well as the Chairman of the Conference of the Non-Aligned Countries represented by Zimbabwe (or Yugoslavia in 1991). The four Cambodian parties were the Sihanouk faction (FUNCINPEC), the Son San faction (KPNLF), the Khieu Samphan faction (the Khmer Rouge), and the Hun Sen faction (the Phnom Penh government).

The Paris International Conference on Cambodia organized itself into three working committees: the First Committee on military matters, co-chaired by India and Canada; the Second Committee on international guarantees and political affairs, co-chaired by Malaysia and Laos; and the Third Committee on the repatriation of refugees and displaced persons and the eventual reconstruction of Cambodia, co-chaired by Japan and Australia. In addition, an ad hoc committee comprising representatives from Cambodia's four parties only met as necessary. After one month of discussions, the Third Committee succeeded in unanimously adopting two official documents on the repatriation and the reconstruction issues, with the difficult-to-deal-with Khmer Rouge agreeing with the adoption. However, the First and Second Committees failed to reach any agreements or conclusions. The first session of the PICC adjourned on August 30.

After the first session of the PICC ended, the five permanent members of the UN Security Council (P5) frequently held high-level talks on the Cambodia issue alternately in New York and Paris. Meanwhile, the Cambodian parties themselves had talks in Bangkok, Jakarta and Tokyo, with the support of Thailand, Japan, and other Asian countries. In May 1990, Prince Sihanouk and Prime Minister Hun Sen of the Phnom Penh government met in Tokyo. Khieu Samphan of the Khmer Rouge, who accompanied Prince Sihanouk, boycotted the meeting, but that did not affect the negotiations between Sihanouk and Hun Sen. The two agreed on the principle that the Supreme National Council (SNC), a core administrative body in the country's peace process, should consist of six representatives from the Coalition Government of Democratic Kampuchea (CGDK) and the equivalent six representatives from the

Phnom Penh government, unlike the same number of representatives from each party in the first session of PICC. This was a major achievement in that it reflected the reality in Cambodia, where the Phnom Penh government effectively ruled the country while the CGDK, made up of the three other parties, was more like an exiled regime.

In early 1991, P5 took the initiative in hastily drafting a peace agreement in New York and Paris, with the support of the United Nations Secretariat. Yet because Cambodians were left out of this process, Cambodians felt disregarded and thus frustrated. Heated debates among the Cambodian parties ensued.

Meanwhile, the sudden turn of events in the world with the disintegration of the Soviet Union and other developments in East Europe, together with improvements in China-Vietnam relations, expedited the peace process. In June 1991, Prince Sihanouk and Hun Sen reached a basic agreement in informal talks in Jakarta. In July, Prince Sihanouk assumed the SNC presidency. In September, an agreement was reached among the Cambodian Parties. On October 21, the Paris International Conference on Cambodia, the second session, resumed, and on October 23, 12 Cambodian representatives from the SNC and the 18 countries signed the Agreements on a Comprehensive Political Settlement of the Cambodia Conflict, the Paris Agreements, comprising four documents. The Paris Agreements constituted a legal basis for the subsequent activities by the UN for the Cambodian peace process.

Based on the Paris Agreements, the United Nations Transitional Authority in Cambodia (UNTAC) was launched. UNTAC, headed by a Special Representative of the UN Secretary-General, carried out the Peace-Keeping Operation (PKO) during the transitional period of 18 months. UNTAC was enormous in scale, made up of some 22,000 international staff, including about 6,000 civilians, of which 3,500 were civilian police officers, and around 16,000 military personnel.

During the transitional period under the auspices of UNTAC, a body for consultation and coordination, dubbed "Expanded Perm 5" or the "Core Group," was established within the diplomatic corps in Phnom Penh. The purpose of Expanded Perm 5 was to support UNTAC and the SNC. This unconventional body was made up of the ambassadors to Cambodia from nine countries, including the P5, Indonesia, Japan, Australia, and Thailand. The membership increased to ten when

Germany joined later. These ambassadors took turns to host meetings at their official residences to discuss what measures to take to support UNTAC and the SNC. Such meetings were usually held once or twice a week. However, when an important issue came up, a meeting was held almost every day, or even twice a day at times. UNTAC's special representative or deputy representative always attended the meeting. Expanded Perm 5 occasionally met outside Cambodia, in such countries as Thailand, Japan, China, and the United States.

On March 15, 1992, the Peace Keeping Operation (PKO) was launched in Cambodia when UNTAC was established after Yasushi Akashi, Special Representative of the UN Secretary-General, accompanying John Sanderson, Australian Lieutenant General, Commander of the Military Component of UNTAC arrived in Phnom Penh, to head the UN organization in Cambodia.

UNTAC did not go smoothly. Its Military Component tried to ensure that the ceasefire would move from the first phase, voluntary ceasefire, to the second phase, managed ceasefire, in a bid to regroup, disarm and demobilize the troops of the parties in accordance with the Paris Agreements. However, this effort failed in the face of staunch opposition from the Khmer Rouge. On June 13, UNTAC's Military Component gave up the effort to put the second phase of the ceasefire in place and therefore could not carry out disarmament and demobilization as stipulated in the Paris Agreements. Despite the Khmer Rouge's intransigence that could be described as hostile, UNTAC devoted all its energies to preparing for the implementation of free and fair elections. On August 5, 1992, Special Representative Akashi firmly pressed the SNC to adopt a law aimed at holding elections under the auspices of UNTAC at a meeting held in the city of Siem Reap, and the SNC adopted the law. The Khmer Rouge Representative Khieu Samphan denounced the adoption, saying that the law was designed to Vietnamize Cambodia. From then on, the Khmer Rouge showed blatant opposition to holding elections.

In 1993, the security situation in Cambodia deteriorated. The Khmer Rouge staged plots to disrupt law and order by means of assault and murder across the country. Other parties also engaged in the killing of members of the opposing parties. At one time, the prospect of elections seemed doomed.

Meanwhile, UNTAC continued to lay the groundwork for general elections. With the full support of

UNHCR, UNTAC repatriated all Cambodian refugees and displaced persons in refugee camps on the Thai-Cambodian border, totaling about 360,000, during a period of 10 months until April 1993.

Despite persistent obstruction by the Khmer Rouge, the general elections for a constituent assembly were held between 23 and 28 May 1993 across the country under the proportional representation system, in which each province elected constitutional lawmakers based on their political parties. Voter turnout was more than 90%. The elections were held under generally good conditions without the anticipated threats and obstruction by the Khmer Rouge, which boycotted the elections. The FUNCINPEC Party won 58 out of the 120 seats, followed by the Cambodian People's Party, the Phnom Penh government, with 51 seats, and the Buddhist Liberal Democratic Party with ten seats. Thus, the 120-member constituent assembly was established.

Within four months after the elections, the constitutional assembly drafted and adopted a new constitution of the Kingdom of Cambodia, which incorporated the principles prescribed in the Paris Agreements. The new constitution, which was based on democracy and a constitutional monarchy, was promulgated on September 24, 1993. On the same day, the Crown Council selected SNC Chairman Prince Sihanouk as King of Cambodia. The constitutional assembly was converted to the National Assembly, a national legislature. The king appointed Norodom Ranariddh of the FUNCINPEC Party and Hun Sen of the Cambodian People's Party as First and Second Prime Ministers, respectively, launching a new coalition government. Again, on September 24, 1993, UNTAC completed its mission, and UN Special Representative Akashi left his UNTAC office two days later. This symbolized Cambodia's regaining of its independence through the UN's departure from the transitional administration and a shift from the rehabilitation phase to the reconstruction phase in economic aspects as well.

3. Factors in the success of the peace process in Cambodia

The following factors contributed to peace in Cambodia, settling the civil war and conflict that had lasted about 20 years.

- (i) The peace initiative was taken by Cambodians themselves when Prince Sihanouk and Hun Sen

met for the first time on December 2, 1987. In general, any peace initiative is likely to fail if it is imposed by a foreign country or a group of nations. In this respect, it should be noted that the warring Cambodian parties, worn out by the long-lasting civil war, reconciled their differences from a political and ideological standpoint and started peace talks on their own initiative.

- (ii) There was a solid set of agreements on which the peace was based; the Paris Peace Agreements on Cambodia, October 23, 1991. These agreements, which were finally signed after 26 months of serious debate among the four Cambodian parties and the 18 countries concerned, including the period during which the meeting in Paris was in recess, served as a guideline for the peace process, covering everything from military matters, political affairs, international guarantees, elections, the repatriation of refugees and displaced persons, to principles of the new constitution and the country's reconstruction.
- (iii) At the very beginning of its first session, the Paris Conference presented a blueprint specifying that assistance for the country's reconstruction would be provided from friendly countries once peace was achieved, with the reconstruction issue taken up as a formal agenda item in the Third Committee. This was a strong message to the warring parties that it would be more reasonable to achieve peace and accept foreign assistance to reconstruct the country and improve the people's living conditions than to continue with the futile conflict.
- (iv) All the warring parties showed strong interest in the plan to repatriate some 360,000 refugees and displaced persons before the elections. The repatriation issue was also on the agenda in the Third Committee from the early stages. The repatriation plan was welcomed from the humanitarian point of view as well, as it would make it possible for separated families to be united. Under UNTAC, UNHCR completed the repatriation in ten months, setting the stage for free and fair elections.
- (v) The existence of Prince Sihanouk, now H. M. King Sihanouk, the incomparable figure who won respect and trust from all the Cambodia's warring parties and therefore had the capacity to be the key person in the peace process, was critical. No person other than Prince Sihanouk would have been

able to keep the nation together during the transitional period and help achieve the peace as the SNC Chairman, in cooperation with UNTAC.

- (vi) On the basis of Special Representative Akashi's firm belief that UNTAC would complete its mission during his 18-month term of office, UNTAC focused on its objective of holding general elections, even at the expense of another objective of disarmament and demobilization, which was not achieved in the face of the Khmer Rouge's resistance. As a result, UNTAC managed to hold the general elections, setting the stage for the subsequent establishment of a new constitution and a new government. UNTAC completed its mission within its time limit.

4. Recent developments in internal affairs

As discussed above, Cambodia was reborn as a new kingdom based on a constitutional monarchy after achieving peace on September 24, 1993. However, even after the establishment of a unique form of government headed by two prime ministers, the First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen, the Khmer Rouge continued its subversive activities in many part of the country. In 1994, the Khmer Rouge clashed with government troops consisting chiefly of Second Prime Minister Hun Sen's troops. Government troops and Khmer Rouge guerillas staged offensive and defensive battles over the latter's strongholds, including Phnom Malai, Pailin, and Anlong Veng. The Khmer Rouge even resorted to the kidnapping of non-Cambodians, inviting international criticism. Concerned about the deterioration in the situation, King Sihanouk mediated a roundtable meeting between the government and the Khmer Rouge. The meeting, held twice, did not produce results. After the Khmer Rouge was outlawed in late June 1994, they went back into the mountains.

The relationship between First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen was more or less cooperative for about two years after the coalition government was launched. They complemented each other. Ranariddh, the eldest son of the king, lacked experience in the administration field but was well versed in international politics and economy as a college professor. On the other hand, Hun Sen was highly experienced in administrative affairs and

was in control of the military and police, though his academic background was not so impressive.

The relationship between the two prime ministers turned sour as the next general elections slated for 1998, five years after the first general elections, drew near. Antagonism intensified between the two and their parties, the FUNCINPEC Party and the Cambodian People's Party. In June 1997, there was an armed confrontation between the First Prime Minister's guards and guards of the Second Prime Minister's aids. In July, fighting erupted when Second Premier Hun Sen and his troops launched an intensive offensive against First Prime Minister Ranariddh's troops in Phnom Penh and its vicinity. Ranariddh's troops and militias loyal to him were virtually crushed, and Ranariddh was ousted as First Prime Minister.

Hun Sen claimed that he used force to save the nation, saying that Ranariddh had gathered more than 100 guerrillas, remnants of the Khmer Rouge, around the capital to fight against Hun Sen's troops and that he had tried to smuggle a large amount of advanced weapons from Eastern European countries. Hun Sen's claim was not groundless, and Ranariddh partially admitted it.

If nothing had been done about the situation, the Khmer Rouge might have regained power. At any rate, it was regrettable that the confrontation between the two prime ministers within the coalition government was settled through military means, not through dialogue.

On the day of the military clash, Ranariddh happened to be aboard a plane bound for Paris on private business. Ranariddh was informed of the situation on his arrival in Paris, but he did not try to return home and he opted to stay abroad. He called on the Cambodian people to fight against Hun Sen, claiming that the Second Prime Minister had staged a coup d'état against him. These inappropriate moves by Ranariddh made it more difficult for him to return home.

The military action by Hun Sen was certainly a blow to Ranariddh but not a coup d'état. A coup d'état is designed to subvert a state or overthrow a government and change the form of governance by force. As Hun Sen made clear, he did not change the constitutional monarchy, the king, the constitution, the government, nor the framework of a coalition government.

H. M. King Sihanouk clearly stated that depriving Ranariddh of political and military power did not constitute a coup d'état. Ten days after the incident, the author had an audience with H. M. the King for three

hours and a half while He was staying in Beijing for recuperation. H. M. the King said informally but candidly that the action Hun Sen took against Ranariddh was not a coup d'état but a coup de force, meaning a change of administration with the use of force. The author was moved by the just and fair attitude of H. M. the King, who was so zealous in the promotion of peace.

Overcoming these serious difficulties, including the political upheaval during 1997, Cambodians succeeded in conducting free and fair general elections on their own on July 26, 1998. The Cambodian People's Party, which was previously the second largest party, became the leading party with 64 seats in the 122-member National Assembly. The FUNCINPEC Party, the largest party before the elections, was relegated to the second largest party with 43 seats, followed by the Sam Rainsy Party with 15 seats. Domestic and international groups assigned to monitor the elections declared them to be free and fair. Among these groups were the Joint International Observer Group (JIOG), a UN-coordinated body of 500 international observers headed by the European Union chief observer, and an observer group for free and fair elections in Cambodia made up of 1,200 Cambodian observers.

Nonetheless, the FUNCINPEC Party and the Sam Rainsy Party, which fared badly in the elections, did not recognize the election results. They appealed to the international community in an unsuccessful bid to internationalize domestic affairs. This attempt was a challenge to democracy; it could have disrupted peace and stability in Cambodia and triggered another conflict.

H. M. King Sihanouk, concerned about the possibility of such a conflict, acted as an intermediary and arranged a summit meeting between the Cambodian People's Party (CPP) and the FUNCINPEC Party in November. After the meeting was held, on November 30, a coalition government of the CPP and FUNCINPEC was launched with the CPP's Hun Sen being the sole prime minister, setting the stage for political stability.

During the period of more than three years from the time the new government was launched, H. M. King Sihanouk has increased his power as a political coordinator in emergencies, and the political power of Hun Sen, who has traditionally exercised strong political leadership, has been reinforced after gaining the trust of the king. The feud between FUNCINPEC's Ranariddh and the CPP's Hun Sen has been dissipated, at least for

the time being, and Ranariddh became President of the National Assembly. The Former President of the National Assembly Chea Sim assumed the presidency of the newly created Senate. Sam Rainsy, who said "no" to everything and could be considered a demagogue, and his party lost most of their influence in national politics.

The Khmer Rouge, which has long been a destabilizing factor in Cambodian politics, has seen an increasing number of its members surrender to the Phnom Penh government since 1995. On December 25, 1998, Khmer Rouge hardliners Khieu Samphan, Noun Chea, and their group surrendered to the government. This was a valuable Christmas gift to the government as it dealt a heavy blow to the already declining Khmer Rouge. In August 1996, Ieng Sary, who was ranked No. 2 in the Khmer Rouge hierarchy, defected to the Hun Sen side. Around July 1997, Son Sen, once dubbed a "killing machine" was purged in an internal power struggle. In April 1998, Pol Pot, the most influential figure within the Khmer Rouge, died. The only remaining hard-line leader, Ta Mok, later tried to defect but he was rejected and detained by the government. In this way, the outlawed guerrilla group Khmer Rouge virtually ceased to exist, and the whole country came under the control of the central government.

5. Recent developments in external relations

The Cambodian peace process progressed in a favorable international climate, in which the East-West confrontation was diminishing. The first session of the Paris International Conference on Cambodia, an international framework for peace in Cambodia, was held in 1989, "the year of the end of the Cold War," when US President George Bush and Soviet President Mikhail Gorbachev declared the end of the Cold War in a summit meeting on the island of Malta in the Mediterranean Sea.

After the end of the Cold War, the world is undergoing rapid globalization, which is moving toward Occidentalization, or Americanization to be exact. Such globalization is expedited by economy-oriented diplomacy after the disintegration of the Soviet Union and amid the ongoing integration of former Communist countries into the market economy, and by human rights-oriented diplomacy supported by emerging social democratic regimes in the world, as well as by advanced

telecommunications and transport technologies. Cambodia is trying to ride the tide of globalization, but such attempts have been unsuccessful so far partly due to mishandling on the part of the Cambodians and partly due to lack of understanding on the part of the international community.

Nonetheless, against the backdrop of these globalization and Occidentalization processes, Cambodia has returned to the international community. In December 1998, immediately after the establishment of the new cabinet in Cambodia, the new government received the first good news that it had regained its representation in the United Nations. The second good news came from the Association of Southeast Asian Nations (ASEAN) in April 1999 when ASEAN accepted Cambodia as a new member. As a result, the ASEAN membership increased to ten countries; ASEAN10.

In such an international climate, there is no question that improving relations with the US is the most important agenda item for Cambodia's diplomacy. Although Cambodia maintains good relations with such countries as Japan, China, France and Australia, its relations with the US, though improving recently, are far from friendly. Cambodia, or more precisely, Hun Sen and the government, incurred the distrust of the US in the areas of democratization and human rights. Yet it is necessary to review how the international community responded to Cambodia's internal disorder after the armed confrontation in June 1997. Otherwise, the unfortunate atmosphere of distrust between Cambodia and the US cannot be put into perspective.

On the night of June 17, 1997, an armed confrontation broke out between the First Prime Minister's guards and guards of the Second Prime Minister's aids. This incident drew international media attention, partly because in the confrontation, bullets fell into the premises of the US Ambassador's official residence.

At the G8 summit held between June 20 and 22 in Denver, US, Japan's Prime Minister Ryutaro Hashimoto expressed concern about the rising tensions in Cambodia and suggested sending his special envoy to Cambodia. This suggestion was supported by French President Jacques Chirac, who also suggested sending a special envoy on his behalf. The author and Claude Martin, the French Foreign Ministry's Deputy Secretary-General, were appointed as special envoys from Japan and France, respectively.

The two envoys, sent jointly by Japan and France,

met on June 26 with Second Prime Minister Hun Sen and First Prime Minister Ranariddh for hours. They gave personal messages from Hashimoto and Chirac to the prime ministers. In these messages, Hashimoto and Chirac expressed hope that the two prime ministers would not suspend the peace and democratization processes that had been launched in 1993 with the support of the international community. The envoys requested that the two prime ministers work together to ensure that the general elections slated for 1998 would be conducted in a free and fair manner, and that they make clear when the elections would be held. The two prime ministers stopped short of promising that they would make peace and work together in a friendly manner. However, they did promise that they would overcome differences in views between their respective parties and conduct the upcoming elections in a free and fair manner. Before the envoys left Phnom Penh, the two prime ministers announced that the elections would be held on May 23, 1998. The elections were postponed to July 26 of the same year for technical and financial reasons.

While the two envoys were staying in Phnom Penh, there was a report that US Secretary of State Madeleine Albright planned to visit Cambodia to meet with Ranariddh and Hun Sen. Against the envoys' wishes, the plan to hold high-level talks at this crucial moment did not materialize due to differences between the two countries over issues of security and protocol.

Despite the intensive fighting that erupted on July 5 and 6 between the Second Prime Minister's troops and the First Prime Minister's troops, Cambodia held free and fair elections on July 26, 1998 as described in the previous section. It should be emphasized that not only Hun Sen, but also Ranariddh, who once defected from Cambodia in defiance of Hun Sen, worked to conduct free and fair elections on that date as they had promised. In other words, they made good on the international pledge that they made to the G8 through the envoys from Japan and France, although the election day was delayed about two months for technical and financial reasons.

The unfortunate distrust between Cambodia and the US revealed itself in the process of trying to ease the political and military tensions that built up to a dangerous level in Cambodia in June and July 1997. It seemed to the author that the United States detested Hun Sen and supported Ranariddh almost unconditionally out of sympathy for him. Hun Sen is anything but an anti-US

politician, and rebuffing him like this was wrong. Such misconceptions about Hun Sen have recently begun to be corrected.

There is no question that good relations between the two countries are crucial. The Hun Sen Administration needs to further improve bilateral relations even if that requires substantial concessions, as long as Cambodia's sovereignty and independence is not threatened. To this end, Cambodia needs first to expedite the processes of democratization and respect for human rights. In other words, Cambodia needs to establish good governance.

Cambodia needs to deal appropriately with the issue of bringing surviving Khmer Rouge leaders before an international tribunal to show the country's commitment to respecting human rights. This is crucial if Cambodia wants to establish good relations with the US and other countries. In advocating human rights diplomacy, the Clinton Administration worked hard to convene an international tribunal to investigate and try those responsible for one of the most atrocious violations of human rights in the 20th century; the massacre of at least one million Cambodians by the Khmer Rouge. However, it became apparent that such a tribunal will not be convened until early in the 21st century.

Until around 1998, the Cambodian government took a negative attitude toward such an international tribunal. The Cambodian government denounced it as an attempt to interfere in its internal affairs and a violation of Cambodia's sovereignty, for fear that bringing up the issue might ruin the yet fragile regime of national reconciliation.

Now, Cambodia and the United States with the United Nations are moving closer through formal and informal negotiations. What is being proposed is a mixture of domestic and international tribunals, in which a bench made up of Cambodian and foreign judges hears each case under the Cambodian three-trial system, consisting of the first trial, intermediate appeal and final appeal.

Settlement of the issue of trials concerning the Khmer Rouge will remove a major stumbling block in Cambodia's diplomacy with the US and other western countries. Yet many problems have to be solved before the issue can be settled. Some problems concern harmonization with international law. An example is the issue of how to harmonize with international humanitarian law the Cambodian legal system based on the constitution of the Kingdom of Cambodia, which, together

with the peace, was established with the full support of the international community. Other problems concern amendments to domestic laws. An example is the issue of whether a supplementary indictment will be filed against those who have already been granted amnesty in accordance with the constitution; the issue of double jeopardy.

Section 2. Economy

Nobuo HIROHATA

1. Economy of Cambodia

1-1 Transition to market economy

Cambodia's civil war came to an end when the Paris Peace Accord was signed in October 1991. Elections were held in May 1993 under the auspices of the United Nations Transitional Authority in Cambodia (UNTAC), after which Cambodia seemed to enjoy relative political stability. After the election, the Constitution of the Kingdom of Cambodia was promulgated in September 1993, according to the statement of which Cambodia proceeded with economic institutional changeover from a centrally planned economy to a market economy.

Manufacturing in Cambodia in the past was conducted mostly on a very small-scale, informal basis where food processing, brick making and timber processing played leading roles. Cambodia, nevertheless, went through a great deal of structural changes in the past decade or so after declaring a market economy. The following is an outline, as seen in a historical order, of the changes in Cambodia's economic structures.

- (i) Starting from 1993 on: A changeover from a centrally planned economy to a market economy.
- (ii) After 1994: The economy became highly dependent on the external assistance provided by international aid agencies.
- (iii) After 1995: The economy showed steep growth led by labor-intensive industries, especially garment manufacturing.
- (iv) After 1997: The economy was daunted by political unrest and the fallout from the Asian financial crisis.
- (v) After 1999: Integration into the regional economy by seeking membership in various economic associations such as the ASEAN.

At the time of the initial attempt of a changeover from a centrally planned economy to a market economy, foreign residents who came to Cambodia taking part in such missions as the UNTAC generated the demand for the everyday commodities. After that, Cambodia's economy became heavily dependent on external assistance that it received from international aid agencies and

other donors. And from then on, Cambodia's currency system became highly affected by the U.S. currency.

In Cambodia, a full-scale transition of a centrally planned economy to a market economy started after August 1994 when the *Law on Investment* was promulgated, with which the Royal Government intended to induce foreign companies to invest in Cambodia. Foreign companies, as a result, increased investments in garment manufacturing and such industries that were labor-intensive. Major investors at this time were overseas Chinese living in Taiwan, Hong Kong and other ASEAN countries that saw a comparative advantage in Cambodia's low land prices and low labor costs. Especially after 1997 when Cambodia obtained the most favored nation (MFN) status from the United States and, thus, obtained the General System of Preference for its export products, Cambodia's garment export to the States leapt high, which contributed to its high economic growth.

Cambodia's economic development came to a temporary halt in July 1997 when both internal and external factors hit the economy hard. Political uncertainties and the Asian Financial Crisis daunted the country. This was the period when international aid agencies temporarily suspended their aid programs, private companies slacked off their production and sales activities, and foreign investors refrained from committing new investments.

After 1999, Cambodia's economy regained its stability and now is showing healthy growth. And it seems obvious that membership in ASEAN (in April 1999) and the ASEAN Free Trade Area (AFTA) have integrated Cambodia's economy globally and regionally. In order to strengthen the regulatory framework for business organizations in a free market, the Royal Government of Cambodia enacted the Law bearing upon commercial regulations and the commercial register and the Law of chamber of commerce as well as prepared the economic plans. Along the same lines, the Royal Government also aims to privatize the existing state owned enterprises (SOEs) by means of disposal, either by sales or lease.

Table 2-1 Cambodia's Main Macro-economic Indicators

	1994	1995	1996	1997	1998	1999
Real GNP growth rates (%)	5.7	7.6	7.0	1.0	1.0	4.3
GDP (billion riels)	6,131	7,200	8,250	9,100	10,900	11,960
GDP (US\$ millions)	2,387	2,924	3,124	3,033	2,868	3,132
GDP p.c. (US dollars)	241	284	292	276	252	268
Consumer price inflation rates (%)	-	9.1	7.1	9.2	18.6	5.2
Exchange rate (riels per dollar)	2,569	2,462	2,644	3,000	3,800	3,819

Source: Ministry of Economy and Finance (2000)

1-2 The present state of the economy

After Cambodia began its attempt for a changeover to a market economy, there was relatively high economic growth in which real GDP growth rates reached 5.7%, 7.6% and 7.0% in 1994, 1995 and 1996 respectively.

Several factors contributed to this economic success such as i) a rapid increase, in 1995, in rice production, which was the main product that supported this agricultural country, ii) increased amounts of foreign direct investment to Cambodia's labor-intensive industries such as garment manufacturing, and the fact that it, more or less, set Cambodia's industrialization process on its way, and iii) a constant inflow of external assistance provided by international aid agencies, which has been contributing to the economy both directly and indirectly. Cambodia, nevertheless, is listed among the least developed countries, with its GDP per capita still under US\$300, which is far below the level of fast-developing fellow ASEAN countries.

As for the more recent state of Cambodia's economy, it slowed in 1997 and 1998 when the GDP growth rates touched bottom, at 1.0%. The cause of this economic slowdown can be attributed to i) political unrest within the Kingdom, ii) temporary suspension of external assistance due to the political instability, and iii) the impact of the Asian Financial Crisis. Cambodia, nevertheless, resumed its economic growth in 1999 at 4% and was projected to reach 5.5% in 2000. Inflation has been brought down and the national currency enjoys a relatively stable exchange rate with the US dollar (see table 2-1).

1-3 The features of Cambodia's economy

Cambodia's economy used to center around such industries as traditional farming, timber processing, and handicrafts. Present day Cambodia, in contrast, has come to be known as an economy of its own structures,

induced by the impact of such factors as external assistance and foreign direct investment. Some of the features that shape Cambodia's unique economic structures are as follows:

- (i) Two-tier system, where both traditional and modern ways of industry exist hand in hand
- (ii) Agricultural products with comparative advantage; Angkor temple complex as an asset to Cambodia's tourism
- (iii) Garment industry leading export-oriented labor intensive industry
- (iv) High dependency on the external assistance provided by international aid agencies
- (v) Rapid progress in terms of liberalization, deregulation and globalization of the economy

The most peculiar aspect of Cambodia's economic structure is the existence of a two-tier system in which both the traditional ways of industry, led by the indigenous people, and the modern ways of industry, led mostly by overseas Chinese, function hand in hand. Cambodia is blessed with its most outstanding historical resources, namely the Angkor temple complex, as well as its agricultural products that have comparative advantages. As for the latter, garment manufacturing, being an export oriented labor-intensive industry, became a leading industry. International aid agencies, in addition, had great impact on Cambodia's economy, not only by implementing assistance programs but also by taking up residence in the country. Staffs and families of these agencies, in fact, contribute greatly to the increasing demand for Cambodia's everyday commodities. These international aid agencies, as well, supervised Cambodia's transition to a market economy, as a result of which Cambodia made great progress in liberalization, deregulation and globalization of its economy.

1-4 Dependence on foreign capital inflows

The Royal Government of Cambodia, like govern-

Table 2-2 National Savings and Investments
(percentage ratio to GDP)

(Unit: %)

	1996	1997	1998	1999
National Investments	13.5	13.0	12.9	15.8
Public sector	5.9	4.8	5.7	6.2
Private sector	7.6	8.2	7.3	9.6
National Savings	7.4	11.7	11.6	11.7
Public sector	-1.2	0.7	-0.3	1.8
Private sector	8.7	11.0	11.9	9.9

Source: IMF (2000)

Table 2-3 International Assistance
(officially announced)

(Unit: billions of riels)

	1995	1996	1997	1998
Budgetary support	81.8	150.0	95.9	0.8
Grants	42.1	50.0	46.2	0.8
Credits	39.7	100.0	49.7	0.0
Project assistance	450.7	467.0	350.8	234.8
Grants	345.7	406.7	244.6	71.9
Credits	105.0	160.3	106.2	162.9

Source: IMF (1999)

Figure 2-1 Cambodia's Industrial Structure

Primary sector (43%)			Secondary sector (17%)		Tertiary sector (40%)	
Rice (12%)	Livestock (12%)	Other (19%)	Manufacturing (7%)	Other (10%)	Commerce (13%)	Other (27%)

Source: Ministry of Economy and Finance (1999)

ments of other developing countries, needs to solve the large gap in capital resources, in which Cambodia's total amount of investments and public expenditures overrides that of the private savings and tax revenues (see table 2-2). National savings of Cambodia, as seen as a percentage of GDP, is still hovering around the lower level compared with those of surrounding countries such as Vietnam, the cause of which can be attributed to Cambodia's low levels of per capita income as well as the fact that its financial institutions are still at an early stage of development. Most of the people who have money to save are apt to hold them in US dollars and gold at home rather than deposit them in less reliable banks. It is usually said that the rate of national savings to GDP grows hand in hand with both the increase in GDP growth rates and the drop in inflation rates, and Cambodia as observed in 1996, was no exception to this rule. In 1997, however, it witnessed a drop in its national savings, due to the impacts of political unrest and other unexpected incidents, which inevitably pulled Cambodia's national savings rate down to its lowest.

The scale of Cambodia's national investments, seen as a rate to its GDP, is constantly larger than that of its national savings, leaving permanently behind a great gap between the savings and investments.

In addition to the gap existing between private sector savings and investments, Cambodia faces a consistent current account deficit as an inevitable result of the national budget deficits (see sub-section 3 National Budget for more details). Accordingly, the foreign currency deficit must be financed by external monetary sources.

Cambodia, similar to most other developing countries, depends on external assistance in the form of budgetary support and direct project assistance in order to finance these deficits-through international aid agencies and bilateral donors, the scale of which amounts to about 40% of Cambodia's national revenue (see table 2-3). As for the lack of capital resources in the private sector, recent increases in the influx of foreign direct investment are filling the financial gap.

At least for some years to come, it seems Cambodia's financial structure will maintain the status quo, in which it continues to finance the gap between national savings and national investments by external assistances and foreign direct investments.

2. Industry

2-1 Industrial structure

Cambodia's industrial structure can be grasped by figure 2-1, according to which the GDP ratio of primary, secondary and tertiary sectors in 1998 were 43%, 17% and 40% respectively.

Industry breakdowns (see table 2-4) indicate that, among the primary industries, the GDP ratios of rice, livestock, and other agricultural products were 12.4%, 11.7%, and 7.9% respectively. In the secondary sector, manufacturing constituted 6.9% and construction 7.6% of GDP. As for the tertiary sector, the GDP ratios of wholesale and retail, transportation and telecommunications, and real estate were 12.7%, 7.4%, and 5.5% re-

Table 2-4 GDP by Industry

(Unit: billions of riels)

Sector	1994	1995	1996	1997	1998	Ratio
Primary Sector	2,640	3,131	3,491	3,880	4,606	42.8%
Rice	797	1,033	1,129	1,188	1,331	12.4%
Other Crops	466	552	635	712	848	7.9%
Rubber	74	79	89	112	169	1.6%
Livestock	675	797	920	1,043	1,259	11.7%
Fisheries	207	242	271	289	338	3.1%
Forestry	421	428	447	536	661	6.1%
Secondary Sector	997	1,195	1,510	1,585	1,840	17.1%
Mining	106	127	161	164	187	1.7%
Manufacturing	356	406	488	579	739	6.9%
Electricity and Water	44	51	65	79	97	0.9%
Constructions	491	612	797	762	817	7.6%
Tertiary Sector	2,494	2,874	3,249	3,636	4,304	40.0%
Transportation & Telecommunications	393	444	524	616	792	7.4%
Wholesale & Retail	779	914	1,048	1,167	1,366	12.7%
Hotels & Tourism	113	140	183	200	218	2.0%
Banks & Insurance, etc.	50	56	63	71	80	0.7%
Education & Health Services	307	365	361	402	464	4.3%
Real Estate	369	408	460	508	596	5.5%
Other	483	547	610	671	787	7.3%
GDP	6,131	7,200	8,200	9,100	10,750	100.0%

Source: Ministry of Economy and Finance (1999)

spectively.

2-2 Primary sector

Rice production has traditionally been the industry that contributed the most to Cambodia's agriculture. Rice was exported during the 1960s-before its production dropped dramatically in 1970 when General Lon Nol assumed power and civil war started, after which, for a quarter of a century, annual rice production hovered around the level between 220 and 230 tons. After 1995, however, Cambodia's annual rice production recovered to the 340 ton level. This scale was outstanding but per hectare productivity was not even close to the level of other ASEAN countries, which were producing between 2.5 and 3.5 tons per hectare at the time.

Agricultural products other than rice include soybeans, corn, cassava, and palm sugar. Plantations of rubber and other products were established under the French colonial rule. Livestock such as beef cattle, pigs and poultry are raised for food, and oxen and water buffalo are raised for farming.

The gross output of agriculture, forestry and fisheries grew by 6.4% in 1995, after which its growth remained in a range of 1 to 2%. Rice production was the sole

cause of this fluctuation, ; both the quantity and price of rice increased rapidly in 1995 and dropped thereafter, when the growth of output and prices of other agricultural products and livestock continued to show high growth rates (around 5% per annum).

Major fishing grounds in Cambodia are the delta of the Mekong River, Tonle Sap (Great Lake) and Kampot province (at the Gulf of Thailand). The annual catch hovers around 100,000 tons, which indicates a slight but continuous decrease in terms of real GDP.

As for forestry, private enterprises run raw timber felling businesses at the border of Thailand, the products of which are exported to Thailand, et al. Timber felling, however, is becoming the target of criticism, from the point of view of environmental protection, by international aid agencies, et al. Forestry, as a consequence, has been declining in terms of real GDP since 1995.

2-3 Secondary sector

After enjoying two-digit growth for three consecutive years between 1994 and 1996, GDP growth rates of Cambodia's secondary sector dropped to a negative 2.9% in 1997, and remained stagnant in the following year, marking only 0.2% growth in 1998. First of all,

one of the main factors that contributed to Cambodia's rapid growth rates during the three years after 1994 was the fact that large numbers of foreign capital firms, especially in garment manufacturing, made inroads into Cambodia during the period. Secondly, construction orders leapt high in these three years as the result of growing orders both from the above mentioned foreign firms that needed to build their manufacturing bases in Cambodia and from external aid agencies in the field of infrastructure development. Thirdly, construction demand for hotels also increased during the period. In 1997, in contrast, economic activities came to a standstill as a result of the political unrest in Cambodia and the freeze of the influx of foreign assistance. Although the manufacturing sector has so far enjoyed high growth, the quotas imposed by the U.S. in January 1999 on Cambodia's textiles, which had enjoyed preferential duties, will inevitably limit the potential growth of the leading garment industry.

Manufacturing in Cambodia, traditionally, was conducted mostly on a very small-scale informal basis, which was centered on such industries as food processing, brick making and timber processing. After 1994, in contrast, large-scale plants also began increasing in numbers as a consequence of increased influx of foreign investment, especially in the area of garment manufacturing. In fact, the statistics, provided by Cambodia's Ministry of Industry, Mines and Energy, show that a total of 790 manufacturers with ten workers or more are already registered as corporate entities. Changes in the number of registered companies indicate that, over the past five years, an average of more than eighty companies have been registered every year. According to the breakdowns of these 790 registered companies into nine different industries, food processing (213 companies), nonferrous metals such as brick-making (202 companies), and garment (198 companies), with the component ratio of 27%, 26%, and 25% respectively, are the major three industries (78% in total). Among the three dominant industries, garment manufacturing is the fastest growing in terms of its company numbers.

Breakdowns by the size of business indicates that the size of 522 registered companies is in the range of ten to forty-nine workers, which implies a component ratio of 66% of the total 790 companies. Such small-scale companies are especially evident in food processing and nonferrous metals, with 181 out of 213 (i.e. 85%) and 187 out of 202 (i.e. 93%) respectively falling into this

category. On the other hand, there are seventeen large-scale business entities (fifteen garment related) with more than 1,000 workers and sixty-one (53 garment related) with over 500 workers. The companies that made inroads to Cambodia during the said period are mostly overseas Chinese living in Taiwan, Hong Kong and other ASEAN countries that saw a comparative advantage in Cambodia's low land prices and low labor costs, motivated, as well, by the fact that Cambodia's exporting products were granted preferential duties after obtaining a most favored nation status from the United States in 1997.

June Textile Co., LTD, a Singapore company and the biggest among the garment manufacturers in Cambodia, has seen its sales figures soar up to an annual total of around US\$27 million, to which the sales of low priced knitwear in the domestic market contributed the most. Jun Textiles is one of the typical labor-intensive enterprises; 3,560 workers, in two shifts, sew garments using 1,070 machines. Perusahaan Chan Shoo Sing Sdn. Bhd. (PCCS), second largest and also in the knitwear business, is of Malaysian capital, established in 1994. PCCS, with 2,560 workers, sells its low priced knitwear especially in the U.S. market, annual sales of which is US\$23 million. Aside from garments, there are fifteen shoe manufacturers located in Cambodia. Each of these shoe companies has at least a hundred workers, and two of them have more than a thousand workers. The Great Dragon Shoes (400 workers), established in 1997 by Taiwan capital, exports low priced women's shoes to those countries that ensure preferential treatment such as the EU countries.

In industries other than garments, there are several large-scale manufacturers such as Kamsa Tobacco (1,200 workers) and British American Tobacco (770 workers) in tobacco business, Cambodian Brewery (800 workers) in beer brewing, SL International (1,120 workers) in timber processing, Modern Plastic Packing (570 workers) in plastic processing, and Thai Boon Rong Cement (650 workers) and Naga Cement (510 workers) in cement processing. Only two (British American Tobacco and Thai Boon Rong Cement) are of indigenous capital.

Location wise, slightly over half of the companies, 398 out of 790 registered companies, are located in Phnom Penh. Outside of Phnom Penh, 112 companies are located in Kandal province. An additional thirty-one companies are located in Sihanoukville, and the rest are

located in various other places. Most of these companies are very small-scale manufacturers in such businesses as food processing and brick-making. As a matter of fact, in areas other than these three major locations, only fifteen companies have over a hundred workers. There are only six companies with over five hundred workers among those located in areas other than the above three: Chung Shing in Kompong Cham province, Jute in Battambang province, and Angkor Garment in Svay Rieng province (all in garments manufacturing), Thai Boon Rong Cement and Naga Cement in Kampot province (both in cement processing), and Mien Lee Heng in Kompong Cham province (which is in timber processing). As for companies with over a thousand workers, there are none.

Mining in Cambodia is carried out on the Thai borders where precious stones such as rubies and sapphires are extracted. An oil field development is also underway through joint venture with foreign companies.

2-4 Tertiary sector

Along with the political stability regained after 1994, commercial activities in Cambodia were activated. Distribution, in particular, is booming due to the increased handling of raw materials, intermediate goods and finished products in such market as garments where increasing numbers of foreign investors made inroads.

External assistance in Cambodia is very influential, which is an aspect distinctive to Cambodia's economy. At the time of the 1993 election and in the leading year, as a matter of fact, commercial and service related businesses were in great demand since over ten thousand people related to the UNCTAD mission came to live in Cambodia for more than a year. As a consequence, dollarization of the economy was facilitated by the big influx of US dollars. Even after the election and in the following years, thousands of people working for international aid agencies and NGOs continued to reside in the country, and contributed to the strong demand in merchandise and services.

The tertiary sector, after 1994, witnessed rapid GDP growth for three consecutive years, after which it slowed down to 2.5% in 1997 and recorded negative growth in 1998 at -1.0%. The main factors that caused this decline were political uncertainty, as an internal factor, and the fallout from the Asian Financial Crisis, as an external factor. After Cambodia regained its political

stability from 1999 on, however, tertiary sector businesses started to pick up.

2-5 Industrial structure: changes and prospects

Cambodia's GDP growth rates by industry are presented in table 2-5, according to which the average growth rate of the past five years is 2.3% for the primary sector, 7.8% for the secondary sector, and 5.6% for the tertiary sector. The GDP ratio of the primary sector, as a result of this, dropped from about 46% in 1993 to about 43% in 1998, whereas the secondary and tertiary sectors rose from about 15% and 39% respectively in 1993 up to about 17% and 40% respectively in 1998.

Since 1999, Cambodia's industry has been continuously growing and the GDP weight is shifting from the primary sector to the secondary and tertiary sectors, which is a trend that seems will continue in future. Rice and other crops and livestock in the primary sector, manufacturing in the secondary sector, and wholesale & retail, transportation & telecommunications, and hotels & tourism in the tertiary sector are all expected to remain successful and enjoy steady growth in the future.

Cambodia, from the point of view of industrial promotion, must thrust forward with an industrial changeover. In the primary sector, for example, high value added crops such as fruits and vegetables must be promoted in addition to rice production and livestock. In the secondary sector, promoting the local industries of provincial cities and farming villages is of utmost importance as well as accelerating the growth in such labor-intensive industries as garment and shoe manufacturing, food processing, and assembly & processing industries. As for the tertiary sector, in addition to commercial (wholesale & retail) industries, it is crucial to promote hotels and tourism using the Angkor temple complex as a central attraction, and to foster small-scale businesses in cities.

2-6 Employment structure

The component ratio, by industry, of Cambodia's employed persons in 1997 (see figure 2-2), indicates that primary, secondary and tertiary sectors contributed 77%, 5% and 18% of the total employment.

Cambodia's total population in 1997, according to the

Table 2-5 Real GDP Growth Rates by Industry

(Unit: %)

Sector	1994	1995	1996	1997	1998
Primary Sector	0.5	6.4	2.3	1.2	1.0
Rice	-11.8	18.8	0.2	-2.5	-3.0
Other Crops	-11.8	12.0	6.2	3.8	5.0
Rubber	15.4	6.7	6.2	1.9	3.8
Livestock	-2.6	6.2	7.4	5.1	4.9
Fisheries	4.4	2.6	-1.0	-2.0	-1.6
Forestry	91.0	-24.5	-6.5	1.0	-2.2
Secondary Sector	15.0	10.1	18.2	-2.9	0.2
Mining	14.3	7.3	19.4	-5.7	-0.8
Manufacturing	14.8	8.3	12.7	7.8	6.7
Electricity and Water	17.2	12.2	21.7	16.0	13.8
Construction	14.6	11.9	21.8	-11.3	-6.8
Tertiary Sector	11.6	8.0	7.3	2.0	-1.0
Transportation & Telecommunications	8.2	8.4	10.4	5.2	5.2
Wholesale a& Retail	18.1	10.3	9.2	2.8	-6.0
Hotels & Tourism	45.6	17.4	19.3	-2.5	-5.7
Banks & Insurance, et al.	26.2	7.5	5.3	0.1	3.2
Education & Health Services	14.0	7.9	-1.6	0.8	-4.5
Real Estate	2.8	4.0	5.9	2.2	1.9
Other	4.0	5.2	4.1	1.9	2.0
GDP	4.0	7.6	7.0	1.0	0.0

Source: Ministry of Economy and Finance (1999)

Figure 2-2 Cambodia's Employment Structure

Primary Sector 77%	Secondary 5%	Tertiary Sector 18%
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Source: Ministry of Planning (1998)

statistics provided by the Ministry of Planning, was estimated as 10.37 million. Out of the total population of 9.35 million in areas where accumulation of data was possible, 6.93 million who are 10 years old and over were considered as economically active, among which 4.56 million persons (i.e. an employment rate of 65.8%) were employed.

The primary and secondary sectors contributed to total employment by 77.1% (i.e. 3.52 million employed persons) and 4.7% (i.e. 0.21 million) respectively. Among manufacturing companies, which contributed to the total employment by 3.2% (i.e. 0.15 million), companies with ten or more workers employed a total of 0.12 million workers, 78% (i.e. about 0.09 million) of which were engaged in garments industry, and 85% (i.e. about 0.1 million) of which were employed either in Phnom Penh or in Kandal province. The tertiary sector contributed to the total employment by 18.2% (i.e. 0.83 million employed persons), 7.7% (0.35 million) of which were in commercial related businesses and 4.7% (i.e. 0.21 mil-

lion) of which were in the civil service (see table 2-6).

3. National budget

Cambodia's national budget, due to the shortage of domestic revenue and the need for more public expenditure, has been in a state of permanent deficit. It is, therefore, of utmost importance for the Royal Government to undertake fiscal reform measures to improve the means of tax revenue (by introducing value added tax, etc.) and to contain public expenditure (by reducing the numbers of both military servicemen and civil servants) (see table 2-7).

3-1 National revenue

Insufficient collection of domestic taxes keeps Cambodia's tax revenue at a low level. In addition, customs duties, which contribute about 40% of domestic revenues and about 60% of tax revenue, cannot be de-

Table 2-6 Employment by Industry

(Unit: thousand persons; % for ratios)

Sector	Cambodia		Phnom Penh		Other Cities		Farming Villages	
	Employ.	Ratio	Employ.	Ratio	Employ.	Ratio	Employ.	Ratio
Primary Sector	3,490	77.1	28	7.9	217	49.2	3,245	86.9
Agriculture, Mining, and Forestry	3,413	75.4	21	6.1	194	44.1	3,196	85.6
Fisheries	77	1.7	6	1.8	22	5.1	49	1.3
Secondary Sector	213	4.7	54	15.4	34	7.7	358	9.6
Manufacturing	145	3.2	33	9.4	23	5.2	90	2.4
Construction, Electricity, Water, and Mining	68	1.5	21	6.0	11	2.4	156	4.2
Tertiary Sector	720	15.9	138	39.2	178	40.4	288	7.7
Wholesale & Retail, and Repair	349	7.7	123	35.1	91	20.7	134	3.6
Telecom. & Trans. and Warehousing	81	1.8	27	7.6	26	6.0	26	0.7
Administration, National Defense, Social Welfare	140	3.1	65	18.4	30	6.9	45	1.2
Education, Health, Sanitation	72	1.6	17	4.8	12	2.6	41	1.1
Other	78	1.7	29	8.4	19	1.3	41	1.1
Total	4,526	100.0	351	100.0	441	100.0	3,734	100.0

Source: Ministry of Planning (1998)

Table 2-7 Balance of the National Budget

(Unit: billions of riels)

	1994	1995	1996	1997	1998	1998 GDP Ratio (%)
National Revenue	590	643	749	881	918	8.5
Tax Revenue	365	446	534	597	679	6.3
Direct Tax	6	20	21	41	56	0.5
Indirect Tax	77	106	169	209	248	2.3
Duties	281	321	344	347	376	3.5
Non-Tax Revenue	225	190	176	271	205	1.9
Capital Receipt	1	8	39	12	33	0.3
Expenditure	998	1,248	1,320	1,268	1,342	12.5
Current Expenditure	662	737	790	816	960	8.9
Defense Costs	392	430	403	419	458	4.3
(Salaries)	189	230	222	252	298	2.8
Administration Costs	256	270	336	360	421	3.9
(Salaries)	100	117	122	134	161	1.5
(Mngm. & Admin.)	120	111	161	165	195	1.8
Other	14	37	51	37	81	0.7
Capital Expenditure	335	511	530	452	382	3.6
Overall Balance	-407	-605	-570	-387	-424	-3.9

Sources: Ministry of Economy and Finance (1999), and IMF (1999)

pended upon as much in the future because tariff rates are scheduled to decrease as a consequence of Cambodia's joining AFTA.

The Royal Government of Cambodia, in January 1999, introduced a value added tax system in order to reduce its financial deficits, and as a result, tax revenue of the year is expected to amount to 167 billion riels.

3-2 National expenditure

Among public expenditures, the defense budget has been a great burden accounting for almost 40% of the total, about 70% of which is the salary payment for career officers.

Cambodia Veterans Assistance Program, in order to

Table 2-8 Cambodia's Balance of International Payments

(Unit: millions of US dollars)

	1994	1995	1996	1997	1998
Current Balance	-94	-149	-180	-53	-22
Trade Balance	-275	-424	-459	-269	-228
Exports	462	798	650	874	999
Export of domestic goods	234	269	328	535	603
Reexport	228	530	322	338	396
Imports	-737	-1,223	-1,109	-1,142	-1,227
Imports for domestic consumption	-509	-693	-787	-804	-831
Imports for reexports	-223	-530	-322	-338	-396
Service Balance	-75	-101	-66	-54	-101
Receipt	60	129	198	205	171
Tourism	-	53	82	68	45
Other	60	76	116	137	126
Payment	-135	-230	-264	-260	-271
Interest	-10	-15	-18	-22	-24
Other	-125	-215	-246	-238	-247
Private Transfers	20	31	46	60	66
Public Transfers	235	346	299	210	240
Project assistance	201	154	156	110	143
Other	34	192	143	100	97
Capital Balance	136	188	223	75	30
Public Medium- to Long-term Loans	54	71	59	31	41
Foreign Direct Investments	80	151	240	150	120
Short-term Capital Inflow	2	-34	-76	-5	-131
Overall Balance	41	40	42	22	8

Source: IMF (1999)

curtail public expenditures, is underway, in which retirement allowance is to be provided for early retirement. The Royal Government, in addition, is considering a plan to reduce the numbers of both civil servants and servicemen.

4. Balance of international payments

4-1 Balance of international payments

Cambodia's balance of trade (see table 2-8) is constantly in a state of import surplus (-9.2% of GDP in 1998), which was the net result of accelerated importing exceeding the rapid increase in exports. The current balance of payments, including the public transfers, was also constantly in red, the GDP ratio of which was -0.8% in 1998. The balance of the capital account, as a result, is constantly in surplus in order to finance the current balance deficits, to which public medium- to long-term loans as well as foreign direct investments contributed considerably. Foreign currency reserves are at a level equivalent to three months of imports cover-

age.

4-2 External debt

Cambodia's external debt burden has continuously been growing (see table 2-9) due largely to the increasing volume of loans provided by international aid agencies.

The balance of bilateral deficits existing before 1985, according to the consent of Paris Club in January 1995, is to be rescheduled. In contrast, the management of Cambodia's external debt in Russian rubles, which is the largest in volume among the debt it owes to the former socialist countries, is far from settled, and is remains for future negotiations.

4-3 Exchange rates

Cambodia's riel was relatively stable against the US dollar after 1993, the exchange rate of which had been in the range between 2,400 and 2,700 riels per dollar. The riel, however, depreciated rapidly against the dollar

Table 2-9 External Debt Burden

(Unit: millions of US dollars)

	1994	1995	1996
Medium- to Long-term debts	1,745	1,952	2,023
Public	1,745	1,952	2,023
Bilateral	1,687	1,822	1,821
International agencies	58	118	193
Short-term debts	140	17	16
IMF	30	72	69
Total	1,915	2,041	2,111

Source: World Bank (1998)

Table 2-10 Exchange Rate of the Riel to the U.S. Dollar

(Unit: riel per dollar)

Year	Month	Exchange Rate
1993	December	2,450
1994	December	2,601
1995	December	2,560
1996	December	2,728
1997	December	3,460
1998	December	3,780
1999	March	3,790
	June	3,805
	September	3,900
	December	3,775

Source: National Bank of Cambodia (2000)

Table 2-11 Trade Balance

(Unit: millions of US dollars)

	1994	1995	1996	1997	1998
Amount of Exports	262	268	295	416	492
Amount of Imports	517	601	723	784	700
Trade Balance	-255	-333	-428	-368	-208

Source: Ministry of Economy and Commerce (1999)

after July 1997, and it dropped by December 1997 to as low as 3,468 riels per dollar, and by June 1998, to 4,000 riels per dollar. The riel appreciated a little against the dollar, thereafter, and, since July 1998, it has been hovering around the range between 3,700 and 3,900 riels per dollar (see table 2-10).

The current exchange rate of Cambodia's riel to the dollar compared to that in 1993 indicates that the dollar appreciated against the riel by about 50%, the causes of which are as follows. Cambodia's currency rate has been affected first by the political unrest that occurred in July 1997, second, from the fall out of the Asian Financial Crisis after July 1997, and third, from the high price inflation. Real effective rates of riel, according to IMF estimates, are higher against the dollar by about 20%.

The Royal Bank of Cambodia, which is the central bank and in charge of exchange controls, gives top priority to the stabilization of the riel exchange rates to the dollar and often intervenes in the foreign exchange market in order to contain sharp currency fluctuations. In 1998, the central bank was successful in stabilizing its currency rates around U.S.\$1=3,800 riels by selling US dollars in the foreign exchange market (twenty-three times in 1998 alone).

4-4 Trade

Cambodia's total amount of trade has been showing an upward trend (see table 2-11), in which both exports and imports are expanding due to Cambodia's economic growth as well as to the increasing amount of foreign direct investment. The trade balance, nevertheless, is in a constant deficit. The amount of import surplus in 1998 was valued at U.S.\$208 million dollars.

4-4-1 Exports

Cambodia's export products have traditionally been primary products such as timber, rubber, and rice. In recent years, the export of the GSP granted goods such as garments have been expanding rapidly to the European countries and the United States (see table 2-12), which is a consequence of increases in foreign direct investment in such export oriented processing industries as garments.

Among Cambodia's primary products, timber export has been great in relative importance. Basically, logs are cut out from Cambodia's western regions and exported to Thailand, the amount of which has been decreasing in recent years due to political factors as well as to forest resource conservation. The export of rub-

Table 2-12 Exports by Product

(Unit: millions of US dollars)

	1994	1995	1996	1997	1998
Timber	224	185	149	105	75
Processed Marine Products	2	2	3	3	3
Rubber	26	41	32	23	13
GSP-Granted Goods	2	28	101	279	392
Garments	-	-	80	227	378
Other	-	-	22	51	14
Other	9	13	10	6	9
Amount of Exports	262	268	295	416	492
Reexports	228	586	348	319	200
Total Amount of Exports	490	854	644	734	692

Source: Ministry of Economy and Commerce (1999)

ber, which was started under the French colonial rule, has also been decreasing in recent years due to declining rubber output as a result of inefficiency in the state-owned rubber plantations and the problem of overage gum trees.

Cambodia's reexport is high in proportion to the entire export amount. In 1998, for example, reexports amounted to about US\$200 million out of the total US\$692 million. Cambodia's reexport products are mostly directed to Vietnam, product breakdowns of which indicate that tobacco contributed to the total by more than 50%, followed by beer, motorcycles, and electrical products (such as televisions, videos, and radios). Gold, which is mainly exported to Thailand, is also contributing a great deal to Cambodia's reexports.

4-4-2 GSP granted exports

The exports of goods under the GSP trade preferences, after 1995, have been growing rapidly compared to Cambodia's other export goods. Especially after 1997 when Cambodia obtained the MFN status from the United States, and accordingly was granted preferential duties, domestic production of those goods have been expanded by the increase in foreign direct investment. As a consequence, Cambodia's exports increased rapidly in line with increase in the number of new plants constructed. The GSP-granted products, currently, contribute to Cambodia's total exports by 80% and in 1998, the amount reached US\$392 million.

Garments, according to product breakdowns, is the single largest product group, amounting to 96.4% of the total GSP-granted exports, which was valued at US\$378 millions in 1998. The export of T-shirts, in particular,

accounts for about half of the total garment exports, which is followed by that of jersey knitwear and underwear. These products, targeting lower income groups as customers, are mostly sold at low prices to urbanites in the European countries and the United States.

Besides garments, shoes amount to US\$8 millions among the GSP-granted exports. Shoes, similar to garments, are low-priced goods, key commodities of which are priced as low as US\$1~2 per pair (producer's sales price) and US\$2~4 per pair (consumer's retail price). There are, in addition, timber products, vinyl products, etc. among the GSP-granted products, which, in all, amount to US\$6 million.

According to the by-company breakdowns of the GSP-granted exports, the biggest company is Malaysia's June Textile Co., Ltd, which exports an average of US\$25 million a year, especially sales of T-shirts and knitwear. The top ten companies are all in garment manufacturing-mostly from Malaysia, Hong Kong, Taiwan and Macaw.

With regard to the GSP-granted exports to the US market, in 1999, some garment products, such as T-shirts, reached the upper limit that defines the tax-free volume of exports. As a result, export quotas for certain items were imposed on the companies concerned under the supervision of the US Department of Commerce.

Country breakdowns of the GSP-granted exports (see table 2-13) indicate that in 1996 the largest amount of exports (US\$37 million) was directed to the United Kingdom. This was followed by Germany's US\$17 million and France's US\$7 million. After 1998, however, the exports to the United States became overwhelmingly large, amounting to US\$296 million, fol-

Table 2-13 GSP Granted Exports: Trade Partners

(Unit: millions of US dollars)

Country	1996	1997	1998	1999
US	2	107	296	405
UK	37	41	27	105
Germany	17	32	19	68
France	7	15	12	34
Other	39	84	38	16
Total	102	279	392	773

Source: Ministry of Economy and Commerce (1999)

lowed by exports to the United Kingdom, Germany and France in the amounts of US\$27 million, 19 million and 12 million respectively.

Cambodia's export is currently under various challenges such as i) how to tackle the problem of the GSP ceiling on garment exports to the United States, and, at the same time, enlarge the market for garments, ii) how to increase exports of products other than garments, and iii) how to cope with the lowering of tariff rates within the ASEAN region after joining AFTA. The Royal Government of Cambodia, in the years ahead, will need to tackle these problems and promote export expansion by drawing up aggressive measures for export furtherance.

4-4-3 Imports

Tobacco imports (at US\$162 million), according to the product breakdowns of Cambodia's imports in 1998 (see table 2-14), was the largest in ratio to the total amount of exports (at US\$976 million), followed by petroleum products (US\$108 million), gold (US\$30 million), vehicles (US\$22 million) and motorcycles (US\$16 million).

Recently in Cambodia's urban areas such as Phnom Penh, cyclo, which has been Cambodia's traditional means of transportation, is vanishing from sight. Motorcycles, instead, are becoming the most popular means of transportation. Imports in connection with Cambodia's motorization are also growing, in which automobile are gaining popularity, and, accordingly, contributing to the rapid increase in demand for gasoline. As for the imports of tobacco and gold, the smaller part of them is for domestic consumption, and the greater part is for re-exports.

5. Finance

In Cambodia, the banking system or indirect financ-

ing is still the major source of financing. Since a securities market or direct financing is yet to be developed, the financial market consists solely of indirect financing by small-scale private commercial banks, the financial basis of which is still very weak. Therefore, fostering Cambodia's financial market and, thus, mobilizing savings is of utmost importance in the years to come, for which the improvement of the banking system etc. is indispensable.

5-1 Financial institutions

Under the supervision of the National Bank of Cambodia (NBC), which is the central bank, there are i) two state-owned banks, ii) thirty private commercial banks, and iii) around eighty micro-finance institutions performing banking functions in Cambodia.

The two state-owned banks are the Foreign Trade Bank of Cambodia (FTBC) and the Rural Development Bank (RDB). The FTBC is now providing loans to private companies as a bureau of the NBC, but is scheduled to become an independent private commercial bank in the future. The RDB was created from the Rural Development Bureau of the NBC, and now, under the supervision of the Ministry of Economy and Finance, is in charge of the loans to micro-finance institutions such as NGOs. Of the thirty private commercial banks, eight are owned by foreign capital firms, and the remaining twenty-two are Cambodian. As for the micro-finance institutions, around eighty local and foreign NGOs and other such organizations are providing loans to farmers and small-scale entrepreneurs.

5-2 National Bank of Cambodia and its financial policy

The National Bank of Cambodia (NBC) is defined, in the Law on the Organization and Conduct of the National Bank of Cambodia enforced in 1996, as an autonomous central bank that executes financial policies independent from government ministries. A total of 1,075 workers are operating under the NBC, 425 of which are working at forty-two branch offices dispersed all over the country.

Main functions of the NBC are: i) execution of financial policies; ii) money supply control; iii) paper money issuance; iv) exchange control; and v) authorization and supervision of commercial banks. Execution of finan-

Table 2-14 Imports by Product

(Unit: millions of US dollars)

	1994	1995	1996	1997	1998
Taxable Article	553	930	722	764	562
Tobacco	96	193	220	188	162
Petroleum	29	58	47	136	108
Motorcycle	29	36	19	17	16
Light oil	30	51	70	-	-
Automobiles	12	22	26	26	22
Beer	15	15	14	5	4
Videos	23	15	6	1	3
Televisions	21	17	14	6	3
Building materials	21	19	21	19	16
Textiles	36	13	11	-	-
Foodstuffs	12	18	26	-	-
Radio-cassette recorders	4	4	3	2	1
Automobile parts	3	7	7	-	-
Clothes	12	17	22	4	16
Generators	3	3	2	-	-
Gold	78	305	43	136	30
Sugar	14	6	14	15	14
Cement	12	12	16	16	14
Iron & Steel	8	4	5	1	1
Other	39	44	139	176	149
Tax-free articles	165	341	443	413	414
Government imports	39	40	70	75	40
Int'l assistance related imports	96	100	100	82	122
Other	31	202	272	256	252
Total Imports (C.I.F.)	809	1,264	1,161	1,186	976
Insurance, et al.	65	77	8	83	76
Total Imports (F.O.B.)	744	1,187	1,072	1,103	900
For re-exports	228	586	348	319	200
For domestic consumption	517	601	723	784	700

Source: National Bank of Cambodia (2000)

cial policies, in general, implies i) bank reserve ratio control, ii) official discount rate control, and iii) open market operations. The NBC, however, seems unable to take up such roles at its own discretion due to the fact that i) the minimum bank reserve ratio is fixed at 8% by the *Law on the Organization of the National Bank of Cambodia*, ii) official discount rate controls have no influence in the current state where the central bank has not provided much credit to commercial banks yet, and iii) open market operation has to await the creation of a bond market.

As for money supply control, Cambodia's money liquidity (M2) grew by 15.7% in 1998 compared to the previous year. With regard to the currencies in circulation, there is a huge amount of U.S. dollars in circulation in addition to Cambodia's riel, which puts the NBC in a difficult position in controlling the money supply.

Since the de-dollarization of the national economy within a short period seems difficult, the Royal Government, for the time being, shall first tackle the problem by collecting public utility charges and tax payments in riel instead of in dollars.

With regard to exchange control, the NBC aims to maintain a stable exchange rate with the US dollar, and intervenes in the foreign exchange market in cases of sharp fluctuation. In 1998 alone, the NBC sold its dollar holdings at the market twenty-three times (a total of US\$81 million), which contributed to stabilize the riel exchange rate with the US dollar at around 1 dollar=3,800 riels.

Government lending, due to the decline in the amount of foreign assistance in 1998, has increased rapidly from 53.8 billion riels (i.e., about US\$14 million) to 178 billion riels (i.e., US\$47 million). The Royal Government,

Table 2-15 Lending Conditions of Commercial Banks

	FTBC	Cambodia Public Bank	Canadian Bank
Lending period	short-term (within a year)	short-term (within a year)	short-term (within a year)
Interest rates (per month)	1.5% for dollars 1.4% for riels	0.75~1.5% for dollars	1~1.5% for dollars
Collateral	up to the max. of 30~40% of the assessed value	required	required

Source: Cambodia Investment Board

Table 2-16 Foreign Direct Investment Approved by CIB

(FDI amount unit: million U.S. dollars)

	1994	1995	1996	1997	1998	Total
Numbers of projects	37	164	182	206	143	732
Total amount	594	2,379	803	759	855	5,391
Average amount (per project)	16.1	14.5	4.4	3.7	6.0	7.4

Source: Cambodian Investment Board (1999)

nevertheless, decided to cease fundamentally from providing government loans in the years ahead. The current balance of government lending at the NBC amounts to around 5.8 million riels (i.e., about US\$15 million) in total.

5-3 The Foreign Trade Bank of Cambodia

The Foreign Trade Bank of Cambodia (FTBC) since 1980 has functioned practically as a section of the NBC. The FTBC accepts deposits, provides loans, and deals with foreign exchanges, which are the kinds of jobs typically provided by private commercial banks. The number of workers amounts to about 120, who will all be affected by privatization in the future.

As for the acceptance of deposits, the FTBC has just over ten thousand accounts. Its lending operations are carried out independent of the Royal Government, and it has a wide range of clients—from big companies to individuals. The number of loans amounts to over a thousand in total. The FTBC does not provide loans to private banks.

5-4 The Rural Development Bank

The Rural Development Bank (RDB), under the supervision of the NBC and having the Ministry of Economy and Finance as a backup, was established in

January 1998. From June the same year, the RBC started providing micro-finance to NGOs, et al.

5-5 Private commercial banks

Among the private commercial banks operating in Cambodia, nine are foreign owned (such as Thailand, Malaysia, and Singapore corporations) and the remaining twenty-one are owned by indigenous firms.

As for the domestic financial operations, foreign firms are allowed to enter the market without any restrictions, and the determinations of interest rates are left to the market force. Typical lending conditions provided by major banks to private companies are listed in table 2-15.

6. Foreign Direct Investment

6-1 Approved amount of foreign direct investment

Total value of foreign direct investment approved by the Cambodian Investment Board (CIB) amounted to US\$594 million (the total value of thirty-seven projects) in 1994, US\$2,379 million (164 projects) in 1995, US\$803 million (182 projects) in 1996, US\$759 million (206 projects) in 1997, and US\$855 million (143 projects) in 1998¹ (see table 2-16). The scale of foreign

¹ Note that numbers of projects and amounts of investment are based on the project applications received initially by the CIB, and are not compatible with those investments actually made. None of the figures, therefore, neither reflect partial changes in original plans that were made after the CIB approvals nor exclude those projects that are currently on hold. There is no data that reflect actual performance of investment.

Table 2-17 Foreign Direct Investment Approved by CIB: Industry Breakdowns

(Unit: millions of US dollars)

Industry	1994	1995	1996	1997	1998	Total
Primary industries	52	19	95	62	49	277
Agriculture	-	5	25	6	9	45
Livestock	0	1	3	-	-	4
Plantation	52	13	67	56	40	228
Secondary industries	95	357	481	530	689	2,152
Timber processing	-	5	203	47	179	435
Cement	-	136	61	205	-	402
Garment	29	36	47	100	127	338
Energy generation	0	40	1	80	17	139
Mining	1	27	5	-	100	132
Food processing	21	57	21	6	8	114
Petroleum	4	25	20	32	1	82
Cigarettes	38	4	21	2	7	72
Farm product processing	0	3	29	16	2	50
Shoes manufacturing	-	0	9	15	8	32
Building materials	-	7	13	5	0	25
Plastics	-	0	13	4	1	18
Paper	-	2	3	0	9	14
Electric machinery	-	4	9	-	-	13
Textiles	-	-	9	-	-	9
Others	2	11	17	18	230	277
Tertiary Industries	446	2,005	233	166	206	3,057
Tourism	-	1,372	7	1	61	1,441
Construction	396	198	24	1	3	621
Hotels	24	200	97	40	106	466
Infrastructure	1	117	-	-	10	128
Services	20	1	41	50	14	126
Education	-	98	0	-	2	100
Telecommunications	-	6	33	53	-	92
Mass media	4	1	-	21	-	26
Transportation	1	0	10	-	10	22
Others	0	12	21	-	-	32
Total	594	2,379	803	759	855	5,391

Source: Cambodia Investment Board (1999)

direct investment for the five years of 1994 through 1998, therefore, was 732 projects valued at US\$5,391 million in total, which is an average of US\$7.4 million per project. The average, however, drops to US\$5 million per project when some of the large-scale tourism related projects of 1994 and 1995 are excluded.

Project approvals by the CIB in 1999 and 2000 were significantly fewer (around one hundred), which inevitably suppressed the total amount of investment to approximately US\$500 million.

Since the promulgation of Cambodia's *Investment Law* in August 1994, foreign direct investment projects approved by the CIB showed a definite increase. Cambodia, from 1998 on, however, failed to attract as much foreign investment as expected due to political chal-

lenges in 1997 and the fallow from the Asian Financial Crisis. In order to cope with the situation, it is indispensable to facilitate investment and to create new investment opportunities by strengthening the CIB function, offering companies more attractive and competitive incentives, and focusing foreign investors' attention on Cambodia's prospective leading industries.

6-2 Investment trends by industry

Industry breakdowns of the total amount of foreign direct investment approved by the CIB during the past five years (see table 2-17) shows that Cambodia's primary, secondary and tertiary industries attracted US\$277 million, US\$2,152 million and US\$3,057 mil-

Table 2-18 Project Approvals by CIB between 1994 and 1998

Industry	Project Numbers (A)	New Employment (B)	Average (B)/(A)
Primary Industries	57	30,487	535
Secondary Industries	566	331,164	585
Garments	277	229,713	829
Food processing	43	9,890	230
Timber processing	35	18,744	536
Farm product processing	24	7,815	326
Building materials	21	2,748	131
Cigarettes	15	3,266	218
Plastics	15	2,033	136
Shoes	19	15,879	836
Others	117	41,076	351
Tertiary Industries	109	25,344	233
Hotels	33	8,413	255
Services	18	3,791	211
Construction	13	6,226	479
Tourism	11	2,118	193
Others	34	4,796	141
Total	732	386,995	529

Note: Numbers of projects and new employment are based on the figures initially provided in the applications received and approved by the CIB.

Source: Cambodia Investment Board (1999)

lion respectively. Among the primary industries, foreign investment in plantations (rubber, etc.) amounted to US\$228 million, agriculture US\$45 million and live-stock US\$4 million. As for the secondary industries, timber processing (US\$435 million), cement (US\$402 million) and garments (US\$338 million) attracted the most foreign investment, followed by energy generation (US\$139 million), mining (US\$132 million) and food processing (US\$114 million). Tourism related industries (US\$1,441 million), construction (US\$621 million) and hotel related service industries (US\$466 million) are the three major tertiary industries that have attracted the most foreign investment, followed by infrastructure (US\$128 million), services (US\$126 million), education related industries (US\$100 million), and telecommunications (US\$92 million).

According to the industry breakdowns of the number of foreign investment projects approved by the CIB (see table 2-18) within the past five years, the garment industry has attracted the most (277), which represents about 38% of the 732 total projects in Cambodia, followed by 43 projects in food processing (about 6%), 35 projects in timber processing (about 5%) and 19 projects in shoe manufacturing (about 3%).

Most of the above-mentioned industries are labor-intensive industries employing large numbers of young female workers, which enables low-cost mass produc-

tion. This signifies that foreign companies, apparently induced by Cambodia's comparative advantage in low labor costs, are seeking manufacturing bases in the country.

Total employment that foreign investment projects were expected to generate (at the time of their approval) was approximately 387,000 for the past five years, of which garment industry (about 230,000), food processing (about 10,000), timber processing (about 18,000) and shoe manufacturing (about 16,000) constituted about 59%, 3%, 5% and 4% respectively. As for the non-manufacturing sector, hotels (33 projects, about 8,000 jobs), services (18 projects, about 4,000) and construction (13 projects, about 6,000) are among the largest in terms of numbers of projects and new employment.

Cambodia experienced a sharp increase in the influx of foreign investment in the area of labor-intensive industries, such as garments, in the past few years, which is attributed to the most favored nation status obtained from the United States in 1997. The United States granted the Generalized System of Preference status to Cambodia, ensuring duty exemptions on all products with value added of 35% or more originating in Cambodia. With this, Cambodian exports such as garments gained ready access to the US market, which induced many companies to invest in such growing export indus-

Table 2-19 Foreign Direct Investment Approved by CIB: Country Breakdowns

(Unit: millions of US dollars)

Country	1994	1995	1996	1997	1998	Total
United States	193	110	5	86	0	394
Canada	-	39	3	11	6	59
France	-	187	3	1	1	192
United Kingdom	4	23	39	6	0	73
Netherlands	-	-	13	-	-	13
Sweden	-	-	-	12	-	12
Switzerland	-	-	6	-	5	11
Portugal	-	1	-	1	1	4
Belgium	-	2	-	-	-	2
Australia	0	1	8	22	1	33
Singapore	43	108	30	15	49	245
Thailand	6	36	54	27	33	157
Malaysia	42	1,418	194	66	147	1,867
Indonesia	26	1	13	1	6	47
China	26	6	37	36	113	218
Hong Kong	3	13	21	72	91	200
Korea	2	1	5	189	5	201
Taiwan	1	14	164	44	144	367
Japan	-	1	11	0	1	13
Cambodia	249	417	196	167	248	1,276
Others	0	1	1	3	4	7
Total	594	2,379	803	759	855	5,391

Source: Cambodia Investment Board (1999)

tries in Cambodia.

from the United Kingdom, Australia, the Netherlands, Sweden and Switzerland.

6-3 Investment trends by country

Over thirty countries committed investment in Cambodia in the past five years (see table 2-19). Among the total amount of investment approved by the CIB during this period, the largest was from Malaysia (US\$1,867 million), followed by that of Cambodia (US\$1,276 million, including those from overseas nationals), Taiwan (US\$367 million), Singapore (US\$245 million), China (US\$218 million), Korea (US\$201 million) and Hong Kong (US\$200 million).

Investment commitments by Asian companies were mostly in labor-intensive industries such as the construction of garment and shoe manufacturing plants. Among the countries that invested in Cambodia during this period, Malaysia and Singapore started large investment in 1995, Taiwan in 1996, Hong Kong and Korea in 1997 and China in 1998.

Among the non-Asian companies, those from countries of strong influence in Cambodia's recent history, past influence namely France, and the United States, invested the most in Cambodia, followed by companies

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Section 3. Gender

Kasumi NISHIGAYA

1. Gender equality in Cambodia

1-1 Gender equality and women's empowerment

1-1-1 Enshrined women's rights

In this section, women's rights as enshrined in the Constitution will be reviewed. Of the 14 chapters, basic human rights are mainly stipulated in Chapter 3. Article 31, stipulating the equality of Cambodian citizens, reads, 'every Cambodian citizen is equal before the law, regardless of race, sex, language, color, religious beliefs, political allegiance, or wealth.'¹

According to Articles 24 and 25 of Chapter 3, which stipulate political rights, both women and men older than 18 have the right to vote, and to stand as candidates for elections.² The right of women and men to participate in the labour force is also guaranteed in Article 35. Taking into account women's life cycle, the following two points are specifically stipulated: i) women can take paid maternity leave and; ii) women cannot be demoted in terms of their work position due to pregnancy or childbirth. It is also stipulated that workers have the right to form and organize in order to improve their working conditions, and the right of access to various forms of social security in order to maintain decent living standards.³

Article 44 and 45 define women's right to ownership, the abolition of discrimination against women, and the rights of women and men in the family.⁴ Article 46 prohibits trafficking in women and children and soliciting prostitution for third parties.⁵ The article also laid the foundation for the Law against the Trafficking and Exploitation of Human Persons, which was promulgated in 1996.⁶

Article 46 refers to special support for women in ru-

ral areas, emphasizing that the disadvantageous situation of women in rural areas should be improved by expanding social services.⁷

As reviewed, the Constitution of the Kingdom of Cambodia strongly advocates gender equality, stipulating the advancement of the status of women and promotion of their rights in various areas.

Despite its good intentions, the status of Cambodian women lags behind that of men, as will be reviewed in the following sections. Broadly speaking, there are four reasons for the large gender gap:

- (i) insufficient development of legislation and capacity of legal enforcement agents (e.g. jurists and the police);
- (ii) insufficient level of awareness about their own rights on the part of women and men due to the limited degree of legal literacy education;
- (iii) socio-cultural trends to regard the protection and promotion of human rights as less urgent issue and;
- (iv) unchecked expansion of power and widening economic disparities, which lead to the worsening of human rights conditions.

1-1-2 Family and social structure from the gender perspective

Gender, or the socially constructed differences between women and men, is one of many features found in Khmer society. Accordingly, it is more appropriate to canvass the structural features of Khmer society, which have ramifications for gender rather than to debate gender as a gradient to dichotomize masculinity and femininity.

Khmer society has often been described as 'hierarchical'.⁸ Slight qualifications will be required, however, in order to contextualize this term, 'hierarchy,' which was originally used to describe the features of modern Euro-

¹ The Cambodian Legal Resources Development Centre (1998) p.9.

² *Ibid.* p.7.

³ *Ibid.* p.10.

⁴ *Ibid.* p.14.

⁵ *Ibid.* p.15.

⁶ *Ibid.* p.153.

⁷ *Ibid.* p.15.

⁸ Ovesen, J., Trankell *et al* (1996) p.34.

pean society. 'Hierarchy' here connotes a society consisting of a vertical chain of relationships between patron and client. In such a society, even if the subordinates belong to the same patron, they rarely share a sense of group identity or function as a community. Rather, rivalry intensifies among them in pursuing the patron's favour.⁹

Because Khmer society is hierarchical, Khmers tend to perceive their social location in relation to the others, a feature that is reflected on Khmer language. The most important stratifying factor is age. Terms of address such as *baang* and *paong* (literally meaning senior and junior respectively) are frequently used to address each other in conversation. Other stratifying factors include gender, wealth, knowledge, family background, political and economic status, religiosity and morality, to name just a few.¹⁰

The most important stratifying factor is Theravada Buddhism, and *Karma* more specifically: i.e. one is born as a destined being. In other words, one's status and being, whether one is a human or animal, are already determined by the degree of merit that has been accumulated in its/her/his previous life.¹¹ In Ledgerwood's words, this is an "extremely unequal society to begin with."¹² In her doctoral dissertation, Ledgerwood contended that gender and women's status in Khmer society should be understood within the historical framework of Buddhism as above. There is a clear gender division of labour in public and private roles for men and women in Buddhism. As men can accumulate merits directly by entering into monkhood, often Khmers regard men more highly than women, who cannot be ordained.¹³ Socio-cultural and religious factors also regulate gender roles in religion. For example, men tend to be regarded more highly than women as they traditionally received education at the temple and played the socially important role of organizers (called *achar*) for fund-raising for the temples and festivals. Women, on the other hand, traditionally did not have opportunities for education and lacked social experience as their mobility and residence were limited by parental control.

Under such a tradition, Cambodian children are brought up conservatively so that they do not break the order of "the hierarchical society". Girls are strictly trained by mothers to display the appropriate manner, behavior, and heterosexual relations as per the didactic women's code (*chbap srey*). *Chbap srey* stipulates that an ideal woman (*srey krab lakkana*) is shy and reserved, does not go out alone and moves quietly without making a noise with her silk skirt, but can identify the merits of her husband and provide him with tactful advice. *Chbap srey* also stipulates ideal female sexuality: that is women should remain chaste until marriage, and, once married, should be faithful to their husbands.¹⁴

Like their contemporaries in other parts of South East Asia, Cambodian women traditionally have much higher social status than women in China or India. There are some reasons for this. Firstly, inheritance is bilinear, given equally to male and female children. Secondly, at the time of engagement, bride wealth (*tlay tuk doh*) is given to the bride's mother by the groom's mother. Lastly, young couples tended to reside within the bride's compound (uxorilocality).¹⁵ Under the trinity of marriage, residence and inheritance, parents, especially mothers, consider daughters as important 'economic assets,' bringing into the family a male worker for rice cultivation and bride wealth. Parents, especially mothers who receive the bride wealth, are assumed to have played influential roles in selecting and endorsing the person whom their daughters should marry. The size of rice farms in the central plain region where Cambodia's population is concentrated, have shrunk due to population pressure and repeated inheritance. It is not so difficult to imagine that the shortage of arable land will continue to alter the meaning of family, intergenerational relationships between parents and children, and especially between mothers and daughters, in the context of marriage.

Cambodian women have decision-making power not only in housework and child rearing but also in a broad range of issues for resource allocation in reproductive activities. But their relative strength in reproductive spheres contributes to the formation of a gender bias:

⁹ Chandler (1993) p.105.

¹⁰ Ledgerwood (1991) p.4, Ovesen *et al.*, (1996) p.34, p.58.

¹¹ Ledgerwood (1994) p.21.

¹² Ledgerwood (1996) p.16.

¹³ *Ibid.* p.26.

¹⁴ *Ibid.* p.26.

¹⁵ Reid (1998) pp.146-148.

that is, that women should stay in the family. Generally speaking, there are no social or cultural restrictions on women's mobility in Cambodia. Women participate in economic activities as small traders, agriculturalists and industrial labour at a considerable rate. However, as the latter section illustrates, their labour is mostly unpaid, and hence invisible. In addition, women's participation in economic activities has hardly led to their representation in public decision making. Very few women could provide alternative women models other than as mothers.

1-2 Education

1-2-1 Compulsory education

In 1996, a 9-year (5 years and 4 years) compulsory education system was replaced by a new 9-year (6 years and 3 years) system. As Part II Chapter 2 Section 5. "Human Resource Development" illustrates, the higher the grade of the school, the lower the enrollment rate of females tends to be. In particular, secondary schools tend to be farther from home than primary schools, and hence the secondary school enrollment rate of females is clearly much lower. This is a nationwide tendency, especially in areas other than Phnom Penh. But in general, it is more difficult to receive education in rural districts. Among the multi-faceted factors, the following factors requires consideration towards gender equality for the low enrollment rate of females from the end of primary to secondary education.

The primary factors are social and cultural. Many parents believe that women do not need education, or they are afraid that once their daughters are educated, they become autonomous in their choice of partners. Hence, parents prefer to keep adolescent girls 14 years old or over (when their menstruation begins around that age) at home in order to avoid social and public places, including schools.¹⁶

The second factor is the difficulty of access to schools. As Wakabayashi and Kato point out in Part II Chapter 2 Section 5. "Human Resource Development," the number of secondary schools is less than that of primary schools, and therefore fewer students can gain access to secondary education. Even if they are lucky

enough to access secondary education, students have to travel longer distances. It is culturally feasible for boys to live with relatives or in 'dormitories' attached to the temple for secondary education. However, socio-cultural factors constrain girls to do so.

The third factor is that school facilities are not friendly to girls. In Cambodia, especially in rural districts, obtaining sanitary napkins is difficult, and some schools are not equipped with water sanitation facilities. As a result, the mobility of girls is constrained.

The fourth factor is the high cost required for education. Parents in Cambodia must pay for textbooks, school uniforms, and tuition to receive even compulsory education. If daughters drop out of school, the family will be able to benefit at least in the short term. One of such benefits is the direct savings they make from the daughters not pursuing their education. They can also provide the family with labour for wage and reproducing tasks, releasing mothers to allow them extra time or to engage in income earning opportunities. There are some other factors that influence the enrollment rate for girls, such as the scarcity of female teachers,¹⁷ and discrimination against girls by male teachers.

1-2-2 Higher education

The enrollment rate of females in higher education is much lower than that of compulsory education. The proportion of females among the students enrolled at the eleventh grade, the final grade before entering university, is 28.4% nationwide, 36.6% in Phnom Penh, and 22.8% in the other provinces.¹⁸

At the university level this declines to 15.8% of the total enrollment rate. The enrollment of females in teacher training courses accounts for 22.7%, and clearly, some areas have higher female enrollment rates, for example, in pharmaceutical studies (one area of medicine), with 40.9%.¹⁹

As a result, there are extremely few women who manage to gain higher education after going through so many difficulties. However, even women with professional qualifications face socio-cultural obstacles in advancing themselves as professionals. For example, a woman who has a degree in agriculture works just as a clerk in the Ministry of Agriculture, and she has never

¹⁶ Fiske (1995).

¹⁷ Japan International Cooperation Agency (1995).

¹⁸ Ministry of Education, Youth and Sports (1996).

¹⁹ *Ibid.* p.32-32.

been on mission to rural districts in her work. Another woman who graduated from technical college and is qualified as an engineer also works as a clerk. On the other hand, most men of the same age and the same educational background as these women work as experts in agricultural extension work or as agricultural engineers. As the society has changed from a planned to a liberalized economy, the official ideology of gender equality promoted under the communist government was removed. In the absence of alternative values, the indigenous gender values have surfaced as an obstacle to gender equality.

1-2-3 Vocational and technical training

Vocational training centers, technical training centers, and teacher training centers (for primary schools and nursery schools) are designated as the schools to provide vocational training in Cambodia. Some of them are run by NGOs such as the Don Basco Foundation of Cambodia and the Japan International Volunteer Centre. The duration of training is as short as one to two years. In vocational training and technical training centers, training regarding radio repairs, car repairs, welding, and woodworking is given. Skills in such training courses are traditionally considered to be masculine, and they do not attract women.

No enrollment of females occurs in training courses other than the teacher training centers. The enrollment rate of females in the primary school teacher training centers is 26.3%, and that in the nursery school teacher training centers is 64.4%.²⁰

1-2-4 Literacy and complementary education

We now turn to briefly review the literacy rate of adults aged 15 years and over. According to the 1998 National Census, the word "literacy" is defined as being able to read and write easy sentences. It is noteworthy that the actual literacy rate is probably much lower than that reported by the census, since many neo-literates who have just started learning were also counted in the census. The census shows that the gender gap in literacy rates is larger than the geographical gap.

Among the younger generation, the literacy rate is reported to be quite high because of increasing opportu-

nities for education. The gender gap among young adults is not so substantial, although there are some differences in age groups. This implies that very well targeted literacy education by age, sex, geography, time of the class, and contents of the class will be likely to bring about significant outcomes.

Next, let us review complementary education, which is a safety-net measure to provide education for adults who dropped out of education in the past. There are 6 such schools in Cambodia although they offer different course arrangements, such as full-time, partial full-time courses, and after-work courses. There are no females among the 1,124 students enrolled in these schools. The reasons for this have not been fully investigated yet. However, judging from the locations of these schools (provincial capitals: Kompong Chhnang, Kandal, Phnom Penh, Battambang, Kampot, Svay Rieng), it might be difficult for women to gain access to this type of education due to distance and time. Having reviewed the socio-cultural constraints in compulsory education, other than literacy and non-formal technical training courses, there are fewer opportunities for women once they drop out of formal education. Consequently, the limited educational opportunities narrow life options for women.

The low attainment of education by females will likely have mid- and long-term negative effects on the Cambodian society and economy as follows: i) The fertility rate will likely remain higher than is sustainable. ii) Accordingly, women will continue to shoulder heavy productive and reproductive burdens, be they paid or unpaid. iii) The low level of labour rates will delay take-off and constrain the development of industries that can otherwise enhance economic growth. This, in turn, will make it difficult to allocate resources for poverty reduction.

1-3 Healthcare and reproductive health

The health indicators of Cambodian women are one of the worst in the world. This section looks at the current situation regarding childbirth, family planning, AIDS, and malnutrition. At the same time, the health problems facing Cambodian women and their determinants will be discussed.

²⁰ *Ibid.*

1-3-1 Mother and child healthcare and family planning

The maternal mortality rate in Cambodia is reported to be about 500/100,000. Most child-deliveries (about 90%) are carried out at home assisted by traditional birth attendants who have not received formal training. The total fertility rate is reported to be 4.11, but usually it is much higher in rural districts.²¹ Family planning services are spreading gradually with the support of donors. People are not very much aware of family planning methods. Although the coverage of family planning services is expanding, the proportion of the population adopting family planning is still as low as 22%. Most Cambodian women (91%) do not want additional children, or they want to limit the number of children and to space the births. However, it is reported that this demand cannot be met because family planning services are not available (84%).²² As a result many women experience unplanned pregnancy. In many cases an abortion is the last resort for family planning, though no statistics on this aspect are available. Abortions are sometimes carried out by using unsafe procedures by those who are not qualified medical professionals, such as by massaging, vaginal injection of various substances, excessive alcohol intake, falling down the stairs, and manual suction. There is great concern about the negative effects of these methods on women's bodies.

1-3-2 AIDS

(1) The spread of AIDS epidemics

The spread of AIDS is one of the problems of most concern in Cambodian society. The Ministry of Health carries out quarterly sentinel surveillance on the prevalence and incidence rates of AIDS among risk groups. According to the survey, 39.3% of female sex workers, 7.1% of male military personnel, 6.0% of male policemen, 5.2% of tuberculosis patients, and 3.2% of women of reproductive age are estimated to be infected with the

AIDS virus in 1998.²³

(2) Determinants of the AIDS epidemic

It is generally believed that HIV infection started spreading when the United Nations Transitional Authority in Cambodia began operations. This is because the number of foreign UN peace keepers, UN civilian personnel, NGO staff, tourists, and business people rapidly increased, and the organized sex industries started to expand. There are other determinants as follows.

The first reason is that engaging in extra-marital relations and frequenting sex establishments by men are culturally tolerated.²⁴

The second reason is that the sex industry is expanding even though it is constitutionally illegal to organize sex work on behalf of second parties for third parties. A survey by Population Service International, an American NGO, shows that there are about 10,000 brothel-based sex workers in Phnom Penh.²⁵ Although most of them are Khmers, some are Vietnamese, Thai, or Chinese, and there are some who came from Eastern European countries and the former Soviet Union.²⁶ Women who work as beer sales promoters, *karaoke* singers, and hostesses at night clubs also earn income by offering discreet sexual services to the clients whom they meet through their work. If they are to be included, the scale of the sex industry is thought to be larger than normally assumed. It is easy to conclude that AIDS will spread further through sexual relations with multiple partners. Poverty in rural districts is one of the reasons for the expansion of the sex industry. In order to support the education of younger siblings and parents, or to meet the needs of unexpected illnesses in the family, women in rural districts want to earn some cash income, even though sex work is highly stigmatized. These structural factors suggest that the AIDS epidemic can be halted by simply promoting health policies and programs.²⁷

The third reason is that, as Akashi points out in Part II Chapter 2 Section 4. "Improvement of Healthcare," the infection rates of sexually transmitted diseases

²¹ Japan International Cooperation Agency Department of Planning (2000).

²² Long, *et al* (1995).

²³ National Centre for HIV/AIDS (1998).

²⁴ Brown (1997).

²⁵ Population Service International (1998).

²⁶ UNICEF (1995), Derks (1997), Global Alliance Against Trafficking in Women (1997), International Labor Office - IPEC Programme (1998).

(STDs) other than AIDS are already high, which increases the risk of HIV infection for women by five times.²⁸

The fourth reason is that the use of condoms is not popular enough among those who frequent sex establishments or those who engage in sex with multiple partners. At present, the “100% condom programme” is being implemented in brothels in Sihanoukville. In other provinces, the National AIDS Program gives information to female sex workers on how to negotiate condom use and provides sex workers with condoms. It is reported, however, that condoms are not always used in the sex industry due to ‘structural violence’: physical violence by clients or brothel owners, alcohol and drug abuse, and wage exploitation.²⁹

The fifth reason is that the transition to a market economy has stimulated the urbanization processes. The unequal development skewed towards Phnom Penh is inter-linked with rural poverty and urban migration for work. The younger age group, the majority being unmarried women, migrate to look for a job in the apparel, construction, and service industries.

Women and girls are traditionally under strong control by their parents, especially under their mothers, regarding sexuality. However, once they migrate and live in Phnom Penh alone, their social and sexual behavior become suddenly liberated. The determinants include: i) they are under increasing peer pressure, ii) the media and culture promotes the commodification of women’s sexuality, iii) there are many opportunities and jobs in which they can earn cash income in direct or discreet sex work.³⁰

Other factors that expand the spread of AIDS virus infections include the porous national borders with Thailand and Vietnam, unequal development skewed towards Phnom Penh, insufficient knowledge of the disease and protection measures against it, insufficient availability of condoms, and women’s reluctance to talk about sexuality.³¹ HIV infection is common in Indochinese countries, which form an economic sub-region. Therefore, a region-specific approach is required.³²

²⁷ Ministry of Women and Veterans Affairs (1999).

²⁸ Klement (1995).

²⁹ Asian Harm Reduction Network (1998).

³⁰ Chou Meng Tarr (1995).

³¹ Janssen (1996).

³² UNDP Bangkok (2000).

Table 3-1 Child Nutrition Problem in Cambodia

Districts	The rate among children aged 5 and under			
	Underweight children		Underdeveloped children in height	
	Moderate	Severe	Moderate	Severe
	Boys			
Rural	0.523	0.189	0.597	0.364
Urban	0.426	0.141	0.497	0.280
	Girls			
Rural	0.483	0.152	0.545	0.312
Urban	0.425	0.134	0.484	0.276

Source: Deolalikar (1997), p.16-17.

1-3-3 Nutrition

(1) Child nutrition issues

According to the Cambodia Socio-Economic survey, the rate of malnutrition among children under five years old is very high. For example, 34% of the wealthiest 20% of children aged from birth to five in urban areas weigh below the average. 21% of them are severely undernourished. Extreme weight loss is not caused by short-term starvation. Children in Cambodia are chronically undernourished due to socio-cultural customs. In Cambodia, there is no correlation between the sex of children and malnutrition, while girls are more undernourished than boys in South Asia.

Furthermore, about half of the undernourished children in Cambodia are concentrated in 4 provinces (Kompong Cham, Kandal, Takaev, Prey Veang) among the 21 provinces of Cambodia. These four provinces are closed to Vietnam, and the area of rice fields per household is not so large due to population pressure.

(2) Women’s nutrition issues

Women’s nutritional problems include anemia, vitamin deficiency, and calcium deficiency. Many women develop goiter due to iodine deficiency. It seems that Cambodian women do not have accurate knowledge about their diet so that they do not consume food efficiently, even though many nutritious food materials are

Table 3-2 Sex Ratio of the Employed Population by Employment Type and Industry

Industry codes	Employees	Wage Workers	Employment Style		Total Employed Population
			Self-Employed Workers	Unpaid Workers (Family-Based)	
1	105.14	162.42	220.04	29.05	3,668,566
2	1377.78	694.05	698.27	64.28	71,079
3	388.24	170.45	198.81	45.02	5,672
4	249.13	74.42	133.36	44.84	150,209
5	750.00	972.77	2071.43	1266.67	3,211
6	1593.75	610.38	1187.46	293.01	45,281
7	134.71	188.00	50.63	24.48	334,237
8	209.38	68.98	67.93	30.34	14,560
9	896.55	491.98	1895.22	218.29	113,576
10	520.00	173.95	201.67	28.57	1,406
11	466.67	211.11	484.05	244.44	2,927
12	N/A	1081.46	501.73	N/A	219,788
13	241.36	191.78	337.70	N/A	80,580
14	210.42	134.89	182.67	21.43	25,979
15	265.41	189.06	188.43	43.97	66,459
16	122.73	63.24	75.93	51.25	10,073
17	285.00	239.62	177.36	275.00	9,585

Source: Compiled by the author based on Priority Tables by the National Institute of Statistics (1998)³³

available. There are taboos regarding diet in Cambodia. Some of them can have negative effects on not only women's health but also on their children's. For example, breast milk after birth, which includes cholesterol, is discarded. Babies tend to be fed on breast milk or bottled milk for too long, delaying the intake of sufficient nutritional requirements from solid foods.

(3) Distribution of basic foods

Rice is a basic food in Cambodia, and rice production has been increasing at an annual rate of 11% since 1979. It is reported that Cambodia has attained self-sufficiency in rice with a 225,000 ton surplus. However, due to the logistical constraints against equal distribution of the surplus rice, poverty alleviation or ending undernourishment are unresolved. The obstacles include the following: there are no rice mills nearby; it is expensive to access the rice mills; people do not have enough cash to buy polished rice; there is no public transportation to the market; the market is not properly functioning; people cannot purchase inputs that would increase rice production.

Table 3-3 Labour Participation Rate by Region (Age Disaggregated)

(Unit: %)

District	Total	Male	Female
Cambodia	65.8	66.2	65.4
Phnom Penh	49.2	56.5	42.6
Other cities	60.8	65.4	56.9
Rural districts	68.7	67.7	69.7

Source: Ministry of Planning (1997) p.23

1-4 Economic participation

The Cambodian labour population, both male and female, is about 4,000,000 persons in total, of which 48% are men and 52% are women. Primary industry accounts for 75%, while business service and trade, 20%. Table 3-2 shows the sex ratio across industries and categories of employment. The shaded columns suggest that women tend to represent low-paid or unpaid workers in specific industries such as agriculture, retailing, and service industries. As Table 3-3 illustrates, there seems to be no gender gap in the labour force participation rates in Cambodia. According to the Socio-Economic Survey of Cambodia (1997), which compared the

³³ The industry codes according to the National Census are as follows:

1. agriculture, hunting, forestry 2. fishery 3. mining and manufacturing industry 4. manufacturing 5. electricity, gas, water supply 6. construction 7. wholesale trade and retailing 8. hotels, restaurants 9. transportation, communications 10. financing 11. real estate and related services 12. public services, defense, and related services 13. education 14. health, social services 15. other community services, social services 16. paid household workers, and related workers 17. foreign organizations such as embassies

Table 3-4 Labour Participation Rate by Age Group

(Unit: %)

Age groups	City of Phnom Penh		Other cities		Rural districts	
	Male	Female	Male	Female	Male	Female
10-14	4.0	4.2	8.2	12.8	12.5	15.0
15-19	17.6	28.9	38.4	58.5	48.1	69.2
20-24	62.4	60.5	83.6	78.7	93.9	90.4
25-29	82.6	59.0	94.7	69.2	96.9	90.6
30-34	91.3	55.1	96.6	70.6	97.0	90.0
35-39	97.0	66.9	97.3	80.5	96.4	89.9
40-44	96.5	64.4	96.9	76.1	98.5	90.8
45-49	97.8	60.3	94.0	75.1	97.6	88.4
50-54	89.3	52.8	96.4	72.1	98.5	86.7
55-59	76.3	41.9	84.5	62.2	94.0	77.6
60-64	59.2	35.5	76.2	47.1	83.9	67.2
65-	31.3	9.8	49.2	23.5	49.2	33.2

Source: Ministry of Planning (1997) p.24

labour force participation rates by sex and age (aged 10 years old or over), the proportion of men in the labour force is slightly higher than that of women in Phnom Penh and other cities, while there is almost no difference between the proportion of men (58.8%) and that of women (58%) in rural districts.

Further, the labour participation rate by age in the labour force of the above survey shows (Table 3-4) that the gender disparity is more acute in the young age group (between 15-19 years old), especially in rural districts, than in other age groups. This is because women drop out of school earlier than men when they become adolescents. The survey also shows that the labour participation rate in Phnom Penh and other cities is consistently lower than in the rural areas within the same age group. This is because opportunities for education are expanding mainly in urban centers.

Now, agriculture, retailing and wage labour will be reviewed, since female workers are highly represented in these fields. Subsistence level rice-farming is the main mode of production in agriculture in Cambodia. The supply of inputs (farm tools, draught cattle, stock feed, and pesticides) and the funds to purchase them is very limited. Microcredit services cover only 3% of the Cambodian population. The interest rate is reported to be extremely high, and the monthly average loan interest for US dollars is 20%. Further, agricultural extension services are nearly defunct and so it is very difficult to improve productivity.

Due to the transition to a market economy, wage

labour is increasing in rice production. On the other hand, the traditional gender division of labour is still prevailing, especially among nuclear families. For example, men's work tends to require more knowledge and physical strength, while women's work tends to involve repetitive tasks. However, the actual division of labor is not so strict and men and women have to carry out various tasks regardless of sex when they are busy. Women do more than half of the work in agriculture due to the fact that many men were killed during the civil war. However, male labor is regarded to have high market value, remuneration for female labor is only one-third to half of male labor. Gender disparity in wages worsens the economic status of women in rural districts, which imposes further constraints upon female-headed households which lack male labour.³⁴

Traditionally, men and women have equal rights to own and occupy land. They also have equal rights to inherit land. However, in the land division in the late 1980s, male names were registered on the land title documents, resulting in the refusal by husbands to divide the land with wives at the time of divorce. The land was also allocated according to the number of adults in a household, so the size of land allocated to female-headed households is quite small. As a result, their productivity remains low. The cases of farmers who have had to give up their ownership of land due to debt or family health problems are described in the section on rural development. If this happens to the female-headed households that have no social support,

³⁴ Ministry of Women's Affairs (1995).

much harder economic hardship can be expected.

Women are not recognized as the main targets of technical training or technical extension services, despite their active participation in agricultural production. The Ministry of Agriculture has traditionally overlooked women who engaged in agriculture. The proportion of female extension workers in agriculture extension services is also extremely low. This is due to the fact that female enrollment in agricultural skills training schools is low, and the female enrollment rate even in compulsory education is low. There is also a widely shared belief that this work, which requires visits to many places, is culturally inappropriate for unmarried women and is impossible for married women with children due to their lack of mobility.³⁵

Freshwater fish accounts for up to about 60% of the protein intake of Cambodian people. Most freshwater fish are caught in inland waters, such as Tonle Sap Lake, the Mekong River, and rice fields. Around November, when the direction of the wind changes, the large scale net fishing starts in Tonle Sap Lake. Bidding for fishing rights is required for this fishing. At the same time, small scale fishing is also carried out in the lake by families. In most cases, the fishers are men who handle the boats, cast the fishnets, and gather the fish. Women process the fish and act as brokers or retailers. The freshwater fish is processed into *prahok*, which is salted and fermented fish, or into *tlay giat*, which is marinated and dried under the sun. These processed fish, as well as fresh fish, are marketed domestically and also exported to ASEAN countries.

Women represent the major labour force not only primary industries but also in retail sales, especially of food and clothing. These industries are mostly family-owned, small-scale industries that cater to the needs of customers in Cambodia, and make a profit by trading imported goods or domestic primary products. There are many traders promoting similar products at similar locations. Hence, they cannot make much profit due to oversupply. When they are compared with the Chinese or Sino-Khmers, who have established associations based on their place of origin and language and Chams (a minority following Sunni Islam), that have a manage-

ment style and mutual aid system, the Khmer business style requires substantial improvement to survive the current economic environment. Very few Khmer entrepreneurs, male or female, can start up a business after careful appraisal of the consumer market in Cambodia and in the region.

Khmer women entrepreneurs face a broad range of problems. They not only lack confidence and knowledge of management, business know-how, or market development, but also have limited access to capital. Compared to the Chinese or Sino-Khmers who have mutual aid systems for raising funds among themselves, most Khmer women do not have such community networks. Accordingly, they have few opportunities to expand their business. Especially when they are raising small children, they cannot travel far from home freely or cannot afford any time to improve their skills and knowledge. These constraints limit their choices for making profit to only a few trading opportunities, including selling cheap products that have a short life cycle.³⁶

Cambodian women also participate in the wage labour force. While a system for gathering statistics on labour needs further improvement in Cambodia, the statistics available from the Ministry of Labour in 1998 show that employment opportunities for about 135,000 persons have been created so far just in the apparel industry.³⁷ According to the Labour Code of 1996, the minimum wage is set at US\$40.³⁸ However, about 30% of female workers in the apparel industry receive less than the legal minimum wage. Since about half of the workers receive only 40 dollars or less, life in Phnom Penh immediately after migration is difficult. It is estimated about 9% of the female garment factory workers also engage in paid sex work.³⁹ The proportion of the workforce organized for collective bargaining (trade unions) is as low as 30% among the women in garment factories, and most of them are rank-and-file members, while men tend to occupy managerial posts in the unions.

These workers share an increasing level of dissatisfaction, that the current level of wages cannot even satisfy basic needs. However, the four trade unions do not

³⁵ Japan International Cooperation Agency, *Ibid.*

³⁶ Aafjes and Athreya (1996).

³⁷ Ministry of Social Affairs, Labour (1998).

³⁸ Cambodian Legal Resources Development Centre (1996).

³⁹ Results of a survey conducted by the author.

resonate each other and actions are not synchronized. The tripartite Labour Advisory Committee, which consists of the Garment Manufacturers Association of Cambodia (GMAC), the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation, and the Trade Unions, requires greater efforts for better functioning. There is no training course for apparel workers other than that by the GMAC-Garment Centre, which is supported by the Ministry of International Trade and Industry (renamed the Ministry of Economy, Trade and Industry), Government of Japan. This results in low morale among workers and slow improvement in their skills. The items and the amount of production are largely determined by the import quota, bilaterally given, under the Generalized System of Preferences and its associated conditions required by importing countries (mainly the US). These conditions include the protection and improvement of the basic human rights of workers and tightening the control of drug trafficking. In addition to the above import quota, the level of factory production is also influenced by allocation of the import quotas through tenders organized by the Ministry of Commerce and subsequent arrangement of sub-contracts by factories. All these factors constrain employment in factories, and makes it unstable. As in other Asian countries, in the past women were employed as low-paid workers clustered mainly around sewing work, where little technological innovation can be expected. Accordingly, negative effects such as unstable employment and low wages are evident.⁴⁰

Women are also employed at a higher rate than men as sales promoters of beer or tobacco. However, their working conditions are more or less the same as in the apparel industry. Overtime work, violence by male customers or restaurant owners, forced prostitution, and sexual harassment are frequently reported. The Labour Code of 1996 guarantees gender equality in employment and wages. However, women's wages are considerably lower than men's, with the exception of a few workplaces such as the government and military. Both men and women tend to think that male labour has a higher market value with regard to its quantitative and qualitative value than female labour. This 'justifies' the low level of women's wages leading to a vicious circle.⁴¹

Under the previous regime, it was easier for women to participate in economic activities because childcare was provided in both urban and rural workplaces. Since the economic liberalization started, however, social services that were previously provided by the government have been abolished as part of the Structural Adjustment Programme. At present, the labour participation rate among women who are rearing children is extremely low.⁴²

Although the Cambodian economy has grown considerably since the rapid transition to a market economy, it is highly dependent on low-paid or unpaid work by women. The figures in this section focus only on women's productive activities, and reproductive activities are not taken into consideration. The actual dependency rate by sex is estimated to be higher among women than men.

1-5 Participation in decision-making in the public domain

1-5-1 Parliament

Female members account for about 12% of all the seats in the Parliament. This rate is about the same as that for female members among all the seats of both the House of Councilors and House of Representatives in Japan.

1-5-2 The Council of ministers

There are two female ministers in the Council of Ministers.

1-5-3 Regional governments

Most of the women in regional governments are low-ranking officers in the Provincial Department of Women's Affairs, Department of Education, Department of Health. There are few women in such important posts as governors or vice-governors.

1-5-4 Development Committees

At present, the Ministry of Rural Development is pro-

⁴⁰ Gorman (1997). Hall (1999). Nishigaya (1999).

⁴¹ Japan International Cooperation Agency, *Ibid.*

⁴² Gorman, *ibid.*, pp.16-25.

moting the formation of development committees in order to reflect public opinion at the grassroots level. These committees are being established at all levels of regional government, such as provinces, districts, communes, and villages. According to a report by the Ministry of Rural Development, so far about 1,500 committees have been established, most of which include female members. Almost all of the female committee members actively engage in the gender equality component of development projects as executors or as their counterparts. They are making efforts to promote women's participation and to explore the potential contribution of Cambodian women.

2. Gender equality promotion

– governmental approach and future needs

2-1 Efforts by the Cambodian government

2-1-1 Internal structure for enhancing the status of women

(1) Ministry of Women's and Veteran's Affairs

In the Royal Government of Cambodia, the Ministry of Women's and Veteran's Affairs (MWVA) is responsible for enhancing the status of women. The Ministry was restructured from the former Ministry of Women's Affairs (MWA) after the general election in 1998. The Women's Association of Cambodia, which was an organization for female mobilization under the socialist regime, was also incorporated into the MWA. The current officials of the Ministry are mainly from the Women's Association of Cambodia, but some are returnees from site 2 refugee camp. The ministry is composed of officials from various political parties. At present, the Minister is H. E. Mo Sok Huor of Funcinpec, the Secretaries of State are T. E. Ing Kanthaphavy of Funcinpec, and H. E. You Aye of the Cambodian People's Party, and there are eight Under Secretaries of State.

The objectives of this Ministry are as follows:

- To undertake advocacy towards the promotion of women's rights
- To increase access to social services such as those in economic development, healthcare, education and other fields in order to improve the living environment of women
- To improve the level of the techniques and skills

of women through education and training.

- To protect the roles and participation of women at all levels of national planning, reconstruction, and development
- To construct networks among women in order to prevent them from becoming isolated and to protect women's rights and benefits
- To appoint focal points and to plan measures and activities to attain gender equality

(2) Establishment of focal points in Ministries and the activities of Ministries

In order to accomplish the objectives of the Ministry of Women's and Veteran's Affairs, it has appointed gender equality focal point officers in each Ministry. The establishment of focal point aims to improve the status of women and promote gender equality within each Ministry's jurisdiction. The improvement of gender equality in a Ministry depends on whether or not its focal point officer is functioning well. However, the Ministries, including that of Women's and Veteran's Affairs, have not received sufficient budgets for their focal points. This implies that gender equality and women's empowerment have not received sufficient attention by the mainstream of government organizations, such as the Council of Ministers, which is the center of the decision-making process, the Ministry of Economy and Finance, and other administrative organizations that should promote economic development.

An outline for promoting gender equality in the key ministries is described below:

In the Ministry of Education there is a committee that is in charge of women's education. Under the leadership of this committee, gender equality is being incorporated into all areas of the ministry such as compulsory education, higher education, and vocational and technical training. As part of measures to close the gap between men and women, the committee is planning to build women's dormitories and to introduce a school lunch program.

The National Maternal and Child Health Center of Cambodia, which belongs to the Ministry of Health is implementing a reproductive health project, in conjunction with the Women's Health Department in the Ministry of Women's and Veteran's Affairs (donated by United Nations Population Fund). This project is designed to have two functions: 1) the National Maternal

and Child Health Center of Cambodia, as part of the Ministry of Health, is in charge of standardizing family planning programmes and IEC materials and 2) the Ministry of Women's and Veteran's Affairs is in charge of disseminating information for women on family planning methods, motivating them, offering counseling, and implementing advocacy efforts. The National Maternal and Child Health Center also promotes maternity checkups and plans to establish mother and child health services that will cover all administrative units. The National Center for HIV/AIDS, Dermatology and STDs, in cooperation with the Ministry of Women's and Veteran's Affairs and NGOs, is developing the "Women and AIDS" policy. Under this policy, the center is intending to improve women's knowledge about AIDS infection, and to strengthen activities to support care interventions.

The Ministry of Rural Development is promoting the establishment of Village Development Committees (VDC), as described above. The provinces, supported by donors, are being recommended to ensure that 40% of VDC members are women. In order to make sure that the environment is conducive to enabling female members to voice the opinions of women, gender training targeted at the female members of these Committees is being offered. It is also recommended that the head of each VDC also ensure that the opinions of women are respected. In addition, there will be enhanced means of participation in the decision-making process concerning rural development for the women and minority group members, who are usually excluded.

(3) Coordination of donor support

The Ministry of Women's and Veteran's Affairs not only has the role of promoting female support projects in each Ministry, but also the role of coordinating the donor support. Before project formulation, the main donor missions are encouraged to visit the Ministry of Women's and Veteran's Affairs to receive guidance regarding the status of Cambodian women and its background. In order to coordinate effectively, the Ministry has frequent contacts with the National Institute of Statistics in the Ministry of Planning to obtain statistical data on the current status of women. It also conducts social research with provincial departments in order to disseminate qualitative data.

2-2 Policy and projects

2-2-1 Policy

The Ministry of Women's and Veteran's Affairs designed a five-year plan for the Ministry after the new government was established. The Khmer version has already been approved by the Council of Ministers. There are three objectives in this policy:

- (i) To protect female participation in all stages of development in all sectors in order to improve the quality of life, alleviate poverty and eradicate illiteracy
- (ii) To share resources, information, opportunities and economic development equally between men and women
- (iii) To provide various measures and frameworks to overcome the constraints currently facing women

This five-year plan does not refer to strategies on how to achieve these objectives. In order to design the strategies in each sector, an inter-ministerial committee has been established, which is composed of the Prime Minister as Director, the Minister of Women's and Veteran's Affairs as Deputy Director, and the other Ministers as members. The 5-year-plan states that the detailed plan and promotion activities in each Ministry will be decided by the focal point of each ministry.

2-2-2 Projects carried out by the Ministry of Women's and Veteran's Affairs

Some projects of the Ministry are implemented through donor support, while others are functioning independently of such support. The following are the projects implemented by the Ministry:

- (i) Reproductive health information education-with the cooperation of the National Maternal and Child Health Center of Cambodia and the department of women's health (donated by the UN Population Fund)
- (ii) Microcredit services-managing a portfolio of US\$700,000 worth of microcredit services for women in rural districts provided by the department of economic development.
- (iii) Legal literacy education-promotion of legal literacy targeting officials of each Provincial Department of Women's Affairs, partly supported by the Canada Fund

- (iv) Literacy education and childcare-Thirty-two organizations are promoting literacy education in liaison with the Ministry of Education at present. Female core trainers from the Ministry of Women's Affairs are giving guidance to grassroots literacy trainers. Next year, the Ministry of Education is going to undertake the whole project.
- (v) Technical training-Through the women's centers, skills training and awareness raising are offered to women in rural districts. The training subjects include handicrafts making (silk, cotton, and woven mats), hair-dressing, wedding outfit, office skills, English, computer skills, Khmer literacy, information on family planning, information on AIDS prevention, the Labor Law, gender awareness, and so on. Some training programs are supported by the training exchange arrangements with the private sector, such as the apparel industry. Under this agreement the trainees are employed at the conclusion of their training. Other training programs are supported by private donors (Queen N. Monineath, Mrs. Bun Rany Hun Sen, and HRH Marie Ranariddh), NGOs, development banks, and other donors (APHEDA, Asian Development Bank, Church World Service, European Union, Australian Quaker Service and so on).

3. Donor support to enhance gender equality provided by donors, UN organizations, and International NGOs

There are many organizations promoting the status of Cambodian women, who shoulder the heavy burden of dependency at the familial level due to the long period of civil wars and the rapid expansion of the market economy. There was a strong sense of awareness among the donors that the national budget alone would not be sufficient to achieve gender equality.

3-1 Local NGOs that support Cambodian women

Most local NGOs that support Cambodian women evolved out of the former Women's Association. Under the auspices of UNTAC, the right to organize began to be recognized. Since then, these organizations started activities as local NGOs with direct support provided by donors. There are many local NGOs registered in the Co-

operation Committee for Cambodia. Among them, the groups that focus on gender equality are described below.

Most of them count on donors for their funds. Therefore, they function as implementing agencies. Most of them are in regular contact with the Ministry of Women's and Veteran's Affairs or implement projects in cooperation with the Ministry.

4. Direction of future support towards gender equality

4-1 Support strategy and future aid provided by the government of Japan

So far, the following three points have been outlined:

1. the present status of Cambodian women and the background factors, 2. policies and projects of the Cambodian government regarding gender equality, 3. Efforts by donors, UN support organizations, and NGOs regarding gender equality. In this section, Japanese aid activities are summarized, including suggestions for the future direction.

4-1-1 An overview of Japan's ODA in enhancing gender equality

There was strong recognition that support for women and gender equality are strongly needed in Cambodia due to the negative impacts of civil wars and the economic transition. Grant assistance for grassroots projects by the Embassy of Japan was provided during 1996-1997 in order to offer literacy education, health education, and skills training to women in rural districts. For example, four women's centers were constructed in the provinces of Kompong Cham, Kompong Chhnang, Kandal, and Kompong Speu, equipment was provided, and instructors were dispatched. These centers have offered opportunities for skills training to about 1,500 women through financial assistance from NGOs.

By dispatching various experts, the Government of Japan has assisted research activities on the status of women, human resources development, and the formulation of projects such as for the economic empowerment of women and health education. In 1995, project formulation advisors (for development and women) were dispatched. Individual experts (one with long-term appointment during 1996-1999, another with long-term appointment since 1999), other experts with short-

term appointments, and experts of developing countries were also sent to the Ministry of Women's Affairs. In addition, in cooperation with the Gender Equality Bureau of the Prime Minister's Cabinet, the Ministry of Education (renamed to Ministry of Education, Culture, Sports, Science and Technology) and the women's center of a local government (City of Kitakyushu), a human resources development project has been implemented for public servants. This year, a course aiming at the economic empowerment of women will start with the cooperation of the Yokohama Women's Association for Communication and Networking.

The Government of Japan is also financially supporting a community empowerment program, the "Project to improve the reproductive health of women in rural districts." This project offers opportunities for technical cooperation at the grassroots level through financial support to NGOs, offering legal literacy education, information on family planning, as well as gender awareness and leadership training for about 2,000 women in the province of Kompong Cham.

4-1-2 Issues in gender-responsive aid

JICA tries to take the recipient country's social and cultural background into consideration when it assists projects towards gender equality. In the previous section, the situation of Cambodian women was summarized and analysed. Based on this analysis, required approaches will be discussed here.

(1) Empowerment and the mainstreaming approach

Based on the overview of poverty and the status of women in Cambodia in the previous section, it is vital to increase the life-improving opportunities for women at the grassroots level as a poverty alleviation strategy in Cambodia. In short, the empowerment approach is required. On the other hand, it is necessary to appeal to the key decision-makers so that the Cambodian government and aid agencies can appropriately tailor their assistance to enhance gender equality. This implies that the mainstreaming approach will be required as well.

(2) Economic empowerment

Up to now, economic development has been achieved

in two ways. One is to invite foreign direct investment in order to attract labor-intensive industries. The other is to export Cambodian primary products. As a result, urbanization has accelerated, poverty in rural districts has been aggravated, and local industries have declined. More than half of the Cambodian population live in rural areas and it is vital to improve their situation. In order to increase income and job opportunities for both men and women in rural areas, it is necessary to promote local industries. To this end, it is also important to carefully look at the trends of regional and international markets and give strategic advice.

(3) Incorporating gender equality comprehensively

As discussed above, there are various aspects to poverty. If the participation of women is constrained, poverty will deepen in future. When short-term assistance to alleviate poverty is being considered, the following points will be required: 1) region-specific pilot projects will be implemented, and 2) gender equality should be an integral part of the policy discussions, especially with a focus on poverty alleviation and other sectoral activities as well.

(4) Consciously closing the gender gap

In order to prevent future poverty, it is necessary to intentionally close the gender gap between men and women in human development. More concretely, in the promotion of healthcare, education, labour, and industry, policies and projects that clearly advance gender equality should receive the highest priority.

(5) Human resources development

MWVA was the prime beneficiary of various JICA training projects for gender equality. Ideally, the current quota will continue and be expanded by incorporating the focal points of the other ministries in the future to assist in human resource development.

(6) Need for the establishment of a framework of cooperation among the stakeholders

As mentioned in the previous Section 2.2, NGOs that

support women and the Ministry of Women's and Veteran's Affairs were derived from the former Women's Association, which was a mass organization. Issues such as promotion of the status of women and gender equality are still regarded as being less important than other issues in the mainstream. In order to give high priority to these issues, it is necessary for all the following stakeholders in gender equality to build a close collaborative relationship. The stakeholders include, but are not limited to, the Ministry of Women's and Veteran's Affairs and local NGOs, the women's development centers, and each Provincial Department of Women's Affairs. It is also necessary to upgrade the decision-making level to the higher echelons of the government.

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Section 4. Cambodia's History and Culture

–The quest for the Profound Spirituality of the Khmer Culture–

Yoshiaki ISHIZAWA

1. An understanding of the contemporary history of Cambodia, disrupted by international politics

1-1 The significance of the 'liberation' of 1975 –The 'special relationship' with Vietnam–

When Cambodian people are asked to enumerate their most outstanding characteristics, they may cite the following: i) They are people who speak the Khmer language, ii) They have had a king since the very beginning, and iii) They are pious believers in Buddhism. This is the *raison d'être* of the Cambodian people. In 1970, Cambodia joined an anti-American struggle for liberation in connection with the civil wars in Vietnam and Laos, and in 1975 it achieved the unification of the nation, in the name of 'liberation.' The year 1975 was a starting point for Cambodia to shift from its traditional framework based on the royal regime, to a new framework based on socialism. In this sense, the year 1975 can be regarded as a turning point in its contemporary history.

In 1985, Foreign Minister Hun Sen was elected the Prime Minister of the Heng Samrin regime. For a period of ten years or more after the 'liberation' of Cambodia, the civil war still smoldered, and the Heng Samrin troops along with Vietnamese troops stationed in Cambodia captured a base of the Pol Pot troops on Mt. Malai. Under these circumstances the Cambodian people had to endure constant hardships. Moreover, horrendous massacres were carried out under the Pol Pot regime. The Third Indochina War around the Thai border continued into the Heng Samrin regime. Cambodia concluded a Friendship Treaty with Vietnam in 1979, and allowed Vietnamese troops to be stationed in Cambodia. Vietnam thus provided support for Cambodia in various fields. This political and military 'special relationship' between Vietnam and Cambodia drew severe criticism from around the world, since it gave rise to the opposite of what people's liberation ought to bring, that is, freedom and independence.

This 'special relationship' with Vietnam affected the

economic aspects as well. The new economic policy adopted in Vietnam was reflected in Cambodia's economic policy, as for example in Cambodia's joint group system, which is strongly security-tinted.

The national news agency releases of official announcements comprised the only source of current information on Cambodia. Activities meant to collect information on the actual situation in the country, such as news coverage and research, were not allowed. Reports, evidence, and articles published under such circumstances had to be treated with a considerable amount of circumspection, as the information could be manipulated politically.

Both the Pol Pot regime (1970), which was derived from the National United Front of Kampuchea (FUNK), and the Heng Samrin regime (1978), which was derived from the People's National Liberation Front, came into power with the noble political ideal of liberating the people. However, in the actual political process, both regimes faced various difficulties, including a substantial gap between their ideals and the reality. Their noble ideals and political principles manifested both at home and abroad could not be accomplished so easily. Rather, the reality was quite the opposite of their ideals. Consequently, the Cambodian people were forced into a terrible plight, suffering from a series of misfortunes. The Cambodian people, despite their strong latent antagonism toward Vietnam, were liberated from the abominable Pol Pot regime with the support of Vietnam, resulting in the establishment of the Heng Samrin regime. Such an outcome was incomprehensible for the Cambodian people. What made it even more so was the hostility between Vietnam and China. Although both nations were involved in Cambodia's civil war, carrying together the banner of anti-Americanism to save the nation, their relationship turned hostile from 1975 onwards, and finally, in 1977, a military clash occurred. This was therefore a war between family members that had once fought together on the basis of solidarity.

1-2 The Pol Pot faction

–The reality of an ideal society that should be without exploitation–

The National United Front of Kampuchea (FUNK) was launched in Beijing in 1970, under the banner of anti-Americanism in order to save the nation. Various factions joined the front, including the Khmer Rouge (the Pol Pot faction), the anti-Khmer faction derived from Khmer Viet Minh, the former People's Party, and the pro-Sihanouk faction. The FUNK, in opposition to the United States and the US-backed Lon Nol regime, spread war throughout Cambodia, in parallel with the progress of the Vietnam War. Meanwhile, the Khmer Rouge was engaged in military action on a small scale in rural areas. Leftist group members who once studied in Paris, such as the Chairman of the Cambodia Communist Party Pol Pot (Saloth Sar), Khieu Samphan, Hu Nim, and Hou Yuon, led such small-scale military forces individually, and commanded a resistance movement in the rural areas.

With the participation of Prince Sihanouk, the FUNK gained power with the strong support of China, and this later became one of the causes of the Third Indochina War. On April 17, 1975, the Pol Pot faction occupied Phnom Penh, to establish the new Democratic Khmer Government.

It was clearly stated in the constitution that the nation should aim to establish a happy and equal society, with no gap between the rich and the poor. For this purpose, the government destroyed the conventional rural system, and created a new form of cooperative association (*Sahako*), based on collective labor. These cooperative associations were somewhat similar to the people's communes in China, serving as an organizational unit. Thus, people were controlled in their daily life and forced to carry out production activities, without any private freedom. Everything (food, clothing, and shelter) was placed under collective control. Each member of a cooperative association had to do his or her share of the work, under the supervision of government officials (*Onkar*). In order to sever any psychological attachment to their traditional lifestyle in their previous village, farmers were forced to change their domicile. It is estimated that about two million residents of urban areas, including Phnom Penh, were forcibly assigned to become members of cooperative associations throughout the country. These members were then mobilized to

construct irrigation channels, and increase the production of farm crops. They had to engage in hard labor under the burning sun for more than ten hours a day. As a result, many people ruined their health and died of illnesses. Government officials were relentless in executing defiant members or those who showed any sign of slackness. People were prohibited from moving around within the country, and all schools were closed.

In those days, education was focused on political labor. The Pol Pot regime destroyed social facilities and factories that manufactured luxuries, and excluded any imported products. People speaking foreign languages and intellectuals with specialities were treated with hostility, and many of them ended their life unnaturally. Moreover, the Pol Pot regime banned Buddhism, claiming that it was an evil religion, and blew up temples, pagodas, Catholic churches, and Muslim mosques. Buddhist priests were forced to return to the state of being laymen.

In promoting the system of increasing production, various problems came to the surface. For example, as new irrigation channels were constructed without the involvement of any professional surveyors, the water did not flow properly. The Pol Pot regime rejected the market economy, and abolished the currency. In a word, the ideal society without exploitation stated in the constitution was nothing more than an illusion, under the Pol Pot regime.

1-3 International relations between Cambodia, China, and Vietnam

–Groping for release from the repressive control of Vietnam–

When viewing the political system in Cambodia, it is obvious that there have always been splits in the factions fighting over power, which then tie themselves to foreign powers targeting Cambodia. This invites further confusion in most cases. The Khmer Rouge was divided into the following three factions: i) A group led by Pol Pot, Ieng Sary, and others, whose base was in the northeastern mountainous area at the initial stage of the struggle. They were under the influence of Maoism. After they obtained control of the government in 1975, they were relentless in arresting and purging high officials and their sympathizers, who objected to the policies of these factions; ii) A group led by Hu Nim, Hou Yuon, and others, whose base was in the southern part

of Cambodia. These glorified the Cultural Revolution, but were politically purged immediately after the liberation; iii) A group led by Heng Samrin and others, who were derived from the Khmer Viet Minh that had occupied the eastern part of Cambodia on the border between Vietnam. These were pro-Vietnamese. Feuding among these three factions exacerbated the purges. The Pol Pot government bragged of its success in achieving for the first time real ethnic independence from foreign control and subordination. Throughout the nation, however, unprecedented experiments in socialism were widely practiced, resulting in a large number of victims at many cooperative associations. In order to divert public attention from domestic confusion and discontent over working conditions, the government stirred national resentment against Vietnam, which was a favorite tactic conventionally used by governments. Thus, the government intentionally provoked a border dispute with Vietnam, though the truth of the circumstances is not certain.

China provided powerful support for Cambodia after the establishment of the FUNK in 1970. The Pol Pot regime, with a stronger inclination towards China based on close solidarity, aimed at adopting a policy of self-reliance. In other words, the government intended to release itself from the fetters of Vietnam. China sent a mission to Cambodia immediately after the establishment of the Pol Pot regime, with a large quantity of aid materials. After Pol Pot's visit to China in September 1977, China intensified its military aid to Cambodia. Three months after the visit, on December 31, 1977, the government declared that diplomatic relations with Vietnam would be severed. In those days, the military forces of both nations were still fighting fiercely around the Mekong Delta. This border incident took place against a background of the following three factors. The first one was the Cambodian people's psychological fear of Vietnam, which had arisen through a long history of complicated ethnic friction between the two nations. In particular, the Cambodian people felt an underlying sense of crisis in relation to the possible annexation of their nation by Vietnam. China, being adroit in assessing such public sentiment, successfully convinced the Cambodian people that China's support could be helpful in getting rid of Vietnam's influence.

The second background factor in the border conflict was the issue of Cochin China. In the New Independence Agreements between France and Vietnam signed

in March 1949, both nations agreed that Cochin China should be relegated to becoming part of South Vietnam. At the Geneva Meeting in 1954, Cambodia insisted on its right of sovereignty over Cochin China. Cambodia has been and is consistently demonstrating, that the issue of Cochin China has not been settled yet.

The third factor was the Cambodian people's anxiety over the Vietnamese quartermaster corps stationed along the Ho Chi Minh route, running through the eastern part of Cambodia. The Cambodian people were concerned about whether the presence of the corps would continue as a *fait accompli* even after the war. With the intensification of the Vietnam War in the late 1960s, the volume of transported munitions increased. Vietnamese soldiers in charge of transport were trying to overpower their opponents by sheer force of numbers, along the transport route. Within Cambodian territory, there were shelters, recreation bases, and field hospitals for the officers and soldiers of both the North and South Vietnamese Liberation Fronts. The Cambodian people were therefore concerned that these corps would remain even after the war, and that the illegal occupation of Cambodian territory by Vietnamese forces along the route where the population is sparse, might be allowed as a *fait accompli*.

1-4 Cambodia's peace process spurred by the collapse of the Soviet Union and East Bloc grouping

–The three-party coalition government with different objectives, although allied with each other–

After severing diplomatic relations with Vietnam, China delivered a large amount of munitions to the Kampong Saom Port, and dispatched military advisors as well. In May 1978, Cambodia made peace proposals to Vietnam consisting of four items, including the cessation of invasion, and the abolition of an Indochina proposal for establishing a federation between Vietnam, Laos, and Cambodia. The Pol Pot regime arrested and executed pro-Vietnamese government officials one after another. Thus, pro-Vietnamese people fled to Vietnam. On December 3, 1978, pro-Vietnamese soldiers formed the Khmer People's National Liberation Army, with Heng Samrin as leader. The Pol Pot regime and other countries in the world labeled this organization a puppet regime of Vietnam.

On 25 December 1978, the Khmer People's National Liberation Army, in which Cambodian people living in Vietnam were included, started large-scale offensive operations in the eastern and southeastern parts of Cambodia together with elite Vietnamese troops. This was the beginning of the Third Indochina War. The capital city of Cambodia, Phnom-Penh, was occupied on January 7, 1979, and the People's Republic of Kampuchea was established on January 10 of the same year. Prince Sihanouk returned to Beijing after escaping from Phnom-Penh just before the fall of the city. The Pol Pot regime that had to retreat to the Thai border, declared their unrelenting resistance, and denounced Vietnam as an invader.

The Heng Samrin regime concluded a Peace and Friendship Treaty with Vietnam. This Treaty legitimized the stationing of Vietnamese troops in Cambodia and the supportive military action by the Khmer People's National Liberation Army, thus confirming a special relationship with Vietnam. With a view to punishing Vietnam for these deeds, China invaded Vietnam on 17 February 1979, an action that involved fierce fighting around Lang Son.

An estimated 650,000 Cambodian people fled the country during this period to become refugees.

The Heng Samrin regime, with powerful support from Vietnam, expanded its effective governing region, while the Pol Pot faction continued its anti-Vietnamese guerrilla warfare around the Thai border. In the Heng Samrin regime, the Cabinet Council corresponded to the Cabinet, and the Chairman corresponded to the Prime Minister. The only legitimate party was the People's Revolutionary Party, which was closely related to the Vietnamese Communist Party and the Laos People's Revolutionary Party. Vietnamese troops (estimated to be about 140,000 soldiers in 1986) stationed in Cambodia, supported the People's Revolutionary Army in order to fight against the three-faction guerrilla troops around the Thai border. These three anti-Vietnamese and anti-communist factions were the Pol Pot faction, the Son San faction led by the former governor of the national bank (the Khmer Serai Troops) which aimed at a republican regime, and the Sihanouk faction (the Sihanouk Troops) who were yearning for the past royal regime. These three factions, with different objectives and yet allied, launched the Coalition Government of Democratic Kampuchea (hereafter referred to as the Coalition Government), in July 1982. The Coalition

Government was given a seat at the United Nations as the legitimate government approved by about 75 nations. In fact, the Cambodian issue was no longer merely domestic. It had become excessively complicated due to the influence of international political confrontations between the East and the West, as well as between China and the Soviet Union, and China and Vietnam. Vietnam, the Soviet Union, and the East European countries supported the Heng Samrin regime, whereas China and ASEAN member countries supported the Coalition Government. With the establishment of détente between East and West, both leaders held peace talks in Paris in December 1987. In the early 1990s, with the collapse of the Soviet Union and the East Bloc, the Cold War structure, which involved confrontation between East and West, came to an end. Accordingly, Cambodia's peace process made rapid progress, followed by the Paris International Conference on Cambodia in 1991, the establishment of the Supreme National Council (SNC), the Peace Keeping Operation (PKO) launched by the United Nations Transitional Authority in Cambodia (UNTAC) in 1992, the general elections, the promulgation of the new Constitution, and the appointment of Prince Sihanouk as King of Cambodia in 1993.

1-5 Political disorder in Cambodia after the achievement of peace

—How would a rabbit in the role of a judge mediate a dispute in a folktale?—

A new government was launched in September 1993 with two Prime Ministers. As a result of the general elections, the Funcinpec Party won 58 seats, followed by the Cambodian People's Party with 51 seats. Thus, Norodom Ranariddh of the Funcinpec Party was appointed as the First Prime Minister, and Hun Sen of the Cambodian People's Party as the Second Prime Minister. The coalition government contributed to political stability, though not fully. At that time, Cambodia was faced with the following five problems: i) Reconstruction after the war; ii) Retreat from socialism and the introduction of a market economy, iii) Poverty reduction; iv) Return to the international community; and v) Establishment of a cultural identity toward racial reconciliation.

In preparation for the general elections to be held in May 1998, each Prime Minister's faction was actively

involved in political campaigning. Meanwhile, the Pol Pot faction, which was continuously engaged in guerilla warfare in the northwestern part of Cambodia, tried to form a coalition with the Funcinpec Party. With the intention of rallying itself from an inferior position, the Funcinpec Party wanted to exploit the forces of the Pol Pot faction. This provoked great antipathy on the part of the Cambodian People's Party, resulting in a military clash. On June 17, 1997, there was an armed confrontation between the guards of each Party. On July 5 and July 6, Second Prime Minister Hun Sen and his troops launched a harsh offensive against First Prime Minister Ranariddh's troops. As a result, Ranariddh's troops were crushed, and Ranariddh was ousted.

This military clash was triggered by the following two actions of the First Prime Minister's troops: i) they illegally brought in weapons, such as heavy firearms; ii) they invited the support of personnel from the illegitimate Pol Pot faction. This was regarded as a power struggle to expand the sphere of influence of each, and was targeted at the forthcoming general elections in May 1998. Thus it could not be considered as a *coup d'état*. Both factions became agitated and engaged in fighting for no political reason. In other words, this military clash was the result of the immaturity of the new democracy. Prince Sihanouk and Second Minister Hun Sen trusted each other, as they were both involved in establishing the basic framework for peace in 1987. Moreover, both agreed that the Pol Pot issue should be settled at all costs.

The international community regarded this military clash on July 5, as an infringement of the Peace Agreements, as both factions had ignored the basic principle of the Peace Agreements, which was not to resort to force. The Funcinpec Party and the Cambodian People's Party simply did not get along together. They were just like oil and water, as the former consisted of the Royalist Party members who had returned from overseas, whereas the latter consisted of rural people who had remained in the nation to exert their influence. Friction between the two parties was tremendous, though both were jointly in charge of administration under the guidance of the king for three and a half years. Behind the scenes during this military clash, the anti-Vietnam Pol Pot faction tried to grasp the chance to recover, by taking advantage of this confrontation between the two Prime Ministers.

The Cambodian people were worn-out both physi-

cally and mentally due to the political disorder caused by the civil war. However, by taking the medicine of Western democracy and Western elections, they were making a gradual recovery. This military clash was a form of allergic reaction for them. In rural areas, unlike urban areas, there were many illiterate people, and they were uncertain as to how far they could appreciate the significance of the general elections. Traditionally, rural people had lived in peace and were self-sufficient. If only they could have continued earning their living by agriculture in an atmosphere of peace, they would have been satisfied. In a Cambodian folktale, a rabbit in the role of a judge would mediate in a dispute amicably, by listening to the complaints of both sides. This indicates the wisdom of the Cambodian people, with regard to living with each other.

Peace in Cambodia should be established based on the following three criteria: i) to maintain the coalition government and the National Assembly; ii) to support the constitution; and iii) to comply with the Peace Agreements. It was necessary for the international community to watch carefully whether the Cambodian people, keeping the above three criteria in mind, could implement free and fair general elections on their own in July 1998.

1-6 Traumatic experiences affecting the general elections

–Restoration of confidence is the key to reconstruction–

In April 1998, Pol Pot, the most influential figure within the Khmer Rouge, died. Thus, the guerrilla group Khmer Rouge, which had been a destabilizing factor in Cambodian politics, ceased to exist.

Hun Sen allowed his political opponent, Ranariddh, to join the general elections in July 1998, campaigning for free and fair elections. About forty parties announced their participation. During election campaigns, the most conspicuous party was the Cambodian People's Party, whose posters were found everywhere and large signboards caught people's attention in rural districts covering most areas of the country. The power struggles of the central government were thus brought into rural areas. Politics distressed rural people, who were coerced into providing support in exchange for various promises and goods. Such political maneuvers were repeatedly carried out in rural areas, where people

should have been enjoying a peaceful rural landscape of palm trees scattered here and there with their fan-shaped leaves. Even though free and fair elections were implemented, the question was what would happen after that, namely whether peace could be firmly established, and whether people's peace of mind could be restored.

Most Cambodian people are very pious Buddhists, with a peace-loving national character. They devote themselves to agriculture, and worship local gods. They appreciate spiritual moderation, regardless of their poverty. This is the quintessence of the Khmer spirit. As mentioned previously, in Cambodian folktales handed down from generation to generation, a rabbit in the role of a judge would settle a dispute amicably by listening to the complaints of both sides. However, the civil war, continuing from the 1970s, and the terrible massacres by the Pol Pot regime, caused violence to permeate the peace-loving national character of the Cambodian people. They now tend to disguise their violence with gentle smiles, and settle conflicts of interest by force. Violence has now become ubiquitous in their daily life. The Cambodian people are still obsessed with such traumatic experiences, and as long as they suffer from this trauma, peace will not be firmly established in the country.

A proverb in Cambodia declares: a villager who swam across the ocean dies in a puddle where water buffalos are resting. It means that even if a person has accomplished a splendid job through great hardships, all these efforts will come to nothing if that person loses his life due to a minor mistake. This proverb describes the peace-loving Cambodian character well. In order to get rid of violence, there is no way but to endeavor to steadily restore the Khmer spirit, while keeping this proverb in mind.

The following three factors are indispensable for political stability in Cambodia.

- (i) The presence of King Sihanouk: He is 78 years old (as of 2001). Though rumor has it that he is ill, he enjoys overwhelming popularity among rural people. Thus, his presence is as essential as ever for political stability.
- (ii) Buddhism: Along with the king, Buddhism provides spiritual support for the Cambodian people. The restoration of Buddhism must provide the foundation for peace. Priests have held peace marches with the participation of many villagers.
- (iii) Restoration of confidence through school educa-

tion: Under the lingering civil war, it was actually impossible to provide education. Education must be revitalized expeditiously at the national level.

Cambodia has a glorious history of civilization. In the 12th century, the large temple of Angkor Wat was constructed. Since 1980, the author has been involved in technical surveys as well as the preservation and restoration work of the Angkor Monuments. Cambodian people can restore their confidence by establishing a system of preservation and restoration work by themselves, which would include the training of stonemasons and the development of links with the local people. While providing economic aid, Japan should seriously consider how it can cooperate in the resuscitation of the Khmer spirit. This will certainly encourage the Cambodian people.

On July 26, 1998, a general election was held throughout Cambodia. The Cambodian People's Party won 64 seats (41%), followed by the Funcinpec Party with 43 seats (31%), and the Sam Rainsy Party with 15 seats (15%). King Sihanouk summoned the Funcinpec Party and the Sam Rainsy Party, which did not recognize the election results, and acted as an intermediary between them and the Cambodian People's Party. As a result, Hun Sen was elected the sole Prime Minister.

1-7 Relations between Cambodia and its neighboring countries, Vietnam and Thailand

—The nightmarish memories of Vietnam's control over Cambodia—

Exchanges between Cambodia and Vietnam started in the late 15th century. Until then, there had been the Kingdom of Champa in the southern part of Vietnam. After the Kingdom of Champa was defeated and broken up by an attack of the Le Dynasty in 1471, the Vietnamese advanced into the southern part. In 1623, the King of Cambodia authorized a certain person named Nguyen who lived in Hue, to carry out business activities in Pray Nokor (around Ho Chi Minh), in the Mekong Delta. With overseas Chinese merchants, Nguyen developed the Mekong Delta, and in 1731, he demanded that Cambodia cede two southern provinces. In 1758, Cambodia admitted Vietnam's suzerainty. As the King's power was weakened, an Imperial command by the King required the countersignature of a Vietnamese advisor. In 1806 when Ang Chan II returning from Siam (Thailand)

acceded to the throne, he immediately admitted Vietnam's suzerainty again.

As Cambodia admitted Siam's suzerainty as well, both nations, that is, Vietnam and Siam, started a struggle with regard to their influence over Cambodia. In 1834, when Queen Ang Mey acceded to the throne, she entrusted state affairs to Vietnamese high officials, who were also in charge of local administration. Thus, everything was changed into a Vietnamese style. In 1841, when Cambodia was annexed by the Nguyen Dynasty of Vietnam, Queen Ang Mey and high officials were taken to Saigon. The Khmer people were coerced into following Vietnamese manners and customs, but anti-Vietnam uprisings occurred here and there. In 1845, when Ang Duong returned from Siam, he acceded to the throne under an agreement between Siam and Vietnam, thus restoring the independence of Cambodia.

As a result of the French bombardment of Danang in 1847, five Vietnamese warships were sunk. From the late 19th century, Vietnam was totally preoccupied over negotiations with France, and thus became indifferent to Cambodia. According to the Protection Treaty in 1863, Cambodia, including the former territory of Cochin China (Mekong Delta area), came under the rule of France.

In 1887, Cambodia, along with Vietnam and Laos, formed French Indochina. In Cambodia, French administrators gave important posts to lower-level Vietnamese officials. Consequently, the Cambodian people's daily life was under the direct control of such Vietnamese officials. This aggravated the simmering friction between the two peoples. Moreover, under the administration of French Indochina, an influx of Vietnamese workers, merchants, carpenters, and drivers into Cambodia, resulted in depriving Cambodian people of their jobs. In particular, Vietnamese people monopolized the navigation business and fishery along the river delta, forming their own villages throughout the area.

Since the old days, Vietnam has advanced into the southern part of Cambodia with the backing of its forces, and occupied agricultural land as a *fait accompli*, thus intensifying the friction between the Vietnamese and Cambodian people in the south. Due to differences in their historical and cultural backgrounds, both groups have found many incompatibilities in their daily lives. Vietnamese people under the influence of Chinese culture have accepted Mahayana Buddhism, Taoism, and Confucianism, while Cambodian people under

the influence of Indian culture have accepted Theravada Buddhism. In a word, behind the conflict between the two groups, there exists a heterogeneous cultural antagonism.

1-8 Cambodian people released from Pol Pot's reign of terror

–Complicated ethnic sentiments–

After World War II, Vietnam gained independence, but was divided into North Vietnam and South Vietnam. Under the structure of the Cold War between the East and the West, relations with Cambodia became complicated, and were dependent on international politics on every occasion. In April 1954, some Viet Minh battalions (namely the Vietnam Independence Union) invaded the northeastern part of Cambodia, but they retreated after a short while. At the Geneva Meeting in 1954, Cambodia insisted on its right of possession of Cochin China, and refrained from signing. This issue was one that derived from the old days, as the Khmer people (Khmer Kampuchekrom) had continuously lived in Cochin China. From the late 1950s to the 1960s, North Vietnam, the South Vietnam People's Liberation Front, and South Vietnam were engaged in diplomatic negotiations over a policy of neutrality for Cambodia. Moreover, with their involvement in the Vietnam War, the relations between Cambodia and Vietnam varied unpredictably.

In March 1970, an anti-Vietnam demonstration was held in the southern part of Cambodia, and Vietnamese houses were attacked. In those days, the US-backed Lon Nol regime had joined forces with South Vietnam. However, due to the historical background of Cambodia's occupation by Vietnam, Cambodian people had a strong resentment against Vietnam. Under the extreme racist regime of Pol Pot, a large number of Cambodian people of Vietnamese ancestry were persecuted and executed. This led to the border dispute with Vietnam. In 1977, the Pol Pot regime started to attack Vietnamese territory around the border. In December 1977, it declared that diplomatic relations with Vietnam would be severed, denouncing Vietnam's intentions to incorporate Cambodia into a Vietnam-led Indochina. At the end of 1978, the Khmer People's National Liberation Army, protected by Vietnamese troops, invaded Cambodia, and in 1979, the Heng Samrin regime was established with 200,000 Vietnamese troops stationed in

Cambodia.

For Vietnam, soon after the unification of the North and South, China's support for the Pol Pot regime from 1975 was a serious threat to its security. In the fall of 1978, when confrontation with China became manifest, Vietnam decided to overthrow the Pol Pot regime mainly using its own forces, while supporting the Khmer People's National Liberation Army, an anti-Pol Pot Cambodian organization, thereby avoiding a pincer movement by China from the north and Cambodia from the southwest.

The Vietnamese and Cambodian people held such deeply rooted mutual distrust, partly due to their historical confrontations. It was therefore difficult to purge the anti-Pol Pot factions from the Thai border. In those days, many people fled from the country as refugees, and in the meantime the Vietnamese troops rescued many Cambodian people from the threat of death under the Pol Pot regime. The Vietnam-backed Heng Samrin regime established a relatively strong national foundation in a short while.

As mentioned previously, with the retreat of Vietnamese troops in 1989, the Agreements on a Comprehensive Political Settlement of the Cambodia Conflict, that is the Paris Agreements, were signed in 1991. Finally, in 1993, Cambodia was reborn as a new kingdom released from the influence of Vietnam. The following two factors ensured Vietnam's retreat from Cambodia: (i) Vietnam appealed for a cessation of its isolation from the international community; and (ii) Vietnam lost its supporters due to the collapse of socialism, such as those in the Soviet Union and the East Bloc countries. However, the fact that Pol Pot guerrillas remained under the anti-Vietnam banner, represented a long history of confrontations, struggles, and conflicts between the two peoples.

1-9 The profound spirituality of Khmer culture

—Release from the fetters of Thailand and Vietnam in the French colonial areas—

Here, relations with Thailand will be discussed from the historical viewpoint. The Cambodian people (Khmer) and Thai people (Siam) had a long history of cultural exchanges, as shown in the carved reliefs of Angkor Wat in the 12th century. These two peoples lived together in the northeastern part (Isaan) of Thailand.

Until the 14th century, Cambodia took the lead in developing relations between the two countries, whereas from then on, Thailand took the lead. After the establishment of the Ayutthaya Dynasty in Thailand in 1351, both countries engaged in a territorial dispute. Even after Cambodia was forced to renounce the Imperial capital of Angkor in 1431 as a result of an attack by Ayuttaya troops, Thailand persistently attacked Cambodia. When King Thoam Reachea acceded to the throne in 1474, he was forced to cede the country to the suzerainty of the Ayutthaya Dynasty. Thus, until 1863, Cambodia was subject to Thailand, except for some periods. For example, in 1555, Cambodia recovered its former territories temporarily, because the Ayutthaya national capital region fell under the power of Burma in 1569 as a result of an attack by King Bayinnaung, and thus belonged to Burma for 18 years. Meanwhile, Cambodia carried out additional construction to complete Angkor Wat, where the royal palace was temporarily moved. When the Imperial capital Lovek fell in 1594, Cambodia ceded its territory again to the suzerainty of Thailand.

The Cambodian royal family members, after spending their infancy at the Court in Thailand, were brought back to Cambodia as youngsters. In the late 18th century, Cambodia had to approve the suzerainty of Vietnam and Thailand, and 10,000 Cambodian people were taken to Bangkok for the excavation of canals. The northwestern part including the Angkor district of Cambodia belonged to Thailand. When the King of Cambodia died in 1796, a new king was not appointed. Instead, the high official Pok reigned over Cambodia.

In 1806, Ang Chan II, returning from Bangkok, acceded to the throne. However, in 1814, he approved the transfer of three provinces in the northern part of Cambodia to Thailand. Cambodian people have a distrust of Thai people due to this long history of hardship caused by Thai rule. This resentment still remains, regardless of the shared cultural ties between the two peoples in Theravada Buddhism.

In 1863, Cambodia came under the protection of France. In 1893, according to the France-Siam Agreement, France recovered the three northwestern provinces from Thailand. Under the same Agreement, France also recovered former Cambodian territories in 1904 and in 1907. In this way, the current northwestern border was formed. In 1941, Thailand occupied the northwestern part with a view to recovering the former territories lost during the French occupation. Thailand's

occupation was approved as a *fait accompli*, through Japan's arbitration. However, as Japan was defeated in 1945, Thailand was compelled to renounce these territories.

After World War II, Thailand often made political demands in relation to the opening and closing of the border between the two countries, and created difficulties for Cambodia. Thailand adopted pro-American policies in the 1960s, thereby obstructing the policy of neutrality proposed by King Sihanouk.

From 1978, Thailand indirectly interfered in the Cambodian issue, through support for the Pol Pot troops stationed along the Thai border. Thailand provided them with munitions obtained from China. It was Thailand that maneuvered behind the scenes to establish the coalition government, consisting of the Pol Pot faction, the Son San faction, and the Sihanouk faction. However, public opinion pressured Thailand to stop providing support for the Pol Pot faction, and in 1991, the Paris Agreements were concluded.

Since the 15th century, Cambodia has suffered attacks from both sides, Thailand in the west and Vietnam in the east, and its territories were annexed by both countries in the late 18th century. Its Imperial capital was moved from Phnom Penh to Lovek and then to Udong. Around 1860, the reign of the King of Cambodia was limited to the area surrounding the Imperial capital Udong, as the northwestern part was occupied by Thailand, and the southern part was occupied by Vietnam. A large number of Cambodian people were conscripted as soldiers, whenever both countries dispatched their forces. This resulted in the decline in the population, with a reduction in the vitality of the country. Disorder and devastation in Cambodia starting with a power struggle in the royal family was aggravated, as both neighboring countries were at war with Cambodia, by the desire to expand their territories.

1-10 Rural areas now being tainted by the monetary economy **–Searching for a new image of rural areas–**

Due to the disorder caused by the war, the fertile plains of paddy fields became deserted. Farmers formed small villages in the jungle, leading to a self-sufficient life in a closed society. The majority of Cambodian people were farmers, living in villages located

on embankments or hills to avoid submergence. One village consisted of 50 to 80 households on average. There were reservoirs and small rivers in the villages, with cultivated paddy fields and crop fields. In each village, the chief of the village (*Me Pum*) and his assistant formed a mutual aid group, in order to carry out the farming. Religious events served as the unifying norms for the villagers' lifestyle and culture, and thus, Buddhist priests seeking salvation performed their ascetic practices in front of the villagers. There were small shrines sacred to ancestral gods and native gods, to whom villagers would pray for mercy and blessings. People made their living from agriculture, raising a single annual crop of rice.

Villagers started rice planting in submerged paddy fields. They led their life according to the farming schedule, though it was changeable as their extensive agriculture depended on the weather. Villagers would cultivate their own farmland (about 3 hectares on average) using human power (family members) and animal power (two cows), to harvest crops to be consumed by their family and to be paid as tax. As the traditional ethnic costume for work, women would wear a waistcloth called a *sarong*, with a cloth called a *krama* on their head. On the occasion of religious events or visits to the temple, they would wear a traditional costume called a *sampot*. Meals were quite simple, consisting of rice as the staple food, together with noodles and *prahok* (a kind of fish gut pickled in salt).

In rural areas of Cambodia, the economic system is still self-sufficient. People go to the nearby market with their pig on a bicycle, in order to exchange it for daily necessities, school supplies, and wall panels made of palm leaves. They have continued such economic activities, even without their ever appearing in the economic statistics. The basic principle in rural areas is to treasure the harvest. Judging from the traditional rural structure, one can see that the monetary economy is not everything for the rural people.

What if rural areas were to be affected by a consumer-oriented society, similar to an urban-oriented economy? In rural areas where more than 80% of the total population of Cambodia lives, it is vital to place a special emphasis on agriculture. Moreover, it is necessary to reduce poverty, improve the living standards, and achieve equal distribution of wealth.

1-11 Spiritual values for the Cambodian people **–‘Paradise’ and ‘Pielg’ in Theravada Buddhism–**

I have often wondered why the Cambodian people are filled with the joy of life, despite their poverty. They must be spiritually contented people. In other words, they live amidst the magnificence of nature with sound hearts and minds, relishing the contentment of life. Theravada Buddhism has provided the greatest support for their peace of mind. I am curious to know what it is that has served as the mental sustenance for the Cambodian people.

In 1555, Gaspar Da Cruz, a Catholic priest of the Dominican order in Malacca, visited Cambodia to preach the Gospel for the first time. This missionary work ended in complete failure. Da Cruz heard the following story from a Cambodian Buddhist priest: there are 27 Paradises in Cambodia, where every living creature including fleas and lice can transmigrate to each soul in the wheel of life (samsara). Human beings can go to the first Paradise located nearest to the earth. It is filled with food and drink, with magnificently attractive celestial maidens in attendance. Above the first Paradise extends the second Paradise, to which Buddhist priests can go. There are many steps corresponding to a person's accomplishments. For example, a priest who has lived in the intense heat will be rewarded with the supreme bliss of being able to take a rest in a cool breeze.

Only someone who has completely rejected greed can go to the third Paradise on the top. The person will become like a round ball, just like a living creature in the body of Brahma. Cambodian people still believe in the existence of these three Paradises.

In parallel with the Paradises, there are 13 Hells, and the Hell into which a person falls is decided according to the severity of his sins.

Then why do people struggle despite their knowledge of these Paradises and Hells? It is because of greed. People lose their moral principles as a result of greed. Therefore, people should follow the teachings of Dharma, and put them into practice. At the final stage of practice, people will be spiritually awakened, and attain Nirvana.

Villagers come in contact with Buddhist priests with the expectation of being relieved from the various hard-

ships of the everyday world. They expect that this encounter with priests will lead to the salvation of their souls. How do the villagers put these teachings into practice when judging good and evil? In Cambodian traditional folktales, there appears a rabbit acting as a judge, a crocodile full of cunning, and a tiger as a villain, making a great fuss in the world. Only a pond snail watches these developments in silence, judging good and evil. A pond snail is the wisest of all, knowing the truth. It walks in the paddy fields slowly, step by step. It is the pond snail that embodies the truth of Dharma in the world. Indeed, such is the far-sightedness of the rice-cultivating Cambodians.

Theravada Buddhism accepts and maintains the Tripitaka Scripture originally written in the Pali language. The Scripture is written in the respective languages used in Thailand, Myanmar, Laos, and Cambodia, and the content is the same. Villagers attach greater importance to the priests than to the Scripture itself, as they regard priests as the embodiment of the Scripture. Therefore, priests are referred to as 'living religious precepts,' and are worshipped by the people. Each temple has an organization administered by the neighboring villagers, who are in charge of religious events and ceremonies held at the temple. People perform acts of charity through such ceremonies, not because they want to live peacefully in the next world, but because they want to be connected to both the living and the dead beyond time and space. Therefore, such ceremonies are performed not only for themselves but also for other living people, and also for those in the future, in the next world, and the dead. In order to hand down these ceremonies from generation to generation, it is important to establish an organization administered by the villagers who are in charge of performing these ceremonies. On the other hand, Thai Buddhism places excessive emphasis on acts of charity and focuses only on supreme bliss in the next world, and not on the connection beyond time and space. This has caused a misunderstanding among the people. At the temples in Cambodia, however, the content of the Scriptures have been conveyed to villagers orally through recitation. Only priests who have studied the Scriptures in the Pali language for a long time, can understand and interpret them.

It is traditionally said that the values and virtues of the Scriptures will be lost if they were written down, and this is another reason why the Scriptures have been orally conveyed.

Cambodian people believe in Theravada Buddhism, and want to perform acts of charity. Villagers sincerely welcome a priest asking for alms at the door. This is a pious act in expectation of the deliverance of their souls. Paradise is the thing that attracts the people's attention the most. It is quite understandable that everyone wants to go to the first Paradise, as it contains attractive celestial maidens. People in those days seemed to have had a sense of humor. They must have known both the bitter and the sweet sides of life. Theravada Buddhism is a religion of priests who have abandoned the secular world, and it focuses on self-salvation. Cambodian priests do not get married, and their final goal is to attain the state of Nirvana through practices. It is the ardent wish of Cambodians to become the fellow travelers of a priest.

2. International cooperation in the preservation and restoration of the world cultural heritage

–Investigation and study of the Khmer spirituality hidden in Angkor Wat–

2-1 Human resources development as a support for the independence of the local people

The significance and urgency of the preservation and restoration of cultural properties has long been discussed. In the 21st century, with the rapid progress in scientific technology and computerization, global standardization and mechanization will be further promoted. In contrast to this phenomenon of global standardization, the preservation and restoration projects of cultural assets reveal an individual ethnic tradition, and cultural and historical achievements in each country or region, with important keys to the solution of historical, cultural, and social problems. Preservation and restoration projects should be promoted from the viewpoint of each country or each race where the cultural properties exist, and from the universal viewpoint of mankind. It is necessary for us to consider the following two issues from the former viewpoint: i) what help we can offer in the investigation, study, preservation, and restoration, and ii) how will such help be related to the future preservation and restoration projects for the cultural properties of each country.

In the search for the identity of ethnic culture, com-

parative studies on four monuments (Borobudur, Pagan, Sukhothai, and Angkor) in Southeast Asia, started in 1984. Through the study of these monuments, local residents who are now living or once lived in the monument districts will be given some clues as to their own roots. In other words, based on such data, people can find their identity. Through this scientific evidence, local residents will develop ethnic pride and confidence. In its cultural policy, each country places importance on the study of history, the preservation of monuments, and the exhibition of these monuments, including sightseeing tours. Thus, the study of monuments is important in contemporary history as well.

In 1984, a project for comparative studies on the preservation and restoration of the cultural heritage of Southeast Asia was launched, based on the principle that the preservation of the monuments should start from international cooperation between people. This project consisted of 32 experts from four countries (Japan, Thailand, Indonesia, and Myanmar), including Ms. Hariyati Subadeo (the former Chairperson of the Borobudur Public Corporation) from Indonesia, the Prof. M.C. Subhadradis Diskul (the former President of Silpakorn University) and Doctor Nikom Musigakama (the former Director of the Department of Fine Arts in the Ministry of Education) from Thailand, Professor Tantun (the former President of Mandalay University) from Myanmar, who was awarded the Fukuoka-Asian Cultural Prize, the late Mr. Tatsuro Yamamoto (a member of the Japan Academy), Mr. Yoneo Ishii (the President of Kanda Gaigo University), the late Mr. Daigoro Chihara (in charge of the restoration of Borobudur), Mr. Nobuo Ito (the former Head of the Tokyo National Research Institute of Cultural Properties), and Mr. Yasushi Kono (the former Asian Section Chief of UNESCO) from Japan. The project dealt with the four monuments, Borobudur, Pagan, Sukhothai, and Angkor.

UNESCO highly evaluated this project as a regional cultural cooperation program in Southeast Asia. During the implementation of the project, international symposia were held seven times at the sites, to conduct on-site investigations of the monuments. Experts engaged in the restoration work at the site were asked to participate in the discussions and to make presentations of case studies. 'To study and learn at the Asian site' was our basic perspective. The results of these symposia on international cooperation in the preservation of these four monuments were compiled in a report of 1,400 pages

(*Cultural Heritage in Asia, vols. 1-7, Institute of Asian Cultures, Sophia University, 1985-1992*).

In short, cultural heritage symbolizes the pride and tradition of each ethnic group. The restoration work, in principle, must be carried out through the efforts of local residents. None but these local residents can explain their indigenous culture to the world. Therefore, international cooperation on the preservation and restoration of the monuments should start from human resources development, in order to help ensure the independent activities of the local residents.

2-2 Support for the preservation and restoration of Angkor Wat and the human resources development project as the repose of souls of colleagues

In the suburbs of Siam Reap (the northwestern part of Cambodia), covering an area equivalent to the 23 Wards of the Tokyo Metropolis, there are 62 monuments, including the world-famous Angkor Wat. During the Angkor Dynasty lasting for some 550 years, the kings of each period constructed many temples, monasteries, small shrines, reservoirs, and bridges in the Imperial capital, located around Siam Reap. Most existing monuments were made of stone.

In order to rescue the Angkor Monuments from collapse, our team visited Siam Reap in 1980 to start the emergency restoration work. Despite the absence of diplomatic relations, the Sophia University Angkor International Mission started a restoration project for the first time as Japanese aid. In 1994, the International Conference on Safeguarding Angkor was held in Tokyo to switch from the conventional framework consisting of Sophia University, UNESCO, the Ecole Francaise d'Extreme-Orient (EFEO), the World Monuments Fund, and the Archeological Department of India, to a new framework of international cooperation. Since then, in Phnom Penh or in Siam Reap, the International Coordinating Committee on the Safeguarding and Development of the Historic Site of Angkor (ICC) has been meeting regularly under the co-chairmanship of the Japanese and French Ambassadors, with the assistance of UNESCO.

Currently, the Japanese Government Team for Safeguarding Angkor (JSA) and Sophia University Angkor International Mission (Sophia Mission), are implementing the preservation and restoration project, as well as

the investigations on the Angkor Monuments. Since 1970, when a civil war broke out, Cambodia had suffered from social disorder for 24 years, until the UN started the Peace Keeping Operations (PKO) in 1993. During these years, preservation and restoration activities had to be suspended. Moreover, these activities could not be resumed immediately just because the Cambodian side had become peaceful. However, as both the three-party Coalition Government at the Thai border and the Heng Samrin Government actually administering in Phnom Penh agreed on the preservation and restoration of the Angkor Monuments from 1980 to 1989, even though the civil war still continued, we were busy with restoration work for several monuments. This restoration of the cultural heritage was carried out along with Cambodian workers, despite the fact that they were suffering from food shortages.

The Angkor Monuments, including Angkor Wat, symbolize the ethnic pride and traditions of the Cambodian people. During the Pol Pot regime (1975 – 1979), 36 cultural heritage preservation experts were forced to die, due to the policy of eliminating intellectuals who were considered to be poisoned by Western philosophy and language. As a result, there remained no experts who could be in charge of the investigation, preservation, and restoration of the cultural heritage.

Personally, I feel disconsolate over the death of those Cambodian colleagues who had worked together with me for the preservation and restoration of the Angkor Monuments since 1961. As an act of remembrance for those colleagues, I am now devoting all my energies to the restoration work of the Angkor Monuments. This is the reason why I (or Japan) must provide support for human resources development, aimed at developing the capacity of Cambodian experts in cultural heritage preservation.

It has been expected that the preservation and restoration projects of the Angkor Monuments would help Cambodian people to reconstruct themselves spiritually, and regain their pride and confidence in a true sense. Profits gained through tourism must be returned to the country or region, so that the country or region can take the lead in the research and in the preservation and restoration work. Moreover, these profits should contribute to economic independence and regional development.

Experts have been absent for the past twenty-five years. For the first time in eleven years since the hu-

man resources development project started, the number of promising experts in cultural heritage preservation is on the rise.

As mentioned previously, the Sophia University Angkor International Mission (hereafter referred to as the Sophia Mission) has been involved in emergency restoration work since 1980. In this emergency restoration work, villagers were in charge of the following cleaning activities: to construct supports to prevent the falling of stone materials; to drain water from the monuments; and to remove the undergrowth of tropical vegetation.

The human resources development project started in March 1990, when signs of peace emerged in Cambodia. This project has been and is continuously being implemented, aimed at the raising of the skills of the following three groups of experts: i) officials who are able to supervise the investigation, preservation, and restoration of the cultural heritage, ii) technical officials with medium-level skills, and iii) stonemasons.

On-site training for students of the Royal University of Fine Arts in Phnom Penh is implemented at the Monuments in Banteay Kdei, for which the Sophia Mission has been in charge. These students belong to either the Department of Archaeology or the Department of Architecture. Since 1995, five students selected from each Department have jointly carried out investigation and research with the Sophia Mission, in the months of March, August, and December of every year, with practical on-site training provided by Japanese instructors. These students entered the Royal University of Fine Arts in 1991, when the University was reopened. Sophia University constructed the Angkor Training Center (two stories with an area of 290m²) in August 1997, so that these students could lodge together, have lectures, treat artifacts obtained from excavations, and make drawings.

After graduation, these students were employed as trainees. They went to the Training Center every day to deal with assignments in archaeology and architecture, and have continuously received training from Japanese instructors. Four students were selected from those who participated in the training. They won scholarships from private foundations to study at the Graduate School of Sophia University. In their Master's theses, they presented their studies on the Angkor Monuments from a unique viewpoint as Cambodian people. Currently, they are in the doctoral level course, preparing

their dissertations.

2-3 Project for the coexistence of human beings (village), nature (environment), and culture (monuments) –Japanese technologies and methodologies are not always applicable–

In my opinion, the implementation of preservation and restoration projects alone is not enough. Therefore, since August 1991, we have also been implementing a project aimed at the development of rural communities around the monument area, and the restoration of traditional culture. This is a project for the coexistence of human beings, nature, and culture. In this project, we have been investigating the natural environment such as plants and ecosystem in the adjacent forest areas, as well as the economic conditions, irrigation, topography, geology, and water quality, in the villages around the monument area in Banteay Kdei. In addition, research on the intangible cultural assets in the Siam Reap Province is under way to prepare an inventory of a miniature shadow play (*Sbek Tuoch*) and a deer head parade (*trot*). The project is also designed to collect folktales. Currently, we are obtaining results of the research on socio-economic conditions and traditional culture, in Sra Srang Village in the north. Thus, we have taken the first step in the project toward the coexistence of villages, forests, and monuments.

Nine universities and five organizations in Japan have joined our team, implementing the project based on the following three philosophical principles:

- (i) Cambodian people must be responsible for the protection of their own cultural heritages. Based on the principle that Cambodian experts should be in charge of the preservation and restoration of the cultural heritage in Cambodia in order to pass them down to future generations, a human resources (researchers and technicians) development project was started ten years ago. This project aims at the development of personnel to contribute to the academic independence of Cambodia, and to make observations on cultural sovereignty.
- (ii) Research on the cultural heritage must be closely related to the preservation and restoration project. It is not sufficient to restore only the damaged parts of the cultural heritage and pass them down

to the future generations. Restoration without scientific identification may destroy the original monuments. In other words, we must identify when, how (using what materials), and why the monuments were constructed, as well as their outlook on the universe and style. The preservation and restoration work must be based on careful academic investigation and research.

- (iii) A medium- to long-range perspective is required for research on the preservation and restoration of monuments. Along with the careful investigation of the monuments, it is necessary to develop a medium- to long-range master plan for the preservation and restoration work. In the long-range plan, the preservation and restoration work should be implemented continuously for 30 to 50 years, in order to rediscover the traditional construction methods and techniques, and to evaluate them. It is desirable to use these traditional methods and techniques with some improvements, in combination with high technology. Similarly, research on the natural environment around the monuments, such as irrigation, plants, and ecosystems, should be based on a long-range perspective. In a word, cultural cooperation is a persistent and long-range task.

Only a limited number of experts have learned South-east Asian languages in Japan, and have undertaken a profound study of archaeology and architecture. It is true that Japan has superb technology, sufficient support funds, and competent researchers and technicians. Japanese people, therefore, tend to have a latent sense of superiority towards the Cambodian people. Such Japanese feelings of superiority toward other Asian countries hinder them from creating mutual trust. I have learned from my 40 years of experience that Japanese technologies and methodologies are not always applicable to Cambodia and other tropical countries in Asia, due to unforeseen obstacles caused by climatic differences.

Some Japanese experts and researchers, although they are the exception, tend to think that technology is everything and that Japan is superior to other Asian countries. Therefore, they think that all they have to do is to restore the damaged parts of the monuments, separating the cultural heritage from local communities. In other words, they do not try to grasp the meaning of the cultural heritage in the context of Cambodian culture. Such people have to change their views. Cooperation

for the restoration of monuments, is not a question of just digging using an excavator, and laying stone materials using a crane. What is more important is the basic research on the monuments, as well as the study of the masonry methods and actual experience in masonry. Starting from the introduction of technology suited to the technical level at the site, new machines and high technology should be introduced step by step.

Without this basic principle that cultural cooperation should be provided while respecting local culture and communities, cooperation for the restoration of monuments will never be rewarded. Rather, such cooperation may be criticized as cultural destruction. We have come to the following conclusion from our 20 years of experience in Cambodia: what is necessary in Cambodia is the restoration and preservation of monuments 'of the people,' 'by the people', and 'for the people.' The research on the cultural heritage and cooperation for the restoration work should start from human resources development, such as archaeologists proficient in excavation methods, architects experienced in restoration work, and stonemasons competent in handling stone materials. We are implementing the human resources development project, as well as the excavation and restoration projects, jointly with professors of the Royal University of Fine Arts. Moreover, a joint project with Autorite pour la Protection du Sites et l'Amenagement de la Region d'Angkor (APSARA) has been launched.

In actual fact, experts and researchers in our team have caused various cultural frictions, because in many cases normal methods in Japan are not always applicable to other Asian countries. At the same time, there are many things that Japanese people can learn from the local villagers and residents, as for example through shadow plays and folktales. Local people teach us when we should plant rice, how we should drain the rainwater, and which nut is efficacious as a medicine. In some cases, local people misconstrue our good intentions as interference. We must keep in mind the fact that Japanese methods are not everything. Hopefully, such cultural frictions will lead to mutual understanding.

Angkor Wat is a symbol of the Cambodian people. Therefore, the preservation and restoration work should be carried out by them. As mentioned previously, I am devoting all my energies to the restoration work of the Angkor Monuments as an act of remembrance for my 30 Cambodian colleagues, who were forced to lose their lives.

2-4 Efforts to interpret messages hidden in Angkor Wat

In 1980, our team started the investigation, preservation, and restoration of the Angkor Monuments, based on the above-mentioned principle: “the restoration and preservation of monuments ‘of the people,’ ‘by the people,’ and ‘for the people’ in Cambodia.” When providing assistance to the Cambodian people, it is necessary to establish a system to encourage them with elaborate and painstaking attention.

In the Pol Pot period, many monuments were left neglected. During the Heng Samrin period, no country dared to enter Cambodia, regardless of the SOS call from the Angkor Monuments. However, our team started to provide assistance in 1980 as a university NGO, and later in 1993 after the Peace Agreements were concluded, UNESCO and France joined us. Why did we go to Cambodia in the middle of a civil war when no other country dared go there? Why were we obliged to help the Cambodian people in restoring the Angkor Monuments? As mentioned earlier, we provided assistance in memory of the spirits of the dead, as a form of remembrance to the 30 or more Cambodian colleagues who were forced to lose their lives. Thus, we have been implementing the human resources development project aimed at nurturing Cambodian officials, and have been dispatching survey missions for on-site training.

So far, 32 Sophia missions have been dispatched. These missions consist of groups engaged in the following nine fields: architecture, archaeology, remains of kilns, geology, irrigation/environment, communes, tradition/culture/folktales, investigation into long-distance aspects of cultural heritage, and the distribution of rucksacks. These nine groups have provided assistance in response to the needs of the Cambodian people, to encourage and motivate them to participate in the reconstruction of their nation. This is the objective of human resources development as well. Our team constructed the Sophia University Angkor Training Center (two stories with an area of 290m²), where Cambodian graduates from the Department of Archaeology and the Department of Architecture are employed as trainees in order to receive a thorough training in Cambodian culture, its background, history, indigenous methods, and unique systems or traditions. In other words, in order to preserve and restore the cultural heritage properly, it is

necessary to start from a clear understanding of traditional systems in rural life. This is not just because the Angkor Monuments are located near villages. It is always necessary to consider where to place Cambodian history, culture, and society, including Angkor Wat, in the context of world history.

After the three or five year training course at the Sophia University Angkor Training Center, these trainees are sent to Japan to study at a university, and return home with a university degree. This is a stupendous and overwhelming project of human resources development, and such medium- and long-range cultural cooperation will need to be continued for twenty or thirty years.

Another reason why survey missions continuously carry out activities, such as investigation, study, preservation, and restoration, is that there are many things we can learn from the Cambodian people. Through the restoration work, we can learn about the culture and tradition, as well as the desires, faith, and outlook on the universe of people in the past, by deciphering their messages and spiritual values hidden in Angkor Wat or Bayon.

Cambodia is a poverty-stricken country, with painful experience of the lingering civil war. However, cultural cooperation motivated by pity does not last long. Japanese people must realize again with humility, that there are still many things to learn from Cambodia. Cambodia has its own traditions and customs in daily life, and it is necessary to consider the future preservation and restoration work of the Angkor Monuments within this traditional framework of Cambodia. Needless to say, it is essential also to provide technical training. I sometimes wonder whether Japanese society has fully discussed these basic principles of international cultural cooperation. Rather, it appears to me that Japanese people tend to be arrogant and overconfident, and to take the attitude that we can do anything in Cambodia, since we have the money, the technology, and the human resources.

2-5 Who should be responsible for the cultural heritage of Cambodia? —Cambodia's cultural sovereignty—

Who should protect Cambodia's cultural sovereignty and cultural heritage? This should be done by the Cambodian people themselves, and not through international assistance. Also, who should be responsible for

Cambodia's cultural sovereignty? Again it is the Cambodian people who should be responsible. Therefore, it is necessary to develop Cambodian human resources expeditiously, so that they can take the initiative in policy-making, regarding the preservation and restoration of their cultural heritage.

The preservation and restoration work of the Angkor Monuments is just like a 'show window' displaying international cooperation. Each country should try to make its presence felt in the preservation and restoration work, while respecting Cambodia's cultural sovereignty. In other words, the Cambodian people themselves should take ultimate responsibility for their own culture.

The scenes of village life carved in relief on the Angkor Monuments are still seen in the surrounding villages. From early childhood, Cambodian people have experienced such lifestyles, scenes and customs, and have acquired faith in them through their five senses. Therefore, once Cambodian people acquire their own direction, know-how, and skills for the preservation and restoration work, it is possible to apply Cambodian traditional methods to the detailed preservation and restoration work of their traditional cultural heritage, namely the Angkor Monuments, to be nurtured by successive generations.

In 1997, when the military clash occurred between the Hun Sen faction and the Ranariddh faction, many foreign aid missions left Cambodia for Bangkok, and only the Cambodian people remained at the monument site.

I went over to Cambodia in 1980, although no one else did. At present, the international community and experts in monuments emphasize the importance of the Angkor Monuments, insisting that we should devote all our efforts to the preservation and restoration work. Why then did no one help us during those difficult times from 1980? The reason given was a political one, namely that the Heng Samrin regime was a puppet government. I appealed to various related organizations, including the UNESCO, the Japanese Government, and the United Nations to help the Angkor Monuments, describing the deterioration of Angkor Wat. In 1993, after the normalization of diplomatic relations, various countries, organizations, and experts entered Cambodia. What is regrettable is that no one bothered to enter Cambodia in response to an SOS call from the Angkor Monuments in 1980, although I had hoped that at least one or two conscientious individuals might come to

save the Angkor Monuments, regardless of the absence of diplomatic relations.

The fact that many countries are now providing assistance for the preservation and restoration of the Angkor Monuments, is to be highly appreciated. What is important here is each country's consideration regarding the future of the Cambodian people. Therefore, it is necessary to reconsider from each standpoint, as to who it is that should play the key role with reference to the preservation and restoration of the monuments 'of the people.' Japan provides funds and know-how, and in return, many things are being learnt from the preservation and restoration work on the Angkor Monuments. In Cambodia, methods based on Japanese archaeology and architecture are not always applicable. When providing cultural cooperation, a humble attitude needs to be taken of learning from the Cambodian people, while respecting their cultural sovereignty.

2-6 Searching for the original scenery of Angkor Wat

-What is an ethnic aesthetic sense?-

When viewing the scene presented from the first tower gate of Angkor Wat, it is possible to see five steeples towering against the sky beyond a group of palm trees. This scenery fills us with profound and mystical feelings. However, the original scenery of Angkor Wat can never be known. Imagine that there were several towns surrounding Angkor Wat, and wooden houses with elevated floors were closely packed. At the marketplace filled with the cries of vendors, many goods must have been sold. These wooden houses vanished as time passed, and the sites were covered with undergrowth, huge trees, and other vegetation. Some places may have been covered with banyan trees, as is now seen in the Ta Prom Temple. At present, Angkor Wat and other monuments are neatly arranged with the trees trimmed. However, in the past, these monuments must have looked very different.

In 1908, Mr. J. Commaille of the Ecole Francaise d'Extreme-Orient was appointed as the official in charge of the preservation of Angkor Wat. He lived in a house with an elevated floor placed on a cross-shaped terrace, just over the Western approach to the first tower gate. He used that house as a residence and office. According to reports, his first task was the removal of the undergrowth and trees. He employed Cambodian

workers to level the ground of the precincts by removing the sedimentation of earth and sand. Then, dense palm trees were thinned to get a wide view. The leveled ground was laid with turf, and the workers mowed the lawn several times after the rainy season. Therefore, it can be said that the current scenery of Angkor Wat has been created artificially. Since Angkor Wat was constructed, it has never been deserted to become a ruin, though the precincts were densely covered with trees. After the fall of the kingdom in 1431, people were not allowed to get close to Angkor Wat for some time. Later however, it was changed into a temple of Theravada Buddhism, and has been a sacred place for Buddhism ever since.

The grandeur of Angkor Wat captivates us whenever we stand in front of it, and so little attention has been paid to the surrounding scenery. For 63 years (including the colonial period) from 1908 to 1971 until the retreat of French experts, French people took the lead in the project for the preservation and restoration of Angkor Wat, displaying the contribution of French culture. However, these preservation and restoration activities, setting aside the technical aspects, were devoted to producing a clean and tidy Angkor Wat that would be well received by tourists, and based on the French aesthetic sense.

Just visualize the scenery of the Grand Trianon and Petit Trianon located at the back of the Chateau de Versailles. There are large and small ponds, with trimmed trees here and there, and we can have a broad open view. In the preservation and restoration work of Angkor Wat, M. Commaille must have subconsciously visualized the Chateau de Versailles. No one has referred to this point, but in my opinion, his work must have been based on a stereotypical French aesthetic sense. The preservation and restoration work of monuments is sensitive enough to reflect such a subtle aesthetic sense. It must be highly appreciated that the Ecole Francaise d'Extreme-Orient has contributed to the preservation and restoration of Angkor Wat for 63 years. However, what is required for the preservation and restoration of the cultural heritage in Cambodia, is the sense of the Cambodian people themselves. We must have respect for their five senses cultivated in the climate of Cambodia, as well as for their aesthetic outlook.

Box 4-1 Cooperation in the Preservation of the Angkor Monuments through the UNESCO Japanese Trust Fund

From 1908 to 1971, the Ecole Francaise d'Extreme-Orient (EFEO) was in charge of the preservation and restoration of the Angkor Monuments. However, due to the civil war and disputes in recent years, the Monuments have increasingly deteriorated.

Soon after the establishment of the UNESCO Japanese Trust Fund for the Preservation of the World Cultural Heritage, as the first project, the Japanese Government provided assistance to hold the First Technical Round Table of Experts on the Preservation of the Angkor Monuments in Bangkok in 1990. UNESCO proposed this conference, the first technical meeting on the Angkor Monuments, as part of the Action Plan for the Preservation of the Angkor Monuments. About 30 participants, including international experts, Cambodian experts, and representatives of international organizations, government organizations, and non-governmental organizations, adopted a series of recommendations for future activities.

In 1991 during the Cambodian peace process, the Director-General of UNESCO, Mr. Federico Mayor, requested the assistance of the international community in safeguarding the Angkor Monuments. His request attracted international concern. The Angkor Monuments, where numerous structures exist over an extensive region of 4 million square kilometers, have incomparable beauty and universal value. In December 1992, the UNESCO World Heritage Committee registered the Angkor Monuments on the World Heritage List. At the same time, in order to intensify activities to aid in their safeguarding, the Angkor Monuments were declared as monuments on the verge of crisis.

In 1993, the Japanese Government hosted an Inter-governmental Conference on the Safeguarding and De-

velopment of the Historic Site of Angkor. Participants, including the King of Cambodia, and representatives of governments, international organizations, financial institutions, and NGOs from more than 30 countries, adopted the 'Tokyo Declaration.' As a result of this conference, the International Coordinating Committee on the Safeguarding and Development of the Historic Site of Angkor (ICC) was established in Phnom Penh, to support the activities of APSARA (the Cambodian government agency established in February 1995 by Royal Order). The ICC has met regularly since December 1993, under the co-chairmanship of Japan and France, with the assistance of UNESCO. Through the Japanese Trust Fund, the Japanese Government provides support for the ICC meetings.

Four projects on the Angkor Monuments are summarized below. Some projects have recently been completed, while the others are now being implemented.

(1) Project for the preservation and restoration of the Angkor Monuments

In response to a request from the Cambodian Government, the Japanese Government sent four preliminary survey missions. In 1994, Japan organized the Japanese Government Team for Safeguarding Angkor (JSA) to implement a specific preservation and restoration project under the UNESCO Japanese Trust Fund for the Preservation of the World Cultural Heritage. With support from the Japan International Cooperation Center (JICE), this long-term project is now being implemented, such as investigations and restoration work, focused on the Bayon Temple and the Royal Plaza (*Prasat Suor Prat* and its terrace).

Major Angkor projects under the UNESCO Japanese Trust Fund

Name of project	Total expenditure (US\$)	Period	Organization for accepting projects in Cambodia
Preservation and restoration of the Angkor Monuments	9,600,000	1994 - 1999	APSARA
Technical assistance to the Angkor Conservation Office	669,500	1992 - 1998	APSARA
Human resources development at the Royal University of Fine Arts	1,288,900	1997 - 1998	Ministry of Culture and Fine Arts
Inscriptions at Angkor	79,100	1997 - 1998	UNESCO

Box 4-1 (Continued)**a) Bayon Temple**

The Bayon Temple which is situated in the center of Angkor Thom, is the last castle town built from around the late 12th century to the early 13th century. This is one of the most important structures in the Historic Site of Angkor, from both the historical and architectural viewpoints. Regrettably, the degree of deterioration is severe. This project aims at the preservation and restoration of the Bayon Temple's Northern Small Library, which is on the verge of collapse, and the formulation of a master plan for the preservation and restoration of the whole Bayon Complex.

The restoration work was completed in September 1999. In order to find out the cause of the deformation of the platform resulting in the collapse of walls and roofs, the platform was dismantled in 1996. As a result, it was proved that the deformation was caused by uneven subsidence due to the soil content, which had been washed away over a long period of time. JSA carried out the compaction of the sandy layer using a traditional prodding tool called an 'Elephant's Foot,' and then applied a small amount of slaked lime to improve the density of the sandy layer.

All data collected during the demolition and restoration work and the results of scientific analysis on the causes of deterioration, have been made available to the public. These data will be used for the formulation of a future master plan. Based on the principle that the original shape of the structure should be respected as much as possible, JSA has been organizing an annual symposium on the restoration of the Bayon Temple since 1996.

b) Royal Plaza

Prior to the implementation of specific restoration work on the *Prasat Suor Prat* (12 towers) and its Terrace, various investigations have been carried out. At present, a detailed architectural investigation into each tower is being made. At the Northern *Prasat Suor Prat*, excavations were carried out with a view to identifying the original monuments, the process of reconstruction or extension of the Terrace, and the process of changes in other structures. It has been proved that the inclination of some towers on the verge of collapse has been caused by the repeated contraction and expansion of the ground, along with fluctuations in the

underground water level.

(2) Technical assistance to the Angkor Conservation Office

This project aims to contribute to strengthening the Angkor Conservation Office (ACO), in charge of the conservation of the Angkor Monuments. As a first step, Building No. 27 called 'Groslier's House' and Building No. 25 which is used for the administrative services of the Office were renovated through the Japanese Trust Fund. The implementation of the project was initially hampered by a serious deterioration in the security situation in Siem Reap city in 1993. However, at present, the renovated buildings are fully utilized as the offices of the ACO and the APSARA authority. In Building No. 27, through UNESCO's fund aid, the International Scientific and Technical Documentation Center on Angkor has been set up.

Moreover, three artifact storage buildings (No. 3, No. 4, and No. 5) were renovated, and a stone engineering workshop was constructed. Security measures were significantly strengthened through the construction of iron fences and iron grids.

In Building No. 3, as a German project, a laboratory was installed for the research and conservation of the stone materials.

The renovation work was carried out in coordination with the inventory work of artifacts, through the UNESCO French Trust Fund. Building No. 12 was also rehabilitated as the stone engineering workshop, with a stone cutting machine provided by JSA for training purposes.

(3) Human resources development at the Royal University of Fine Arts

Capacity building for national experts is extremely important, for sustained cultural heritage preservation activities.

When this project started in 1993, Japan contributed only by inviting foreign lecturers to the Department of Archaeology of the Royal University of Fine Arts. However, since the academic year 1996, Japan has extended assistance to the Department of Architecture and Urbanism.

Also, since 1996, with the cooperation of the Toyota Foundation and the Japan Foundation Asia Center, Ja-

Box 4-1 (Continued)

pan has provided assistance in activities such as the recruitment of professors, monitoring, and evaluation. Moreover, personnel training for Cambodian teaching assistants and administrative staff has started.

Through this project, not only the quality of the University but also the teaching skills of the Cambodian lecturers and the capacity of the administrative staff has been significantly enhanced. Moreover, two Departments have substantially reformed their curricula. Through the renovation of the library of the South Campus with joint funding from the British Embassy, university facilities have been improved, thus significantly improving the academic environment.

(4) Inscriptions at Angkor

There is no compiled document of Cambodian epigraphy. However, such a document is essential not only for students majoring in epigraphy, but also for researchers of related fields or other fields to enable them to correctly interpret the inscriptions. Therefore, this project aims to compile a manual of inscriptions at Angkor.

Currently, Professor Long Seam of Phnom Penh University, Professor Yoshiaki Ishizawa of the Faculty of Foreign Studies of Sophia University, and Professor Claude Jacques, Director of Studies of *the Ecole Pratique des Hautes Etudes* in Paris, are jointly in charge of compiling a manual of inscriptions. In an introduction, Khmer paleography and Sanskrit metric will be outlined, followed by the text focused on the following three topics: (i) Khmer history, (ii) religion, and (iii) society, with the whole or part of the actual inscriptions related to each topic. More than twenty texts in the Sanskrit or Khmer languages will be translated with notes. At the back of the manual, images of the engravings of all inscriptions quoted in the text will be appended. Moreover, samples of inscriptions in Thai, Burmese, Japanese, and Arabic discovered in Angkor and its vicinity will be presented in an appendix.

A study by Professor Ishizawa on the traces of writings in Chinese ink by Japanese people in 1632 will be introduced as well. In order to understand the first centuries of Khmer history, literature written in the Chinese language is extremely important.

Source: *Activities under the UNESCO Japanese Trust Fund for the Preservation of the World Cultural Heritage* (published by UNESCO, November 1998)

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Section 5. Development Plans of Cambodia

Masatoshi TERAMOTO

1. Introduction

1-1 Up to the peace agreement

The contemporary history of Cambodia started with its independence in 1953. From 1953 to the end of the 1960s, Cambodia enjoyed relative peace. However, Cambodia experienced more than two decades of turmoil after the coup d'état by Lieutenant General Lon Nol in 1970. The turmoil came to an end when peace was achieved early 1990s.

This period of turmoil was marked by successive changes of government and a series of armed conflicts. Cambodia was ruled by a military junta between 1970 and 1975. Between 1975 and 1979, Cambodia was under the rule of the communist regime of the Khmer Rouge. In 1979, Vietnamese troops invaded Cambodia. The 1980s was a period of planned economy and conflicts. Cambodia's politics and economy was in the doldrums in the absence of long-term development planning. In addition, the country remained isolated from the international community.

During the 1990s, the peace process progressed and Cambodia again became part of the international community. In 1991, the Paris Peace Agreements were signed. The Peace Keeping Operation (PKO) by the UN was launched in 1992. 1993 was the year of the launch of a new administration after the general elections, promulgation of a new constitution, and Prince Sihanouk's accession to the throne. During this decade, the Consultative Group, including Japan, and international organizations contributed greatly to the reconstruction of Cambodia. To date, they have exerted a significant influence on the Cambodian government.

1-2 Drafting development plans/programs for reconstruction

Financial and technical assistance from donor countries has been indispensable for the drafting of major development plans/programs in Cambodia. Guidance

and advice from donor countries and multilateral donors have therefore been strongly reflected in the drafting process of these plans/programs.

The National Programme to Rehabilitate and Develop Cambodia (NPRD) was announced in 1994 as the first full-fledged, comprehensive national development program since the new government was established. Based on the NPRD, the first Socioeconomic Development Plan (SEDP) was formulated in 1996 as the first five-year national development plan. Covering the five-year period between 1996 and 2000, the SEDP is currently the latest and most important development program. The second Socioeconomic Development Plan (SEDP II) is now in the process of being drafted. Because the drafts for this have not been released, the details of the SEDP II are not known¹.

Therefore, this section outlines and analyzes three development documents: i) the NPRD, ii) the SEDP, and iii) the Interim Report of the Poverty Reduction Strategy Paper (PRSP), instead of the SEDP II with which the PRSP is required to be consistent.

2. Outline of development plans/programs

2-1 National Programme to Rehabilitate and Develop Cambodia (NPRD)

2-1-1 Introduction

The National Programme to Rehabilitate and Develop Cambodia, the first national development program of the new government, was drawn up for the 2nd International Committee on the Reconstruction of Cambodia (ICORC II), a ministerial-level consultative group meeting held March 10-11, 1994. The NPRD was released on February 23, 1994, as an official government document.

The drafting of the document "Implementing the National Programme to Rehabilitate and Develop Cambodia (INPRD)" was started before ICORC II and completed in February 1995. The NPRD and the INPRD

¹ The Cambodian Minister of Economy and Finance told the Study Committee during its fact-finding mission to in February 2001 that the SEDP II aims to reduce poverty and, in order to achieve this goal, presents three strategies: i) sustainable economic growth and equitable distribution, ii) the promotion of social development and culture, iii) sustainable management and use of natural resources (see p.8).

covers different periods. While the NPRD includes both a mid-term (three-year) plan and a short-term (18-month) plan, the INPRD states that it is a specific plan covering 18-24 months.

2-1-2 Main points of the NPRD

The NPRD consists of two principles and six objectives for action. The first principle is that the government defines itself as the strategist and manager of national development. The second principle is that the government defines itself as a partner of the private sector in Cambodia.

Based on these two principles, INPRD set out six objectives for action: i) To establish Cambodia as a “State of Law” in which the rule of law prevails, ii) To achieve economic stability and structural adjustment with the goal of doubling GDP by 2004, iii) To improve education and healthcare in order to build up human resources and to improve people’s living standards, iv) To rehabilitate and develop the physical infrastructure and public facilities, v) To reintegrate the Cambodian economy into regional and international economies, vi) To give priority to rural development and to manage the environment and natural resources in a sustainable manner.

INPRD cites two necessary conditions for implementing the program: awareness-building among government officials and participation of the private sector.

The NPRD states that the two-year period between 1995 and 1996 is especially important because the NPRD had to get off the ground during this period. The fact that INPRD, released in February 1995, covers 18-24 months coincides with this requirement.

2-1-3 Contents of the NPRD

(1) General description

The summary at the beginning of the INPRD states that it has been prepared to set out specific actions for development for the next 18 to 24 months while taking into account developments since the NPRD was formulated. The implementation document says that improving people’s living standards is the government’s prime concern and goal. It also presents three priorities as set out in King Sihanouk’s letter, which was made public at the second ICORC in 1995: i) Rehabilitation of irriga-

tion facilities, ii) Afforestation, iii) Reintegration of soldiers who have defected from the Khmer Rouge into Cambodian society

INPRD sets out the three pillars of development policy: i) sustainable economic growth, ii) sustained development of human resources, and iii) sustainable management and use of natural resources. According to INPRD, among the major objectives are good governance, rural development, poverty alleviation, economic adjustment, private sector development, human resources development, reintegration of soldiers into society, healthcare, education, infrastructure buildup, and reintegration into the international economy.

It is safe to say that INPRD served its purpose as a preliminary report in the preparation of the next five-year plan. Although INPRD is more or less an omnibus list of development objectives, it covers the issues of deforestation and demobilization. These issues are peculiar to Cambodia and they have been addressed as major problems since INPRD was prepared.

INPRD does not highlight the differences between economic growth and social development nor does it give priority to either of the two. The SEDP, formulated two years after the NPRD, clearly put social development before economic growth, emphasizing poverty reduction and care for the socially vulnerable, as discussed later.

(2) Specifics

The NPRD consists of nine chapters. In Chapter 1 “The Concepts Underlying Cambodian Development,” the NPRD declares the Kingdom of Cambodia to be a democratic state with a free market economy. In the same chapter, the NPRD’s six objectives for action mentioned above and their interrelationships are explained. In Chapter 2 through Chapter 7, measures to be taken for each objective are presented. Chapter 8 discusses some points to be considered when implementing the NPRD. Chapter 9 wraps up of the document.

Chapter 2 deals with “Restructuring the Economy.” It sets out four important aspects of support for economic activity by the private sector: i) Macro-economic management, ii) Public investment management for a better investment environment, iii) Legal and administrative systems to accommodate the transition to a market economy, iv) Privatization of state-owned enterprises and development of the private sector

Chapter 3 “Reforming State Institutions” sets out three areas of reform: i) Fiscal reconstruction and administrative reform to improve administrative services, ii) Judicial reform including improvement of the court system and training of lawyers, iii) Demobilization and support for veterans

Chapter 4 “Developing the Rural Economy” states that such development is the most fundamental task for the Cambodian government. It defines development of the rural economy as the primary issue for national security and peace. In the NPRD, rural economic development covers such areas as food, water supply, mine clearance, finance, housing, vocational training, and access to markets and public services such as education and healthcare. The chapter also refers to the significance of NGOs in these areas.

Chapter 5 “Investing in People” is divided into two parts: “education” and “healthcare.” In the education part, the importance of improving the quality of, and access to, basic education and the importance of reinforcing educational administration are emphasized. In the healthcare part, the importance of maternal and child healthcare and controlling infectious diseases, including tuberculosis, malaria, and HIV/STD, is emphasized.

In Chapter 6 “Rebuilding Physical Infrastructure,” high priority is given to transport, energy, and water supply. It should be noted that the capital of Phnom Penh and the international port city of Sihanoukville is given regional priority.

Chapter 7 “Supporting Sustainable Growth in Output” sets out three major areas of development: i) Rice cultivation, stock raising, and forestry among the primary industries, ii) Promotion of domestic industry, the introduction of foreign capital, and the exploitation of energy resources among the secondary industries, iii) Tourism among the tertiary industries

The chapter also touches on measures to address pollution and other types of environmental degradation.

Chapter 8 describes issues in implementing the NPRD. These problems include inconsistencies in policy and procedures between aid agencies, and the difficulty of aid coordination.

Chapter 9 cites the following four issues that should be conveyed to the aid agencies concerned before the next ICORC: i) It is important that aid agencies extend financial assistance for initial investment in the urgent tasks of integrating the Khmer Rouge into society and reconstructing the nation; ii) A list of projects to which

Cambodia wants to attract the attention of aid agencies is attached at the end of the document; iii) The set of challenges for implementing assistance, concerning monitoring techniques, efficiency, standardization of procedures among others; iv) The demonstration of Cambodia’s commitment to the ICORC III and the country’s desire to hold ICORC IV in Phnom Penh.

2-2 First Socioeconomic Development Plan (SEDP)

2-2-1 Introduction

The NPRD discussed in the previous section only stated that the Cambodian government drafted it, and it does not specify which ministry is responsible for the drafting. On the other hand, the Socioeconomic Development Plan clearly states that the Ministry of Planning drafted it. The SEDP II, the next five-year plan, is not yet completed, although it should have been completed by March 2001. It is therefore unavoidable that the first SEDP must be considered as the current national development plan.

The SEDP states at the outset that it:

- integrates the NPRD, which was announced previously, the Socioeconomic Reconstruction Plan 1994-95, and the Public Investment Program (PIP) 1996-98,
- sets out a framework concerning midterm national development, and
- shows the breakdown by sector and region of the planned total investment of 2.2 billion US dollars over the subsequent five years.

The SEDP consists of three parts. Part One “National Development Objectives and Strategies” is made up of six chapters: i) Development objectives, strategies and constraints, ii) Employment and poverty, iii) Social Reconstruction and development for the Vulnerable, iv) Developing the Rural Areas, v) Managing of the Environment and Natural Resources, and vi) Reforming the State Institutions.

Part Two “The Context and Framework of the Plan 1996-2000” are vii) Economic Performance in 1990-1995, viii) Macroeconomic, Sectoral and Social target in 1996-2000, and ix) Public Investment and Its Allocation.

Part Three “Sectoral Development Programs” consists of eight chapters: x) Agriculture, xi) Manufacturing

and Mining, xii) Tourism, xiii) Transport and Communications, xiv) Water supply and Electricity, xv) Education, xvi) Healthcare, xvii) Culture, Religious Affairs and Information.

2-2-2 General description

The SEDP, at the outset, defines Cambodia as a nation with a market economy. While emphasizing the importance of rural infrastructure, especially road construction, the SEDP sets out such agendas as the introduction of a monetary economy into rural areas, improvement of rural livelihoods, the promotion and attraction of domestic and international private investment, the privatization of state-owned enterprises, and the strengthening of administrative services.

Yet the SEDP also clearly states that it is oriented toward social policy, centering on rural development, because 90% of the poor live in rural areas. The plan stresses that measures related to healthcare, water supply, sanitation, primary education, and care for the socially vulnerable directly contribute to poverty alleviation. It also suggests that 65% of public investment in Cambodia should be allocated to rural areas and the remaining 35% to the cities.

As for rural development, the SEDP expresses its expectations for the newly-established Ministry of Rural Development and the Village Development Committees, which have been introduced in each community. Then the SEDP discusses specific areas and agendas. Regarding education, the SEDP cites non-formal education and vocational training. On agriculture, the SEDP refers to food security centered on rice and grain farming. It also touches on the need to stem the population inflow into the cities. To solve this problem, measures to increase the cash income of farmers are suggested, including introducing a monetary economy into the agricultural sector and fostering small-scale local industries.

As examples for specific measures to address these agendas, the SEDP suggests expanding distribution channels at home and abroad by developing the network of trunk roads and rural roads. It also suggests fostering industries as such non-rice grain farming, stock raising, rubber, and fisheries, with the use of abundant natural resources in an environmentally friendly way.

As for industry, the SEDP stresses the need to improve the legal system to accommodate the introduction of domestic and foreign capital and to build up the

country's economic infrastructure. In addition, the SEDP states that job creation is crucial for addressing the natural growth of the population and the need to accommodate redundant government employees and soldiers. To this end, the SEDP suggests fostering labor-intensive industries such as the apparel industry and upgrading the labor force with long-term education and training. The apparel industry in Cambodia has a good track record in this regard.

2-2-3 Specifics

(1) Part I "National Development Objectives and Strategies"

Chapter I "Development objectives, strategies and constraints" states that the SEDP is not ambitious, but realistic. Then it sets out the sectors and agendas for the plan as outlined in the previous section by giving a general description.

The following chapters assess the state of affairs and discuss what measures need to be taken regarding each of the interrelated agendas.

In Chapter 2 "Employment and poverty," the SEDP states that job creation and poverty reduction are the most important agendas for the Cambodian government and the five-year plan. Then a poverty analysis is conducted based on the results of the Cambodia Socioeconomic Survey for 1993-94.

In Chapter 3 "Social reconstruction and development for vulnerable," the SEDP says that because the social security systems are no longer functioning due to the historical circumstances of the country, care for the most vulnerable is an urgent issue. The SEDP says that the socially vulnerable include orphans, the homeless, women and children engaged in the sex industry, victims of human trafficking, the disabled, refugees, displaced persons, ethnic minorities, and HIV carriers.

In Chapter 4 "Developing the rural areas" and Chapter 5 "Managing the environment and natural resources," the SEDP sets out what measures to be taken by, or under the auspices of, the Ministry of Rural Development, and the Ministry of Tourism, respectively. In Chapter 6 "Reforming state institutions," the privatization of state-owned enterprises is discussed in addition to administrative reform, judicial reform and reduction in the armed forces, as mentioned in the NPRD.

(2) Part Two “The Context and Framework of the Plan”

Chapter 1 “Economic performance in 1990-1995,” at the outset, refers to such issues as the liberalization of the economy launched in 1985, the Paris Peace Agreements in 1991, the establishment of private property rights in 1989 and onward, the abolition of the controlled economy, and price liberalization. The chapter declares that strengthening these systems constitutes a basic policy. An economic analysis is then conducted for the previous five years with the use of indexes.

In Chapter 2 “Macroeconomic, sectoral and social target in 1996-2000,” the SEDP sets out major fiscal policies for the five years, including: i) To slash external debts, ii) To reduce the total personnel expenditures for government employees and to increase the pay levels per employee, iii) To expand the tax base and to decrease dependence on customs revenue, iv) To achieve and manage a slight budget surplus, v) To reduce national defense spending, vi) To increase fiscal spending for the country’s social and economic infrastructure.

In Chapter 3 “Public investment and its allocation,” the projected percentage of public investment allocations is shown for each sector, including 23% for transport and communications and 11% for education. The policy to allocate 65% of public investments to rural areas and 35% to the cities as mentioned earlier is explained with similar examples in other countries.

It is reported that during the five years, 35% of public investments were allocated to rural areas and 65% to the cities, instead of 65% to rural areas and 35% to the cities, according to the informal preliminary figures released by the Ministry of Economy and Finance in July 2000. It is necessary to analyze the final figures to be released at the end of the fiscal year to find out the cause of this discrepancy. The targets that the SEDP II will come up with deserve attention.

(3) An overview of SEDP

The SEDP I is a major achievement that deserves praise. The development plan sets out the national management policy by the new administration as the first long-term national plan devised by the Royal Government of Cambodia, which was established with the support of the PKO by the UN. The plan has also served as a guideline for assistance from Japan and other donors

and aid agencies.

The SEDP I, however, does not necessarily reflect the philosophy and commitment of the Cambodian government. Most parts of the plan were drafted by consultants from the Asian Development Bank (ADB), as has been publicly acknowledged by officials from the Ministry of Planning, which is responsible for the drafting. Although this was unavoidable in light of the urgency of the situation, it may be problematic if the ongoing drafting of the SEDP II (the second five-year plan) is again dependent on the ADB, as reports from Cambodia suggest. This highlights the lack of human resources and financial difficulties on the part of the Cambodian government.

2-3 Poverty Reduction Strategy Paper (PRSP)

2-3-1 Introduction

A PRSP is a mid-term (three-year) national policy paper formulated by a recipient country. According to the policy of the World Bank and the IMF, a recipient country needs to formulate an Interim Report for a PRSP (I-PRSP) and obtain approval for it from these two institutions before receiving a new loan. The paper needs to be revised every year and requires approval from the cabinet of the recipient country. The World Bank and the IMF plan to introduce PRSPs in more than 70 recipient countries starting in 1999.

The plan to introduce a PRSP in Cambodia was announced for the first time to major donors and aid agencies at an informal meeting of the CG in May 2000, when representatives from the Cambodian government, the World Bank, and the IMF explained the schedule and the procedure for formulating a PRSP.

Earlier, the Ministry of Planning, which was making preparations for the drafting of the SEDP II that will follow the SEDP I (1996-2000), and the ADB and major donors that supported the drafting process, protested that the interrelationship between the PRSP and the SEDP II should be clarified. However, this interrelationship had yet not been clarified as of December 2000.

As the interrelationship between the PRSP and the SEDP II remained unclear, the Ministry of Planning and other ministries concerned put the drafting of I-PRSP before the drafting the SEDP II. In fact, they were pressed to deal with the drafting of I-PRSP, since coordination among donors concerning the issue of the in-

terrelationship took a long time, and because the World Bank and the IMF imposed a tight schedule that required the I-PRSP to be drafted by the end of 2000.

As a result, the preparation of the SEDP II is behind schedule. The ADB already admitted in its original plan that the SEDP II will not be completed until March 2001. The completion of the SEDP II may be further delayed if the ministries concerned spend more time trying to make the second development plan more consistent with the PRSP. It is therefore unlikely that the completed version, or even a summary, of the SEDP II will be available while the work of this study committee is in progress.

Thus the Latest version of the I-PRSP is outlined in this section. The updated version was dealt with the 6th working draft dated August 25, 2000. The 6th draft was reviewed by the World Bank/IMF, Japan, and other major donors and aid agencies. Then the sixth draft was translated from English to Khmer by the Cambodia government, commented on by the ministries concerned, and amended as the 7th draft. Then the 7th draft was reviewed by the World Bank/IMF and amended as the 8th draft. The 8th draft, in turn, was translated into Khmer and approved by the Cabinet on October 2000 as the formal I-PRSP. In January 2001, this I-PRSP, together with the WB/IMF Joint Staff Assessment², was submitted to the Board.

2-3-2 Structure of PRSP

The I-PRSP is made up of the following six parts: Foreword by the Economy and Finance Minister Keat Chon, I. The Nature of Poverty in Cambodia, II. Review of Existing Strategies and Performance, III. Statement of the Poverty Reduction Strategy and Objectives, IV. Capacity Building and Poverty Monitoring, and V. PRSP Workplan.

At the outset, the I-PRSP document says that the document has been prepared by a high-level committee under the direction of Prime Minister Hun Sen and that it has been established by a governmental decree to show that it is an official government document. The I-PRSP document says that the government has set up a preparation committee under the supervision of the Ministry of Economy and Finance with three sub-

groups on i) poverty diagnostics, ii) macro and sectoral policies, and iii) legal and institutional affairs and governance. The document claims that it has taken into account country ownership, the consultative process and monitoring techniques.

2-3-3 General description

An excerpt from the foreword by the Ministry of Economy and Finance is introduced below, as it sets forth the ideas behind the I-PRSP in a well-organized manner. The main concept behind the I-PRSP is to alleviate poverty by taking measures to: i) accelerate economic growth, ii) improve the distribution of income and wealth, and iii) promote social development. This concept is based on the three poverty reduction strategies Prime Minister Hun Sen set out in May 2000. These strategies are as follows: i) Long-term, sustainable economic growth at an annual rate of 6 to 7 percent, ii) Equitable distribution of the fruits of economic growth between the haves and the have-nots, between urban and rural areas, and between the sexes, iii) Sustainable management and utilization of the environment and natural resources.

To ensure equitable distribution, a set of supplementary measures are suggested. At the top of the list are education of females, safe water and sanitation, child immunization, and social security systems.

Based on the broad strategies above, the following policy responses to poverty have been formulated: i) Promoting opportunities, ii) Creating social security, iii) Strengthening capabilities, iv) Generating empowerment.

Among specific measures to promote opportunities are strengthening macroeconomic performance, accelerating economic growth, promoting private sector development, developing the physical infrastructure, strengthening the energy sector, ensuring sustainable development of the agricultural sector, improving water resource management, advancing rural development and decentralization, ensuring sound natural resources management, encouraging income generating activities, embarking on land reform, and increasing access to microfinance for the poor.

Cambodia should learn from past experience and

² A WB/IMF Joint Staff Assessment considers the advantages and disadvantages of the poverty reduction strategy and measures the impact of loan provision and debt relief under the HIPC initiative on the country in question. Based on the Joint Staff Assessment, the Board also assesses the effectiveness of the I-PRSP and the optimal approach for assistance.

Box 5-1 WB/IMF Joint Staff Assessment and Major Policy Agendas for the PRSP Full Report

<General>

More detailed discussion is requested concerning the sources of growth expected to achieve the medium-term objectives on each sector. More comprehensive assessment is necessary for the links between the labor market and poverty, especially in view of the large-scale military demobilization under way and the forthcoming civil service reform.

<Governance>

To fully integrate the governance and anti-corruption strategy into the poverty reduction strategy by establishing the links between governance and poverty, and by identifying concrete, feasible, and costed measures that tackle the governance problems most relevant to poverty reduction; in particular judicial reform, the passage of anti-corruption legislation, establishing an independent anti-corruption body, and stricter compliance with the 1995 Sub-Decree on Public Procurement.

<Gender>

More specific measures that promote the economic and social participation of women need to be formulated.

<Rural development>

The I-PRSP describes adequately a number of critical issues in rural development, including land reform, rural infrastructure, and rural credit. Yet the workplan for the full PRSP needs to put special emphasis on the importance of preparing a comprehensive rural infrastructure development strategy that will ensure sustainable transport improvements in rural areas.

sive rural infrastructure development strategy that will ensure sustainable transport improvements in rural areas.

<Educational reform>

Effective implementation of education sector strategy requires tightening the link between budget formulation and execution, based on efforts to improve public sector financial management. The full PRSP needs to examine options to increase the enrollment and attendance rates of children of the poor and reconsider ways to direct subsidies to schools in needy areas.

<Healthcare>

In the course of preparation of the full PRSP, the authorities need to review whether earlier reforms have yielded the intended benefits in terms of improved access and services, and better capacity at the district level. More concrete actions on HIV/AIDS are required.

<Private sector development>

While the I-PRSP recognizes the crucial role of physical infrastructure development, the full PRSP needs to set out measures to promote private sector development and define the scope for public-private partnerships in consultation with the private sector. The I-PRSP makes no reference to tourism development although Cambodia boasts major tourist attractions.

should not depend on the development of the agricultural sector alone for rural development. The country also needs to improve systems for healthcare, savings, and loans for the development of the commercial and industrial sectors and establishing better livelihood opportunities for the rural population.

Social security should be ensured by expanding safety net programs, promoting environmental protection and clearing landmines. Such services should be delivered and reinforced jointly by the government, NGOs and the private sector. Finally, examples of measures for an action plan are given, such as administrative and fiscal reforms, judicial reform, development of the legal system to accommodate the transition to a market economy, and support for demobilization.

2-3-4 Specifics

2-3-4 Specifics

In Part One "The Nature of Poverty in Cambodia," poverty is defined. In Cambodia, the measurement of poverty is based on a poverty line where there is a daily intake of 2,100 calories per person and a small amount of expenditure to allow for basic items like clothing and shelter. Then the nature of poverty in Cambodia is ana-

lyzed from four different aspects as follows: i) Lack of opportunities (lack of the means of production, education, technology, etc.) ii) Vulnerability (natural conditions, underdeveloped infrastructure, healthcare, etc.) iii) Low capabilities (lack of provision of, and access to, education, healthcare, and other public services) iv) Social exclusion (illiteracy, corruption, etc.).

In Part Two “Review of Existing Strategies and Performance,” the first section on overall strategies says that the SEDP did not produce the expected results in poverty alleviation. The section also touches on the Triangle Strategy advocated by the prime minister as a recent national strategy. The Triangle Strategy addresses following three aspects: i) Maintaining order and building peace in the country, ii) Cambodia’s integration into the region and the international community, and normalization of its relationships with other countries, iii) Economic development and institutional reform.

The second section on sectoral strategies deals with education, health, agriculture, rural development, rural roads, land policy, governance, and others. The third section on policy performance and poverty trends analyzes the state of the affairs, and makes projections based on macroeconomic indexes and other indexes concerning education and healthcare.

Part Three “Statement of the Poverty Reduction Strategy and Objectives” sets out eight policy focuses in connection with the current administration’s policy based on the three strategies Prime Minister Hun Sen announced in May 2000 at the National Workshop, which was designed to launch the preparation of the SEDP II. The eight policy focuses are: i) Consolidation of peace, stability and social order, ii) Investment promotion, iii) Domestic resource mobilization, iv) Allocating investment to priority sectors and improving agriculture, v) Building institutional capacity and strengthening good governance, vi) Integration of the Cambodian economy into the region and the world, vii) Human resources development, and viii) Consolidation of the partnership with the donor community and civil society.

Then Part Three suggests specific measures to deal with the four aspects of poverty discussed in Part One. The four aspects are: i) lack of opportunities, ii) vulnerability, iii) low capabilities, and iv) social exclusion.

Part Four “Capacity Building and Poverty Monitoring” points out that some of the government ministries directly involved in poverty alleviation, including the Ministry of Social Affairs, Labor, Vocational Training

and Youth Rehabilitation and the Ministry of Women’s and Veterans’ Affairs, have insufficient institutional capacity to fulfill their duties. Therefore, the need to build institutional capacity in these ministries is emphasized.

Part Five “PRSP Workplan” includes a description of the organizations involved in the preparation of the I-PRSP, and an announcement that overall responsibility for the full PRSP will pass from the Ministry of Economy and Finance to the Ministry of Planning. In this part, it is also pointed out that the expected timeframe for preparation of the full PRSP is 12 months.

3. Future prospects

As mentioned above, it is unclear whether the SEDP II and the PRSP Full Report, both of which will be in the process of drafting between 2000 and 2001, will be separate documents or one merged document, or whether one of the two will incorporate the other. Different ministries and aid agencies have different opinions about the issue, and these differences have not been resolved.

Still, the Cambodian government and aid agencies agree on one thing that poverty alleviation should be at the core of long-term national policy in Cambodia. Even if the SEDP II and the PRSP Full Report will be produced as separate documents, it is certain that the I-PRSP will be strongly reflected in the SEDP II.

Close similarities between the SEDP II and the PRSP are expected, but from different viewpoints, although the periods they cover are not the same; five years for the former and three years for the latter. As discussed in this section, the revised version of the I-PRSP puts significant emphasis on economic growth like the SEDP II. This revision occurred after Japan expressed its view that the earlier draft of the I-PRSP put too much emphasis on social development and too little emphasis on economic development.

The PRSP Full Report is likely to be completed roughly by the end of 2001 if the drafting process goes smoothly and takes one year from the time of the submission of the I-PRSP to the headquarters of the World Bank/IMF for review.

The WB/IMF Joint Staff Assessment, which was submitted to the Board together with the I-PRSP says the PRSP Full Report should i) Consider constructing baseline poverty diagnostics based on the 1997 household survey instead of two rounds of the 1999 house-

hold survey, because there are serious issues of comparability between the two rounds; ii) Establish a process for consistent poverty monitoring through future household surveys; iii) Identify appropriate indicators and targets to be monitored and the corresponding improvements to data systems; iv) Ensure that the macroeconomic framework is well integrated into the poverty reduction strategy; v) Identify a set of priority public policies and programs that will have the greatest impact on poverty reduction and be consistent with financial and institutional constraints; vi) Include the full costing of proposed policy actions identifying, as far as possible, links to a medium-term expenditure framework; vii) Elaborate further on strategies for administrative reform and improving governance; viii) Be prepared to fully involve core agencies, in particular the Ministry of Economy and Finance, and ensure the active participation of civil society groups and external partners; and ix) Build on and clearly articulate the links between the PRSP and the SEDP-II.

Although the ADB, which supports the SEDP II, once anticipated that the document would be completed by March 2001 at the earliest, its preparation is now behind schedule. The preparation will be further delayed if an agreement is reached that the SEDP II will be merged with the PRSP in line with the opinions of some of the parties concerned, including Japan.

Anyway, there is good reason to believe that the officials of the Cambodian government and representatives of aid agencies will have generally resolved their differences through discussions at recent CG meetings and the CG monitoring process, and in the discussions on the Poverty Reduction Growth Facility (PRGF) at other occasions. Therefore, it is safe to say that the SEDP II will be in line with the prospects outlined in this section.

Although the Ministry of Planning apparently admits the fact that the SEDP was drafted mostly by the donors concerned, the Cambodian government has shown its commitment to taking the initiative in preparing the SEDP II and the PRSP. Still, technical and financial support from donors and aid agencies is indispensable for the Cambodian government. Japan, for its part, should be ready to provide assistance such as policy advice and projects aiming at poverty alleviation to support the development plan while respecting the initiative of the Cambodian government.

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Section 6. Trends in Development Assistance to Cambodia

Masatoshi TERAMOTO

Hideo EZAKI

1. Historical background

1-1 Chronology

There are two forums where donors discuss and exchange views among themselves and with the Cambodian government. One is the International Committee on the Reconstruction of Cambodia (ICORC), a ministerial-level meeting. The other is the Consultative Group Meeting on Cambodia (CG), a working-level meeting. The chronology of the ICORC and CG meetings held since the establishment of UNTAC is as follows:

- | | |
|---------------------------|--------------------|
| (i) September 8-9, 1993 | 1st ICORC in Paris |
| (ii) March 10-11, 1994 | 2nd ICORC in Tokyo |
| (iii) March 1995 | 3rd ICORC in Paris |
| (iv) July 1996 | 1st CG in Tokyo |
| (v) July 1997 | 2nd CG in Paris |
| (vi) February 25-26, 1999 | 3rd CG in Tokyo |
| (vii) May 25-26, 2000 | 4th CG in Paris |

1-2 Overview of the ICORC and the CG

The first ICORC was held in September 1993 after its establishment decided on at the Ministerial Conference on the Rehabilitation of Cambodia, which was held in Tokyo, June 20-21, 1992 with the formal participation of 33 countries, 12 international agencies, and the EC Commission.

At the second ICORC in 1994, participants agreed on a policy that set forth four immediate priority areas: i) agriculture, ii) development of the physical infrastructure, iii) Basic Human Needs (BHN), and iv) development of human resources to improve Cambodia's capacity to absorb assistance. These four areas continued to serve as the basic policy for Japan and other donors until they were revised at the 3rd CG Meeting in 1999.

In 1996, the 1st CG Meeting was launched as an official forum where major donors pledge aid, confirm and agree on priority agendas, and exchange views with the Cambodian government.

Immediately after the second CG Meeting held in July 1997 in Paris, fighting erupted in and around

Phnom Penh. The aid agencies concerned had no choice but to change their aid policies and to suspend or postpone development projects, including possible withdrawal from Cambodia. The CG Meeting was not held in 1998. The international community watched political developments after the fighting and hoped for the success of the subsequent general elections in July 1998.

Japan and other donors, UN agencies, and NGOs supported the elections by, for example, extending technical and financial assistance and sending election observers. Domestic and international election observers generally declared the elections free and fair. At the end of November 1998, the present government of Cambodia was established.

In 1999, the IMF resumed the Structural Adjustment Facility (SAF), which had been suspended in 1996. International aid to Cambodia was resumed in earnest when the Consultative Group met for the first time in a year and half. At this third CG Meeting, participants agreed on seven priority areas as shown below:

- (i) Good governance
- (ii) Economic development
- (iii) Development of the physical infrastructure and the production base
- (iv) Education and human resources development
- (v) Boosting the production of agricultural produce and other food
- (vi) Improving health services
- (vii) Management of forest resources

After the third CG Meeting, the Cambodian government and the donor community held CG monitoring meetings in Phnom Penh on a quarterly basis. The idea was to monitor the reform process the donor community had prodded the Cambodian government into launching at the CG Meeting. The frequency of the monitoring meetings, attended by donor country ambassadors or representatives in Cambodia, was reduced to twice a year by the fourth CG Meeting.

In addition, sub-working groups (SWGs) were organized to discuss technical matters. The SWGs started with four groups on: i) forestry, ii) support for veterans, iii) civil service reform, and iv) fiscal reform. Later, additional sub-working groups were set up to discuss

social sectors. The fifth group consists of four sub-groups on education, healthcare, food security, and HIV. Staff from the Japanese embassy and the JICA office in Cambodia, as well as experts dispatched from Japan, participate in these SWGs.

Details of the fourth CG Meeting are given in the next section.

2. Fourth consultative group meeting on Cambodia

2-1 Introduction

The fourth CG Meeting was held in May 2000 at the World Bank's office in Paris. The CG Meeting was attended by many Cambodian ministers including Prime Minister Hun Sen (for the opening session), and the Economy and Finance Minister Keat Chon. The meeting was also represented by 17 donors (Japan, Australia, the US, Sweden, France, Germany, Canada, Denmark, the UK, the Netherlands, Norway, Belgium, Finland, New Zealand, South Korea, China, and Russia) and seven international agencies (ADB, the World Bank, the UN System, EU, IMF, EFAD, IFC), NGOs and businesses.

The official consultation was preceded by an informal meeting on May 24. At the informal meeting, discussions were held on partnerships and aid coordination in the morning and on the PRSP in the afternoon. The official consultation was then held over the following two days. On May 25, the opening session was held in the morning, followed by Session I "Macroeconomic Issues and the Reform Program", and Session II "Governance Issues". On May 26, Session III "Social Sectors - Improving Social Services for the Poor" and Session IV "External Financing Requirements and Indicative Commitments" were held, followed by the closing session and a press conference.

2-2 Informal meeting

In the working discussions on partnerships held in the first half of the informal meeting, representatives of the Cambodian government indicated Cambodia's commitment to study the introduction of sector-wide approaches and other new approaches in consultation with donors.

In the subsequent working discussions, representa-

tives of the Cambodian government and the World Bank and the IMF explained the PRSP in general and the drafting schedule in Cambodia. Donors pointed out that the schedule was too tight, that the relationship between the PRSP and the SEDP II was unclear, and that economic growth was crucial.

2-3 Plenary session

2-3-1 Opening session

In her opening remarks, Ngozi Okonjo-Iweala from the World Bank, who chaired the meeting, praised Cambodia's commitment and performance regarding reform since the previous CG Meeting. Yet she noted that further efforts should be made to solve various problems. She then explained that governance was the central theme of the fourth CG Meeting.

Then Prime Minister Hun Sen made his opening address. The Prime Minister stressed that Cambodia's achievements in its reform programs since the previous CG Meeting were the result of the country's own initiatives. Noting that Cambodia was enjoying peace and stability unprecedented in recent Cambodian history, Hun Sen said Cambodia was committed to improving governance and reducing poverty for the country's development.

2-3-2 Outline of the four sessions

(1) Session I: Macroeconomic issues and the reform program

1) Macroeconomic management

The Cambodian Minister of Economy and Finance, Keat Chon, explained the macroeconomic situation using the 1999 preliminary indicators. He concluded that macroeconomic performance was generally good. In response, the IMF, the World Bank, Japan and other donors concerned generally approved the recent reform processes and performance in line with the PRGF.

The donor community put forward agendas and corrective measures, including the development of a legal framework concerning financial and fiscal affairs, the establishment and appropriate management of the tax system, anti-corruption measures by reinforcing auditing systems and other means, efficient management of

the Public Investment Program, policies for economic growth with poverty alleviation in mind. Representatives of the Cambodian government said it would take time before the Cambodian government could reflect the advice from donors in its policies. They said that this would require both the development of human resources for reforms and a social security system designed to support civil servants who would be made redundant by downsizing.

2) Reform programs

The agendas for the structural reform programs were forestry, public administration, and demobilization.

On forestry, a representative of the Cambodian Ministry of Agriculture, Forestry, and Fisheries reported on progress in forest concession management, on the strengthening of the forestry administration by promoting the Forest Department to a directorate general level, and on the ongoing drafting process of the Forestry Law. In response, a representative of FAO, who chaired the sub-working group (SWG) on forestry suggested tightening the control of illegal logging and introducing community forestry in earnest. A representative of the ADB suggested revising, and if necessary, devising forestry-related legislation and reinforcing the management of forest concessions. The two representatives called for the cooperation and understanding of the Cambodian government and other donors in this regard.

Regarding public administration reform, Sok An, Minister in Charge of the Cabinet of the Council of Ministers, reported on progress in the registration and recruitment of civil servants and on the state of affairs regarding the structural reform of the government and decentralization. He explained that the formation of a priority group of civil servants, streamlining of administrative services, and decentralization constituted the integral part of reform. A representative of UNDP, who chaired the SWG on administrative reform, said that administrative reform should be aimed not only at streamlining public administration but also at improving its functioning. In this connection, donors showed interest in local elections slated for the 2002.

On demobilization, a representative of the World Bank, who chaired the SWG on demobilization, and the Cambodian cabinet minister in charge mentioned that a pilot project designed to accept demobilized soldiers had been launched in May. They also called on donors

to extend financial assistance to help to ensure that the reintegration of demobilized soldiers is in full progress. Japanese representatives called for the early drafting and implementation of the overall plan. Representatives of western donors said that disarmament should not be limited to demobilization but should incorporate the collection of weapons and ammunition and structural reform of the Cambodian armed forces as well.

(2) Session II: Governance issues

A draft of the Governance Action Plan (GAP) prepared by the Cambodian government was distributed at the session. The Cambodian cabinet minister in charge announced a plan to publish the formal version of this document by September. He said the eradication of corruption and judicial reform are at the top of the agenda. Representatives of the World Bank and ADB proposed the establishment of the fifth sub-working group (SWG) on good governance. Representatives of other donors called for continued efforts to solve problems concerning, among others, human rights, land disputes and a tribunal to try Khmer Rouge leaders.

(3) Session III: Social sectors

The Cambodian Minister of Economy and Finance said that the government would continue to give priority to the four ministries concerned; the Ministry of Health, the Ministry of Education, Youth and Sports, the Ministry of Agriculture, Forestry, and Fisheries, and the Ministry of Rural Development. This was in line with the policy of Prime Minister Hun Sen, who repeatedly said officially that social sectors were given preferential treatment in terms of budget. Representatives of many donors said that the Cambodian government should emphasize poverty alleviation.

2-3-3 Donor commitments

(1) Session IV: External financing requirements and indicative commitments

As was the case with past CG meetings, a list of donor commitments for the period of one year after the fourth CG Meeting was made for the record, which was then distributed only among the participants. The Cambodian government, on its part, said that Cambodia

Table 6-1 Donor Commitments Announced at the fourth CG Meeting

(Unit: million dollars)

Bilateral Donors			International agencies		
Japan	138.00	25.2%	ADB	88.00	16.0%
Australia	21.60	3.9%	World Bank	75.00	13.7%
US	20.00	3.6%	UN System	45.00	8.2%
Sweden	18.00	3.3%	EU	27.70	5.1%
France	17.90	3.3%	IMF	22.00	4.0%
Germany	17.20	3.1%	Others	11.50	2.1%
Others	46.30	8.5%			
Total	279.10	50.9%	Total	269.20	49.1%

Source: Data from materials distributed at the CG Meeting

Total of commitments by bilateral donors and international agencies:	548.30
Commitments by NGOs:	55.00
Grand total:	603.30

needed 1,574 million US dollars for the three years covered by the Public Investment Program (PIP) for 2000-02. The Cambodian government wanted to see 1,496 million out of the 1,574 million US dollars come from foreign aid, with the rest covered by the government budget. Cambodian representatives added that the Cambodian government needed about 500 million US dollars in foreign aid per year.

As shown in Table 6-1, donor commitments, excluding commitments by NGOs, totaled 548.3 million dollars, satisfying the requirements of the Cambodian government. Japan pledged 138 million yen, up 38% from 100 million yen at the previous CG meeting. The percentage of total aid to Cambodia accounted for by commitments from Japan remained flat at about 25%. The percentage for other donors' commitments was generally unchanged from the previous meeting.

Other details, including the priority areas identified by donors, are discussed in the following section.

(2) Other results

Donors and the Cambodian government agreed to continue the joint monitoring of the implementation of reforms, with the former stressing that progress in the reforms was a prerequisite to fulfilling their commitments.

In this connection, it was agreed that the monitoring meeting, which had been held three times in the previous year on a quarterly basis, would be held once a year as an interim CG meeting. The interval between the monitoring meetings was considered too short given the fact that the meeting required the participation of the

Cambodian Prime Minister and other major ministers, as well as donor country ambassadors or representatives in Cambodia. In addition, the sub-working groups turned out to be sufficient for the exchange of working-level information. The monitoring meeting was originally designed to assess efforts, progress and achievements made by Cambodia regarding the reforms that it was required to carry out, as conditions or criteria for extending assistance.

Participants also agreed to explore the possibility of holding the next CG meeting in Phnom Penh in response to Cambodia's proposal.

2-3-4 Recent developments

After the fourth CG meeting, the first interim or mid-term CG meeting was held on January 29, 2001 in Phnom Penh. At the meeting, representatives of the Cambodian government reported on the achievements and progress in relation to seven priority agendas: governance, fiscal reform, administrative reform, social development and poverty alleviation, demobilization, natural resources management, and the land issue. In response, donors asked questions and expressed their views.

At the interim meeting, representatives of donors pointed out delays in the reform process across the board. They said that behind these delays lay a lack of human resources, institutional inadequacy, the vulnerable fiscal position, and arbitrary actions by persons of power or influence, among others. In response, Prime Minister Hun Sen and other Cambodian representatives emphasized that Cambodia did all it could to carry out

reforms and disclosed the progress in the implementation of reforms. They implied that the expectations and interference of donors were becoming unreasonable.

Anyway, international assistance is vital for Cambodia, at least for the time being given Cambodia's present fiscal situation and technological level. Heated debate between the Cambodian government and the donor community is expected at subsequent CG meetings.

The fifth CG Meeting was held in Tokyo, June 12 and 13, 2001. Representatives of 17 donors and seven international agencies attended.

The fifth CG meeting recognized that for the period of one year following the fourth CG Meeting, progress was made in the implementation of the Priority Action Program (PAP¹), drafting of the Governance Action Plan (GAP), bank restructuring, computerization of the civil service payroll, forestry concession management restructuring, and the implementation of the demobilization program. The meeting also recognized delays in implementing GAP, developing the legal framework, solidifying the government's fiscal standing, controlling corruption, managing natural resources, and demobilization. Then the meeting dealt with the specific agendas of macroeconomic management and poverty alleviation, governance issues including judicial reform, management of natural resources, and aid coordination.

At the session on macroeconomic management and poverty reduction, the Cambodian Minister of Commerce announced a new scheme referred to as the Pro-Poor Trade Strategy for promoting trade, investment and industry. Specifically, this strategy was designed to devise an action plan for promoting exports, coordinate the government, the private sector and international donors concerning their functions, and build up human resources and institutional capacity. The strategy was welcomed by participants.

Representatives of donor countries pledged a total of 560 million dollars in aid, higher than the 500 million dollars that the Cambodian government had hoped for, and above the 548.3 million dollars in donor commitments at the fourth CG Meeting. This was because the

donor community highly commended the Cambodian government on its commitment to carrying out structural reform programs and the achievements it had made in this area. NGOs, on their part, pledged 55 million dollars, unchanged from the previous meeting. Japan decided to refrain from providing loan aid and to offer 118 million dollars in grant aid and technical assistance, the largest amount among the international donors.

The fifth CG meeting also confirmed that the next CG meeting would be held in Phnom Penh in 2002 as agreed at the previous meeting.

Representatives of the Cambodian government stressed, and/or planned to monitor, progress in relation to the following points:

- The annual increase in GNP for 2001 was 5.4%, slightly below the target.
- As part of the administrative reforms, the Cambodian government decided to focus on six areas: the establishment of the Priority Mission Group (PMG²), the promotion of democratization and improvement in service delivery, the promotion of administrative reform at the local level, legal and judicial reforms, the establishment of partnership arrangements, and the completion of the GAP.
- The implementation of the land law, the forestry law, the fisheries law, the water supply law, the bankruptcy law, etc. drawn up as part of the judicial reform, plus the formulation of such laws as the bank law, the criminal law, the criminal procedure law, the civil law, and the civil procedure law which were in the process of being drafted.
- Local elections in 2002.
- Funding and scheduling for the implementation of the Cambodia Veterans Assistance Program (CVAP).
- After a development cooperation partnership paradigm for Cambodia and an operational framework for development cooperation partnerships were announced at the fourth CG Meeting, the government internally established partnership focal points and a task force designed to bolster development

¹ PAP is a program introduced to improve budget disbursement as one of fiscal reform efforts. The ministry of Economy and Finance directly allocates the budget to the local operating bodies that provide social services to the people. The program also monitors conditions of disbursement in every three months. It has been introduced in the ministry of Education, Youth & Sports and the ministry of Health since the fiscal year 2000, and in the ministry of Agriculture, Forestry and Fishery, and the ministry of Rural Development since the fiscal year 2001.

² PMG is a group of selected civil servants, which is provided training opportunity and economic incentive in order to achieve higher performance in promoting public service reform. Although the program is planned to be implemented from 2002, neither the number of civil servants, nor who are subject to this program have been specified.

Table 6-2 Japan's ODA to Cambodia

(Net expenditure; Unit: \$1 million)

Year	Grant Aid			Loan Aid		Total
	Grant Aid	Technical assistance	Subtotal	Total expenditure	Net expenditure	
1994	51.39 (80)	13.12 (20)	64.52 (100)	–	– (–)	64.52 (100)
1995	134.90 (89)	17.14 (11)	152.04 (100)	–	– (–)	152.04 (100)
1996	55.40 (–)	20.12 (–)	75.52 (–)	7.38	–4.18 (–)	71.33 (100)
1997	36.11 (59)	25.52 (41)	61.63 (100)	–	– (–)	61.63 (100)
1998	58.35 (72)	23.05 (28)	81.40 (100)	–	– (–)	81.40 (100)
1999	27.62 (54)	23.25 (46)	50.87 (100)	–	– (–)	50.87 (100)
Accumulated total	451.92 (–)	141.51 (–)	593.44 (–)	11.22	–0.34 (–)	593.09 (100)

Note: Figures in the parenthesis show the percentage (%) of each form of assistance to the total ODA.

Source: Economic Cooperation Bureau of the Ministry of Foreign Affairs (1999).

cooperation partnerships as prescribed by the decree dated April 25, 2001.

- For the past two years, the government has tried to achieve macroeconomic stability. It also increased expenditures for socioeconomic sectors while tightening fiscal policies including spending cuts and efficient allocations of resources as well as boosting revenue through tax reform.
- A new social policy aims at economic growth with special emphasis on poverty reduction. Under this policy, priority is given in the budget allocation to the sectors of education, health, and agriculture and rural development to combat poverty, illiteracy and disease. In 2002, the government plans to launch a program targeting poverty, especially malnutrition.
- Reform of the army in line with the demobilization program; budget allocations to priority areas within social sectors through the demobilization program (15,000 persons are to be demobilized); and sustainable management of forest and fishery resources

3. Trends in Japan's assistance

Japan, which has contributed to Cambodia's successful peace process, regarded Cambodia as a top priority in ODA and has therefore been extending development assistance to the country itself as well.

3-1 Grant aid and technical assistance by JICA

In extending such assistance, the Japan International Cooperation Agency (JICA) recognizes that Japan needs to help Cambodia secure a firm and independent standing in the Greater Mekong Subregion as well as in ASEAN to which the country acceded at the end of April 1999. JICA also notes that Japan needs to support Cambodia's development plans in line with the new development strategy of the Development Assistance Committee (DAC). Recognizing these needs, JICA has formulated four principles and identified eight priority areas for assistance as described below, in line with the stance Japan has taken so far at CG meetings, Cambodia-Japan Policy Dialogues on ODA and other forums.

Four principles:

- The requirement is not only for specific technology transfers, but also capacity building, especially a buildup of institutional capacity and the development of human resources as the basis for development.
- Economic growth is a key to Cambodia's successful integration into the regional economy after the country joined ASEAN.
- Rebuilding and improving the infrastructure that was destroyed during more than two decades of conflict is crucial in that infrastructure helps link cities with rural areas where the incidence of poverty is high.
- Demining needs to be given a special priority considering the fact that landmines constitute a stumbling block to Cambodia's development.

Table 6-3 Loan for the Sihanoukville Port Urgent Rehabilitation Project

Project Name	Amount (million yen)	Interest Rate (%)		Repayment Period (Grace Period) (years)		Procurement Status
		Goods and Services	Consulting Services	Goods and Services	Consulting Services	General Untied
Sihanoukville Port Urgent Rehabilitation Project	4,142	1.00	0.75	30 (10)	40 (10)	

Source: Compiled by the author

Eight priority areas

- (i) Good governance
- (ii) Creating an environment conducive to economic development
- (iii) Buildup of economic and social infrastructure
- (iv) Health sector development
- (v) Education sector development
- (vi) Development of rural areas and agriculture
- (vii) Demining and support for the disabled
- (viii) Management of the environment and natural resources

3-2 Loan aid

Hideo EZAKI

3-2-1 Suspension of yen loans

Japan's yen loan program to Cambodia started in 1969 when the then Overseas Economic Cooperation Fund (OECF) extended a yen loan for the construction of the Prek Thnot Dam. Located in the lower reaches of the Prek Thnot River, the multi-purpose dam for irrigation and hydroelectric power generation was aimed at boosting the productivity of agriculture, the key industry in the Kingdom of Cambodia. In 1971, the OECF provided another yen loan for the second construction phase for this project, bringing the total yen loans to 1,277 million yen. The construction continued on and off between 1970 and 1973, but was suspended due to the intensified conflict during 1973.

After Phnom Penh fell to the Khmer Rouge in 1975 and Democratic Kampuchea was established the next year, the Pol Pot regime defaulted on the yen loans. Partly due to the political turmoil, Japan did not offer a fresh yen loan.

After peace was achieved in 1991, however, Japan resumed its grant aid and technical assistance in earnest in line with the resumption of international assistance to

Cambodia. With the establishment of a transitional national government in 1993, negotiations between Japan and Cambodia over debt repayment progressed. In 1996, the issue of debt repayment was settled. At the first CG Meeting in Tokyo in July 1996, the Japanese government announced its policy of resuming the yen loan program. Then the Japanese government started preparations for the resumption.

3-2-2 Resumption of yen loans

At the third CG Meeting held in Tokyo in February 1999, following the July 1998 general elections and the establishment in November 1999 of the new administration of Prime Minister Hun Sen, the Japanese government hinted at the possibility of extending assistance for the Sihanoukville Port Urgent Rehabilitation Project in response to a request from the Cambodian government. With Cambodia admitted to ASEAN in April 1999, the Japanese government pledged a yen loan for the rehabilitation project at the ASEAN Post-Ministerial Conference in July 1999. Then the OECF signed a loan agreement with Cambodia in September of the same year for the first time in 28 years. The loan totaled 4.1 billion yen (see Table 6-3).

3-2-3 What should be the target of yen loans to Cambodia?

Yen loans should be well focused, with priority given to profitability and poverty alleviation. Specifically, they should target sectors where relative high returns are expected such as transport and power, as well as agriculture, Cambodia's key industry, rather than other sectors. Behind this idea lies the recognition that Cambodia, which has just regained political stability, cannot afford large-scale loans to cover a wide range of sectors.

Table 6-4 Selected Economic Indicators

(Unit: \$ 1 million/percent)

	1996	1997	1998	1999 (estimates)	2000 (projections)
Real GDP growth rate	7.0	1.0	1.0	4.0	5.5
Consumer price increase rate	9.0	9.1	12.6	5.0	5.0
Trade balance	▲476	▲265	▲223	▲350	▲397
Exports	295	534	579	548	608
Imports	771	799	802	898	1,005
Current account	▲493	▲254	▲261	▲386	▲448
DSR	29.5	17.8	16.5	17.7	5.3
Current reserves (Number of months of imports that could be supported by foreign reserves)	2.1	2.4	3.6	3.5	3.5

Source: Compiled by the author

3-2-4 A new approach - subregional cooperation

The Greater Mekong Subregion Program (GMS) is a subregional cooperation scheme facilitated by the Asian Development Bank (ADB). The GMS comprises Cambodia, Laos, Vietnam, Thailand, Myanmar, Yunnan Province of China. By strengthening coordination among the countries and province concerned, the GMS Program aims to achieve sustainable economic growth and improve living standards in these countries and province, as well as in the subregion as a whole. Eight sectors are covered by the program—transport, energy, communications, the environment, human resources development, tourism, trade, and investment. The GMS Program was agreed on in 1992 at a ministerial conference among the countries and province concerned.

So far, progress was made in the transport or road sector, among others. An example was the East-West corridors project linking Thailand, Laos and Vietnam. In the future, progress is expected in such sectors as energy and communications (see Figure 6-1). In the energy sector, an example is an electricity grid project that seeks economies of scale in the subregion as a whole.

In extending assistance to small economies or geographically disadvantaged countries such as landlocked ones that need access to ports, it is necessary to take advantage of the merits of each country to promote subregional cooperation. This view is critical for the development of the GMS.

3-2-5 Debt-servicing capacity

Although Cambodia is classified as a least less-developed country (LLDC), it is not a heavily indebted poor country (HIPC). As of the end of 1998, the debt-to-GNP ratio on a present value basis was about 77%, below the 80% ratio above which a country is considered a HIPC. The debt-to-exports ratio, again on a present value basis, stood at 207%, below 220%, the ratio at which a country is classified as a HIPC. The number of months Cambodia could cover its imports out of its foreign reserves is expected to stay above three months in 1999 and onward as in 1998 (see Table 6-4).

As of the end of 1998, the country's outstanding external debt totaled 2.2 billion dollars. Of the total, Russia accounts for 48% (\$1=R0.6), multilateral donors for 34%, and members of the Paris Club for 13%. Earlier in January 1995, Cambodia and Paris Club members agreed on rescheduling, and the Naples Scheme was applied, in which the debt was cut by 67%. Negotiations with Russia on rescheduling are underway. Once agreement is reached, Cambodia's debt service ratio (DSR) is expected to drop to a comfortable level of 5% and remain flat.

As the IMF program agreed on in October 1999 remains on track, it is unlikely that Cambodia will have difficulty repaying its debt, at least for the time being. However, attention should be paid to the following factors. Firstly, nearly half of Cambodia's external debt is on a ruble basis. Secondly, no agreement has been reached on rescheduling between Cambodia and Russia. Thirdly, Cambodia continues to make up for the current account deficit with aid and foreign investments. There-

fore, there is a need to monitor the progress in rescheduling negotiations concerning the ruble-based debt and to keep track of the trends in economic growth, export growth, foreign investment, and other economic indicators.

3-2-6 The Sihanoukville Port urgent rehabilitation project

The project is designed to improve the Sihanoukville Port, the only international port open to the ocean in Cambodia. More specifically, the project plans to construct a new container terminal made up of container berths and container yards to replace the rundown and outdated piers and cope with the increasing number of container cargoes. In addition, the project plans to dredge the anchorage and the shipping courses. By improving the cargo-handling capacity of the port, the project is expected to contribute to the country's economic development and play a catalytic role in promoting the development of the surrounding areas, including the construction of industrial parks.

4. Trends in development assistance from multilateral donors and donor countries

4-1 Overview

Japan has long been the top donor to Cambodia. Japan's aid, together with aid from the ADB and the World Bank, accounts for more than 50% of the total aid to Cambodia (see Table 6-1, 6-4). Japan is far ahead of the other donors in terms of the total amount of grant aid and in the number of experts dispatched to Cambodia as part of technical assistance.

In the non-economic field, the World Bank has been a leading coordinator for various agencies, as exemplified by its chairmanship at CG meetings. The United Nations Development Programme (UNDP) has been influential as a leading UN representative in Cambodia since the PKO established by UNTAC. Non-governmental organizations (NGOs) have been making significant contributions that cannot be expressed in terms of the amount of money or the number of persons involved. The activities of NGOs are described below.

4-2 Multilateral donors

4-2-1 World Bank

The World Bank has formulated a Country Assistance Strategy (CAS) for the three-year period from 2000 through 2002. Based on the CAS, the World Bank has pledged 30 million dollars in the form of a Structural Adjustment Facility (SAF). The Bank carries out projects closely associated with Japan's assistance, including the development of major road networks, financial support for tuberculosis control measures, and assistance in drafting the business law. As a coordinator for the Cambodia Veterans Assistance Program (CVAP), the Bank plays a central role in planning, aid coordination, and funding.

4-2-2 IMF

The International Monetary Fund (IMF) decided to resume its aid program to Cambodia. In October 1999, the IMF agreed with the Cambodian government on the PRGF and pledged 81 million dollars in the form of an Enhanced Structural Adjustment Facility (ESAF). Then the IMF opened an office in Phnom Penh. Now, the IMF is offering guidance concerning the drafting of the PRSP in cooperation with the World Bank. In the fiscal and financial sectors, the IMF is preparing an aid package with the Ministry of Economy and Finance.

4-2-3 ADB

As detailed in section 5. Development Plans of Cambodia, the Asian Development Bank (ADB) has been involved in the drafting of the SEDP, a five-year national development plan, and the mid-term Public Investment Program (PIP), with the Ministry of Planning being the chief counterpart of the ADB. The ADB has also been conducting a full-fledged rehabilitation project for major national roads in cooperation with Japan and the World Bank. In the education sector, the ADB has been an advocate of the sector-wide approach. The ADB's technical assistance has been diverse, covering everything from forestry and governance to the drafting of the land law.

4-2-4 The United Nations system, etc.

As a core UN agency in Cambodia, UNDP has been playing a central role not only in economic aid in the strict sense of the term, but also in assistance in the areas of administration and security within the donor community in the country. UNDP has shown outstanding involvement in long-term assistance in key sectors. Among the key UNDP activities are the Cambodia Area Regeneration and Rehabilitation (CARERE) project, a rural development project in four provinces in the north-western part of Cambodia, the acceptance of veterans as part of CARERE, administration guidance and financial support for the Cambodia Mine Action Center (CMAC), chairmanship of the SWG on administrative reform, support in the field of national statistics, including the national census, and the triangle cooperation program using financial and technical assistance from Japan.

The UN system is active in the healthcare sector, among others. UNICEF, WHO, WFP, UNAIDS, and UNFPA are engaged in the Expanded Programme for Immunization (EPI), polio eradication, mother and child healthcare, tuberculosis control, and HIV prevention. These agencies are working in cooperation with Japan.

The European Union and many other organizations are extending a variety of assistance in such sectors as environmental protection, rural development and democratization.

4-3 Bilateral donors

4-3-1 Australia

As a country that has contributed to the Cambodia's peace process and has been active in its diplomacy toward ASEAN, Australia ranks among the countries that are roughly second to Japan in terms of the amount of aid. Australia's assistance covers healthcare, rural development, communications. Australia also makes policy proposals to Cambodia and accepts Cambodian students in Australia.

4-3-2 The United States

As the US Congress does not view the present government of Cambodia as a democratic regime, the US has refrained from offering government-to-government aid. Instead, the US focuses on humanitarian assistance

through NGOs. As part of the Japan-US Common Agenda, the US is engaged in joint project formulation in healthcare, including HIV prevention, in cooperation with Japan.

4-3-3 Germany

Like other European donors, Germany suspended bilateral aid to Cambodia after the armed clash in July 1997. In 1999, Germany had policy consultations with Cambodia and then resumed aid as other donors did. Since then, Germany has been vigorously extending assistance in rural development and telecommunications. Germany drew the attention of other donors when it launched a pilot project concerning acceptance of veterans under the CVAP.

4-3-4 Other donor countries

France, which, as the former suzerain, still regards Cambodia as a French-speaking country, focuses on technical assistance in such fields as education, culture, communications and law in French. Sweden and other Scandinavian countries extend assistance in the fields of environmental protection and human rights. China, which has a latent influence on the royal family and the present government in Cambodia, pledged large-scale loans for irrigation and rural road development in 1998, attracting international attention.

4-4 NGOs

In advance of major aid organizations, some NGOs launched humanitarian assistance in Cambodia as early as the 1980s, when Cambodia was experiencing high political instability and was isolated from the international community. For this reason, the Cambodian government offers unstinting praise to such NGOs. In fact, the Cambodian government offers privileges and immunities to NGOs as a whole, as it does to international agencies.

Networks of NGOs in Cambodia are well developed. The Cooperation Committee for Cambodia (CCC) and other organizations serve as coordinating bodies among NGOs, publishing journals and organizing meetings for exchanging information. Through these organizations, representatives of NGOs participate in CG meetings and other donor meetings in Cambodia as formal members.

The activities of NGOs in Cambodia are not limited to the sectors NGOs are traditionally good at, health services, education and water supply, but also cover such sectors as demining, including the mapping and removal of mines, preventive education, and support for mine victims, and governance including election monitoring, reviewing of bills, and monitoring of illegal logging. NGOs are comparable to major donors in these activities as well.

Japanese NGOs have considerable experience in education and healthcare. For example, they have built many schools and hospitals at the grassroots level. Some Japanese NGOs are now participating in Community Empowerment Programs and Development Partner Programs, which have been recently devised by JICA as JICA-NGO joint programs. The number of such programs is small now, but it is expected to increase in such areas as demining and poverty alleviation.

5. Prospects

As was suggested by the remarks and commitments made by major donors at the fifth CG Meeting in May 2000, most donors have now begun to devise mid- to long-term plans. Behind this lies the recognition that Cambodia has gained political stability at least for the time being. Between 1997 and 1998, Cambodia was in constant political turmoil due to the armed clash and the elections, making it hard for donors to view the long-term prospects. However, the Khmer Rouge is now no longer a military threat. There are no plans to hold general elections until 2003. Unless an emergency such as a terrorist attack occurs, it is unlikely that major donors will be forced to significantly revise their policies or even to withdraw from Cambodia. Under these circumstances, donors need to improve coordination among themselves for more effective assistance.

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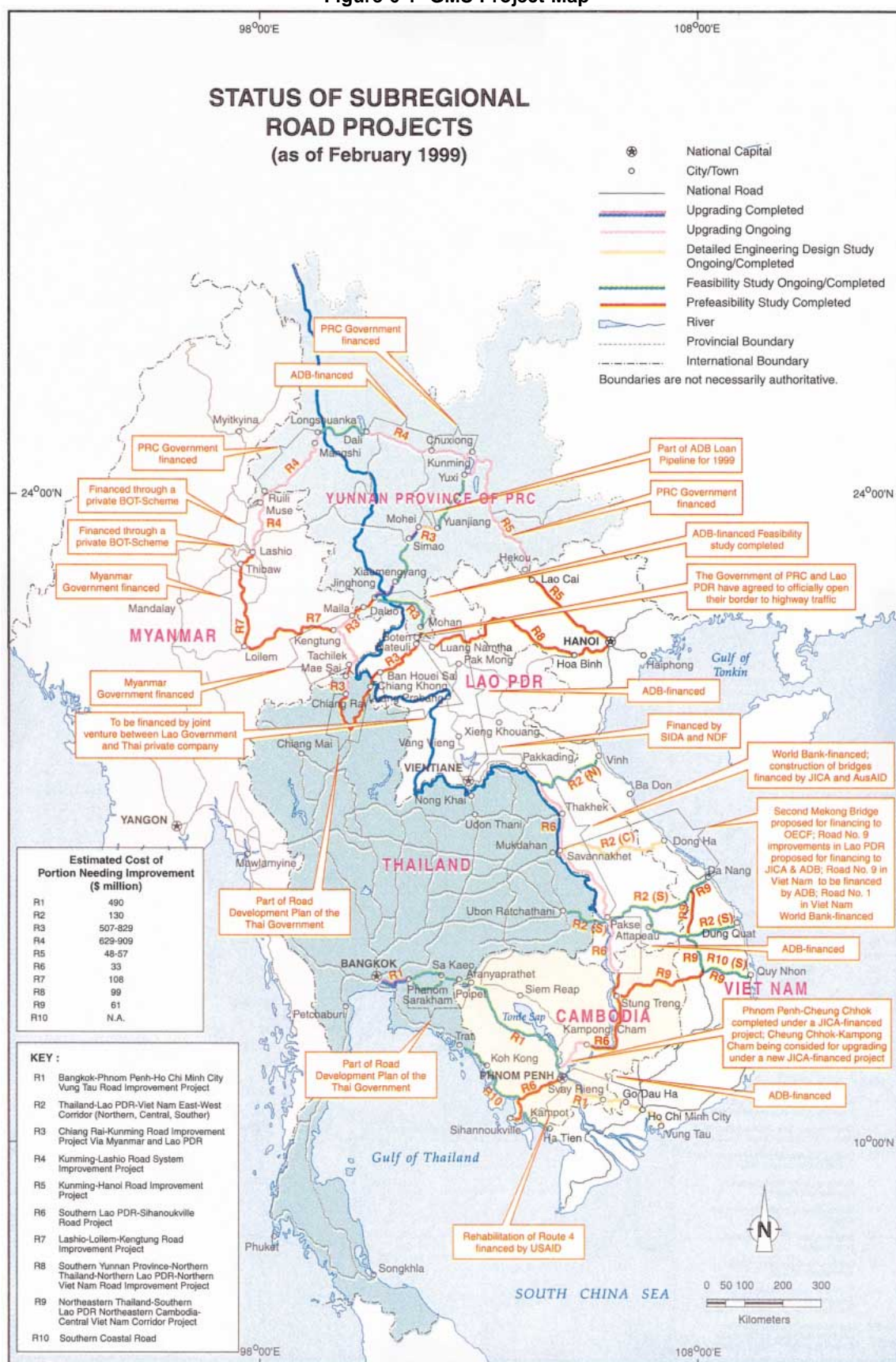
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Figure 6-1 GMS Project Map



Part II Current Condition and Prospects

Chapter 2 Sector- and Issue-wise Analyses and Trends in Assistance to Cambodia

Section 1. Good Governance

1. Introduction

Yasunobu SATO

1-1 Importance of governance

1-1-1 Concept of “good governance”¹

“Good governance” in the context of development assistance came to attract attention amid the prevalent recognition that recipient nations should have an adequate capacity to carry out policy planning and implementation so that the structural adjustment programs proposed by international financial institutions could achieve practical results.² The World Bank then extended the idea of “governance” in view of its relevance to the issues of development and focused on the process of running and managing the economic and social resources of a nation for development purposes as well as on the government’s capability for policy planning, determination and implementation. As specific future challenges, the World Bank cited i) operation and management of the public sector, ii) clarification of government responsibilities, iii) laws and systems, and iv) informa-

tion and transparency³, as well as v) the participatory approach, vi) control of military spending and vii) protection of human rights.^{4,5} The global shift to a market economy and democracy was accelerated by the collapse of communism in the Soviet Union and East European nations, leading to greater recognition of the need for donor nations and aid agencies to support the shift to a market economy⁶ and democratization. Under those circumstances, donor nations and aid agencies all came to emphasize the concept of “good governance” as a goal of assistance, and they have been making efforts to engage in assistance for good governance, from different stances.⁷

In line with this global trend, Japan also studied the concept of “good governance” in a report entitled “Participation-based Development and Good Governance”⁸ prepared by the Japan International Cooperation Agency (JICA) in March 1995. The report pointed out that the concept of “good governance” has two aspects, with one being the goal of the national pursuit of democracy, and the other being the goal of establishing government functions that constitute the basis of and contribute to participatory development. In the former meaning, a

¹ The definition and Japanese translation of good governance as used in this report is in line with the JICA report (1995) entitled “Participation-based Development and Good Governance: Study Report on Each Assistance Area.”

² In other words, it was recognized anew that the implementation of economic reforms was urged upon countries in exchange for structural adjustment loans, including market liberalization and monetary tightening, which required the active involvement of the government, with the conventional concept against government interference seen as no longer applicable.

³ World Bank (1992)

⁴ For example, World Bank (1994)

⁵ JICA (1995), p30

⁶ Protection of human rights is also essential as the basis for the establishment and development of a market economy. The most important prerequisite of a market economy is that free and self-reliant individuals can manage their rights of their own free will, and human rights, as represented by civil and political rights, are the very basis of this prerequisite. Dispute settlement through the courts is indispensable for the smooth management of the market, and active rights such as the right to a trial and the right to vote are also important for ensuring fair market rules. Also necessary are the economic, social and cultural rights that provide the safety net of a market economy.

⁷ As another example, the Development Assistance Committee (DAC) of the OECD stated in its “Policy Statement on Development Cooperation in the 1990s” (December 1989) that the issues of sustainable development, environmental protection, and participatory development are the most important challenges for development assistance during the 1990s. Emphasizing the significance of participatory development, the statement said that the stimulation of people’s productive energy to encourage everyone to actively take part in production and to ensure a fair distribution of profits should constitute the core of development strategies and development assistance. As preconditions for achieving this goal, the statement listed (i) implementation of education and training, provision of food and healthcare, investment in human resources in a broad sense including that for promoting the fight against drugs and AIDS, (ii) strengthening of the political system, governmental organizations and the legal system for guaranteeing democracy and the protection of human rights, (iii) utilization of the resources not only of the central government but also of local governments, NGOs and private companies, and (iv) establishment of an open and competitive market economy that allows for the harnessing of individual initiatives and private-sector vitality. JICA (1995), p.i.

⁸ JICA (1995)

nation is expected to pursue “self-reliant and sustainable development as well as the realization of social justice.” The specific components of good governance in this meaning of the term include “legitimacy and accountability of the state system, protection of human rights, local autonomy and decentralization, and civilian control of the military.” In the latter meaning, good governance represents “effective and efficient governmental functions” to realize self-reliant and sustainable development and social justice. Its components are “basic laws and systems that support the people’s participation in political, economic and social activities, as well as the transparency of administrative authority, decentralization, and building market environments.”⁹

1-1-2 Significance and importance of “good governance” in Cambodia

Cambodia experienced armed conflicts, both external and internal, over a period of more than 20 years. Human resources as well as social and state structures were damaged to such extent that the existence of Cambodia itself as a nation was challenged, with four warring factions repeatedly involved in armed conflicts, each claiming legitimacy as the ruling force. Under these circumstances, the peacekeeping operations of the United Nations Transitional Authority in Cambodia (UNTAC) under the Paris Peace Agreements of 1991 aimed, among other goals, to establish an internationally recognized legitimate government through free and fair national elections. At the same time, UNTAC-led assistance began with the aim of establishing a legal system for the protection of human rights and maintenance of public security, and the realization of administrative and judicial reform, as well as the repatriation of refugees and their reintegration into society. This comprehensive assistance was intended to achieve good governance, in the former meaning related to the “way of being a state” as discussed in 1-1-1. After UNTAC’s withdrawal, the government that was established through the national elections received assistance from the international society, including Japan, for reconstruction and development under democracy. Cambodia also began efforts to achieve goals related to good governance in respect of “government functions” mentioned in 1-1-1. The most

important goal for Cambodia has been to establish a system of good governance as the key factor in post-conflict reconstruction (and the prevention of a recurrence of conflicts.) It has also been important to establish a government framework and a legal system that supports it, as well as to ensure an efficient government and capable human resources to manage assistance for democratic development. Efforts to this end are required to allow Cambodia to shift smoothly from the stage of emergency assistance for recovery to the stage of assistance for autonomous and sustained development. In other words, good governance in Cambodia meant “governance for peace building,” and “development of the foundations of the nation” was necessary for this purpose. As a result, the emphasis should be placed on strengthening democracy, guaranteeing and further promoting human rights. These are essential for the maintenance and expansion of a genuine peace. Equally indispensable is establishing a legal system and an independent and fair judiciary that can peacefully settle conflicts of interest and other disputes, and the setting up of a neutral and efficient administration that is independent of any political group and bound only by the law (the rule of law).¹⁰ As peace is a paramount prerequisite for sustainable development, it would not be sufficient to regard good governance as just one of the sectors for development assistance. Good governance is the overriding goal that should be achieved in all assistance sectors, and it is also a key condition for the success of this assistance. Development is not possible without peace, and real peace cannot be achieved without development.

1-1-3 Fields covered in this section

Based on the understanding of good governance in Cambodia as discussed above, this section analyzes good governance from the four aspects of i) democratization, ii) human rights, iii) the legal system, and iv) administrative functions. First of all, some historical facts and the present situation, as common background information, will be discussed from the viewpoint of peace-building. Important issues related to each of the four aspects will be summarized for a general discussion of the appropriate form of assistance to foster good governance.

⁹ Ibid. Refer to p. iii and p. viii for a summary.

¹⁰ Refer to the JICA (1996), pp. 10-13.

1-2 Governance in Cambodia

1-2-1 Peace building in Cambodia – past and present

The debate on “good governance” came to the fore due to the global spread of the market economy and democracy after the end of Cold War in the late 1980s and the recognition that people’s contributions and active participation in domestic politics, policymaking and policy implementation in nations receiving development assistance are necessary for implementation of effective and efficient development assistance. It has been necessary to clarify the ideal form of a democratic nation that should be aimed at through assistance as well as the process of participatory policymaking and implementation of development policies. In Cambodia, for the sake of post-conflict state-building, general elections were held under UN supervision as the first step to establish a legitimate state and since then much effort has been expended. Then came the efforts towards strengthening of democratization and the rule of law with assistance from the international society.

The government that was established after the general elections was only a compromise coalition between the Funcinpec Party, who gained the majority of the seats in the legislature, and the Cambodian People’s Party, which was the second largest party, but already had overwhelming power in Cambodia. As a result, the establishment of a democratic political process was sluggish, as in the case of the disarmament of Khmer Rouge soldiers. The organization of the government was so extraordinary that Prince Norodom Ranariddh, the President of the Funcinpec Party, became the First Prime Minister, and Hun Sen of the Cambodian People’s Party, the Second Prime Minister, with other cabinet posts each having two ministers from the two parties. This coalition government was unable to solve key political issues and the systemic difficulties that arose in the transition to democracy. The social and state institutions also failed to work. While competition became severer between the parties ahead of the 1998 elections, peaceful methods for solving conflicts were set aside. In particular, the ruling parties - Funcinpec and the Cambodian People’s Party - resorted to violence, threats and intimidation to strengthen their power and influence. Domestic order was thus disturbed, and political stability shaken. The coalition regime began to

collapse, and the consequent social unrest reached its peak in July 1997 with an outbreak of armed conflict.

After various diplomatic efforts and political compromises were pursued to restore law and democracy, a proposal presented by the Japanese government was eventually accepted by the parties in Cambodia. The parties thus resumed their political activities in the run-up to the second national elections in 1998. For the poll, a considerable amount of material and technical assistance was provided from abroad, and an international election-monitoring mission was dispatched. Although the election process aroused some controversy, the monitoring mission issued a statement that the poll had been held in a fair manner. After post-election twists and turns, a coalition government led by Hun Sen as the sole prime minister was established between the Cambodian People’s Party and the Funcinpec on November 30, 1998. The Khmer Rouge faction continued to pose a threat to the nation’s reform and development as it aggravated concern for domestic order and disarmament. However, the Khmer Rouge soldiers who had become guerillas were gradually integrated into the army under the government due to intra-factional conflicts. The death of Pol Pot in April 1998 virtually put an end to their activity.

1-2-2 Major pending issues and directions for improvement

Major pending issues for good governance and directions for improvement are summarized and discussed in terms of the following separate aspects (1) democratization, (2) human rights, (3) legal system and (4) administrative functions.

(1) Democratization

Major issues on democracy include i) local elections, ii) access to information and freedom of speech, iii) grassroots activities by NGOs and other groups and iv) the rule of law. Elections for communes, the smallest unit of local administration, are scheduled for 2001, with the necessary preparations now under way. Cambodia still has problems with regard to freedom of speech, with the media including newspapers as well as radio and television stations sometimes subject to government interference. NGOs, whose activities are important for the establishment of a civil society, are now dependent

on financial assistance from other countries, and independent fund-raising is a future agenda for them. The rule of law is a major pillar for democracy since the enactment of laws by a democratic legislature would become meaningless if the laws are then ignored by the executive or judiciary. Regaining people's confidence in the law and the judiciary is an urgent task.

(2) Human rights

Major issues of human rights protection include i) a legal system that works as an institutional guarantee of human rights, especially the establishment of an independent and fair judiciary that ensures their protection, ii) strengthening of government policy-making and policy implementation for the observance of human rights, and iii) strengthening of related NGO activities. Political persecution and violations of personal freedoms are still rampant, with the minorities, the poor, women and other socially vulnerable groups left without guarantee of substantial consideration or protection of their rights concerning labor, education and healthcare. In the first place it is indispensable to establish an independent and fair judiciary capable of providing remedies to violations of human rights. This requires support through assistance not only to the government but also to NGOs and other related organizations.

(3) Legal system

Major issues related to legal system include i) a lack of an adequate legal framework, ii) a shortage of human resources in the legislative, executive and judicial branches, iii) factional conflicts and a lack of strong political will, iv) coordination of assistance, and v) the need to promote legal education and legal aid. Even the most basic laws have yet to be established due, among other factors, to a lack of human resources in the legislature. It is indeed a major challenge for Cambodia to secure capable human resources not only in the legislature but also in the executive and the judiciary, including judges, prosecutors, lawyers and judicial police officers. A major impediment to reforms is a lack of strong political will amid factional conflicts to gain new privileges and protect vested interests. Furthermore, ineffective coordination among aid agencies related to le-

gal system reform makes it difficult to enact systematic and integrated laws. Among other challenges are enhancement of the awareness of the legal system, including awareness of the importance of legal compliance, through the provision of the relevant education to students and ordinary people, as well as empowerment of people through the provision of legal aid to defend themselves against social injustice.

(4) Administrative functions

Major issues related to administrative functions include i) the spread of corruption, ii) insufficient remuneration for public officials, iii) insufficient facilities and systems (fair personnel evaluation systems and tax systems), iv) lack of adequate human resources, and v) problems of local autonomy. Behind the widespread corruption is the extremely low level of pay for public officials. An urgent task, therefore, is to establish appropriate systems for taxation and personnel evaluation. It is also necessary to train administrative officials in order to cope with a shortage of capable officials and to improve local autonomy after the commune elections.

1-2-3 Assistance for good governance by Japan and other donors

The major forms of donor assistance for better governance are summarized in the following.

(1) Bilateral donors

1) JICA¹¹

Priority areas: administrative, fiscal and judicial reform, improvements in public security, gender issues

Activities: assistance for fiscal reform (revenue increase and improvements in budget management), promotion of the social reintegration of demobilized soldiers, assistance towards the public investment management system (for the establishment and management of a mechanism for effective and efficient management of public investment including aid), assistance for administrative reform (elimination of corruption among public officials, personnel training, establishment of local governments that reflect people's will, decentralization of administrative functions), as-

¹¹ JICA Project Country Report (June 2000), pp. 22-23.

sistance for judicial reform (introduction and appropriate enforcement of a civil code, civil procedural law and other basic laws, an increase in the number of judges, prosecutors and lawyers, as well as improvement of their capabilities), assistance for improved public security (police reform, strengthening of investigative capabilities), “women in development” program (education in relation to gender equality, assistance to female entrepreneurs, and information dissemination on maternal and child healthcare and reproductive health).

2) France

Priority: Strengthening of administrative organization and democracy

Activities: assistance in drafting criminal law and criminal procedural law, assistance to the Law Department of the Faculty of Law and Economic Science of Phnom Penh University and the Royal Administration School, training of legal professionals based on technical cooperation with the Cambodia Bar Association.

3) Australia (AusAID)

Priorities: Criminal justice, human rights

Activities: assistance in criminal justice (clarification of existing criminal law procedures, training, equipment provision, improvement of prisons, police offices and courts), human rights education programs (democratization, financial assistance for local NGOs engaged in human rights activities, human rights education, assistance in the preparation of educational materials).

4) United States (USAID)

Priority: democratization

Priorities in assistance: strengthening of democratic processes, respect for human rights

Activities: financial assistance for human rights organizations, assistance to the courts regarding legal technicalities, assistance in holding the national elections in 1998, voter education via the media and NGOs.

5) Canada (CIDA)

Priorities: human rights, democracy

Activities: establishment of funds for assistance in human rights protection, democratization and governance programs in Cambodia (peace and amicable settlement initiatives, human rights education, improved access to the judiciary, improvements in the

legal system); Cambodia-Canada legal assistance project (improvement of research, information management and administrative capacity of the National Assembly and Senate secretariats, updating the legal knowledge and capacity for analysis of the National Assembly and Senate members, improved public understanding of these members’ roles and responsibilities); establishment of funds for assistance to improve legal systems in Southeast Asia (assistance for the establishment and enforcement of a legal framework to prevent the illegal traffic in women and children in the Mekong Basin, human rights education for government officials and NGO members, regional workshops on legal protection for foreign workers, training programs for journalists to enhance the media’s expertise and independence, assistance for strengthening the functions of the National Assemblies of Thailand and Cambodia, assistance for setting up regional organizations for conflict resolution in Cambodia); planning of a Canada-ASEAN governance innovation network (implementation of pilot projects in each ASEAN nation, relevant research and political dialogue, assistance for consolidating and integrating peace and democracy organizations, such as human rights ombudsman panels, as part of the National Assembly, assistance in holding the national elections in 1998); implementation of Phase II of the Cambodia-Canada development program (promotion of community development through assistance for improved administration by the central and local governments in Cambodia); establishment of a Canadian fund for encouraging local initiatives (assistance for small-scale projects by local governments, promotion of women’s participation in development, assistance for the creation of a civil society and for environmental protection).

6) Sweden (Sida)

Priorities: human rights, democratization

Priorities in assistance: promotion of human rights protection and democratic government, human rights and gender equality, democratization, administrative assistance, assistance for peace building.

Activities: technical and financial assistance through Swedish NGOs to the Cambodian government and NGOs.

(2) Multilateral donors

1) UNDP

Priorities: regional socioeconomic development, development management and administrative reform, maintenance, expansion and utilization of potential human resources.

Activities: Cambodia Regional Reconstruction Development Program (income generation, improvement of small-scale rural infrastructure, provision of basic social services, local governance system, capacity building for regional administration, SEILA program), assistance to strengthen the National Assembly functions, assistance to strengthen and improve the judicial system, technical assistance for the next local elections, reform of health organizations (improvement of public health service delivery).

2) Asian Development Bank (ADB)

Priorities: administration, transition to a market economy

Activities: improvement of auditing capability, assistance for the judicial system, provincial level administrative reform, assistance for land reform under an appropriate land law, improvement of financial and banking laws under a financial sector program.

3) World Bank (WB)

Priorities: macroeconomic policy, improvement of the legal system for the transition to a market economy, administrative reform, demobilization.

Activities: macroeconomic management and administrative reform (review of administrative organization, financing for administrative reform, participatory poverty surveys), measures against corruption, assistance for devising a Governance Action Plan, assistance for improving legal systems (sector-approach assistance, assistance for research by the jurists council attached to the Council of Ministers, assistance for the publication of laws, assistance for the Commerce Ministry in devising Commercial Law, assessment of legal needs, review of investment law, assistance for legislation related to financial and commercial laws, information dissemination through assistance for the implementation of legal reform), assistance for establishing an effective and transparent framework for land management and land administration, assistance for surveys on land problems, land policy and land

utilization, coordination of land-related programs.

4) UNICEF

Priority: children's rights

Activities: assistance to the Cambodian Bar Association through UNICEF funds, human rights education, enforcement of laws against the sexual abuse of children (improvement of police procedures and their practical application, seminars for policemen and judges).

5) UN High Commissioner for Human Rights (UNHCHR)

Priority: respect for and promotion of human rights

Activities: technical advice to the legislature and the executive on drafting laws, dispatch of consultants to the courts, human rights education programs for the police and military officers, preparation and publication of human rights materials, financial assistance to human rights NGOs, assistance for capability improvement of the media, assistance to the Cambodian government in preparing human rights reports for submission to the United Nations.

6) FAO

Priority: forest management (joint project with the World Bank)

Activities: establishment of a system for investigating and reporting on forest-related illegal activities, assistance for improving central and local government administrative capability to combat forest-related crimes, drafting and revising laws and ordinances against forest-related crimes.

1-3 Direction of Japan's assistance

1-3-1 Scope and content of the aid

As discussed above, many of the major donors regard governance as the central component of aid, and extend various forms of assistance in this field. For Japan, good governance is also undoubtedly a central focus of aid as well. Japan, as the top donor for Cambodia, should consider its governance aid to play a coordinating role through effective cooperation with other donors and the government of Cambodia in order to ensure that various forms of aid by different donors contribute to improved governance as a whole. In fields where Japan is capable of extending effective assistance, it must also consider

the means of setting and achieving the goals of aid within the framework of its overall aid policy. It is advisable for Japan to consider how it can complement the existing aid activities undertaken by Japan and other donors, rather than extending into new fields of aid, with the top priority given to ensuring the effective utilization of aid by the recipient. It is thus important, among other agendas, to set the goals of aid in achieving good governance, determine the scope of assistance, and to choose priorities from among possible cooperation programs.

Table 1-1 summarizes the targets of Japan's aid to Cambodia, the scope of assistance and the content of the specific projects proposed for implementation of the cooperation programs. Aid for good governance can be divided into two categories, with the first related to "the way of being a state" and the other to "the functions of the government". The first category was further divided under the two major targets of "assistance for democratization" and "establishment of the rule of law." The target of the other category was "improvement of government functions for effective and efficient administration." Japan's aid in the past has mainly been aimed at improving government functions to avoid interference with the recipient's internal affairs, with less accumulated experience in assistance for democracy. Future aid, however, should have its targets directed more to assistance for democratization and the rule of law. This assistance is related to the very basis of a nation in shaping the legitimacy of the government, constituting the core of the issue of governance.

The scope of aid is then determined for each target on the following bases: 1) the aid addresses core issues of legal, political administrative and social reforms in present-day Cambodia, 2) the scope of the aid is within the primary fields of assistance covered by major donors including Japan, and 3) it is feasible for Japan to provide the aid. Based on these three considerations, the table shows the order of priority in the scope of aid for each target. For the scope of aid determined for each target, the required cooperation programs, including ongoing ones, are enumerated in order of priority. The order of priority was roughly determined using the following criteria. Finally, applying the same logic of these considerations, specific projects under each program area are also listed in order of priority.

The priority order was determined taking account of the following factors. As for the order of priority for aid

programs besides the conditions listed below, consideration of the short-term, medium-term and long-term prospects is necessary, as is discussed in detail in the relevant sections of this report, whereas the priority order for projects should be determined in consideration of the need for coordination in order to reduce the possibility of overlapping with the work of other aid agencies. Therefore, the priority order for the projects should be studied more carefully in later planning stages.

Factors for determining the priority order:

- (i) Issues of utmost importance among various challenges for present-day Cambodia;
- (ii) Priority programs sought by the Cambodian side;
- (iii) Programs that can contribute most to motivating counterparts;
- (iv) Programs that can promote the effective development and utilization of resources in Cambodia;
- (v) Programs that are feasible for Japan to undertake within its resources and capability;
- (vi) Specialty areas for Japan;
- (vii) Programs not overlapping with other aid agencies and those that can be adjusted with other organizations;
- (viii) Programs that can promote multi-phase, comprehensive aid (as described later).

1-3-2 Points to be considered in the course of planning and implementation

Issues to be taken into consideration in planning and implementing the above-mentioned cooperation programs and projects are discussed in the following.

(1) Multi-phase, comprehensive aid

In planning and implementing cooperation programs for good governance, attention should be paid to assistance for democratization, the protection and promotion of human rights, legal reform, and strengthening of administrative and fiscal mechanisms as discussed in the respective sections of this report. Aid for good governance should focus on the improvement of national, political, economic and social systems as these four areas constitute the basis of good governance and they complement each other. Aid in any one of the four areas should be coordinated with that in the other areas, and it

Table 1-1 Japan's Assistance for Good Governance (scope and content)**A. Aspects of the way of being a state**

Goal of the aid: "Assistance for democratization"		
Scope of the aid	Cooperation program	Content of the program/project
1. Assistance for the political system	(1) Assistance for elections, etc. (2) Improvement of legislative functions (3) (Activities under cooperation programs for the socially vulnerable and for rural area development)	1) Improvement of the legal framework for elections including local polls 2) Physical and financial assistance in (local) elections 3) Dispatch of observers for (local) elections 1) Seminars for the staff of the legislative branch 2) Promotion of international exchanges of members of the legislative 1) Establishment of a social safety net and provision of job opportunities for veterans through rural development
2. Establishment and strengthening of freedom of speech	(1) Assistance for the promotion of journalism	1) Transfer of the experience of Japanese journalists 2) Provision of the necessary equipment 3) Promotion of joint training for the staff of the Ministry of Information and journalists
3. Strengthening the activities of the civil society	(1) Strengthening education on democratization (through assistance to NGO activities) (from cross-sectoral viewpoints)	1) Assistance for education on democratization by NGOs through assistance for the production of educational programs, etc., for media broadcast (This applies not only to governance-related projects, but also other cooperation projects, to promote citizen participation from the planning to the project evaluation stages, with the help of local NGOs).
Goal of the aid: "Establishment of the rule of law"		
Scope of the aid	Cooperation program	Content of the program/project
1. Strengthening of the legislature and the judiciary	(1) Legal assistance	1) Strengthened assistance for establishing basic laws including a civil code and civil procedural law 2) Training of judges, prosecutors and lawyers 3) Promotion of exchanges with Japanese universities and the Japan Federation of Bar Associations 4) Assistance for legal aid 5) Improvement of the courts and other related facilities 6) Thorough study on the practices of the Supreme Council of the Magistracy and the Constitutional Council, preparation of concrete assistance projects 7) Strengthening of the functions of the police and other relevant organs, assistance for performance of their duties
2. Protection and promotion of human rights	(1) Improvement of public security (2) Assistance for the socially vulnerable (3) Strengthening of human rights education (through assistance for NGO activities)	1) Removal of land-mines, control and confiscation of small arms 2) Reform of police system 1) Assistance for WID programs and efforts to prevent the abuse of women and children 1) Assistance to human rights organizations and NGOs in human rights education 2) Assistance to the National Assembly's human rights commission and domestic human rights organizations through technical cooperation with NGOs; assistance for the improvement of related activities; monitoring for human rights violations, assistance to efforts to prevent violations

Table 1-1 Japan's Assistance for Good Governance (scope and content) (continued)**B. Aspects of the function of the government**

Goal of the aid: "Improvement of government functions for effective, efficient administration"		
Scope of the aid	Cooperation program	Content of the program/project
1. Administration according to the law	(1) Enhancement of legal awareness among public employees (2) Promotion of administrative procedures according to the law	1) Offer of advice and training by legal consultants at each ministry 2) Improvement of administrative law classes at the Royal School of Administration and the Law Faculty 1) Assistance for improving legal and regulatory systems related to administrative procedures 2) Advice on administrative procedures at the main ministries
2. Strengthening of administrative capability and the improvement of transparency of administrative responsibility	(1) Assistance for fiscal and administrative reforms	1) Assistance for tax and personnel system reforms 2) Training of experts and core officials 3) Strengthening of mechanisms to disseminate laws and ordinances through information disclosure and improvement of IT and other communications systems
3. Decentralization	(1) Improvement of local administrative capability	1) Promotion of cooperation between commune representatives and NGOs 2) Advice to help strengthen local autonomy through surveys on Cambodia's local autonomy system and dispatch of experts; provision of advice to bolster the central government's role in the adjustment of local autonomy

Source: Prepared by the author

should be ensured that aid in one area will lead to improvement in the others to maximize the overall effectiveness of the aid. Each one of the four areas of democracy assistance, protection of human rights, reform of legal systems and strengthening of administrative and fiscal mechanisms is just a segment of the whole governance issue. There must be a good balance among them; otherwise, it will hardly be possible for them to lead to good governance. What is desirable, therefore, is a multi-phase, comprehensive aid program that not only comprises specific projects in the four areas, but also helps improve governance in its entirety.

For instance, the ongoing assistance for judicial reform is indispensable for the promotion of democratization and protection of human rights. The assistance, however, would fail to achieve the goals of independence of the judiciary and establishment of the rule of law if it were not accompanied by improvement of the capabilities of individual judges and other core staff of the judicial system as well as a rise in their levels of remuneration and the improvement of related facilities including the justice information system. Such assistance would not be effective without the establishment of an appropriate taxation system, which is indispensable for preventing corruption, and of a system for re-

cruiting fair, capable public officials. Those various assistance projects must be coordinated with each other, and relevant policy advice is essential. Japan can adopt two approaches to promoting such multi-phase, comprehensive aid. One is to identify the multi-phase aspects of the various fields of assistance, confirm the ongoing programs and plans of other aid agencies, and determine Japan's aid within its resources and capabilities. The other approach is to make an active contribution and participate, depending on Japan's resources and capabilities, in fields where NGOs or aid agencies are unable to extend comprehensive assistance due to financial or technical limitations.

(2) Approach based on trial-and-error in the field

Aid must take forms that meet local conditions, changing circumstances and needs. For assistance in governance improvement that is closely related to local organizations, systems and human resources, it is especially important to understand the tasks can be carried out by local counterparts. In all stages from the planning, implementation to evaluation of cooperation programs, the opinions and initiatives of local experts must

be encouraged and reflected in the programs. In Cambodia, which has yet to establish a strong force of local counterparts, opinions based on local fieldwork should be frequently fed back so that assistance programs could be implemented more effectively on a trial-and-error basis and modified flexibly if necessary according to local conditions. This kind of approach based on experience in the field will allow the appropriate transfer of techniques that are best suited to local conditions.

(3) Respect for ownership and partnership

1) Aid through the development of appropriate technology

To realize sustainable good governance, specific goals must be set for the policy making and development of the capacity to manage, apply and implement separate aspects of a field as well as the integrated whole of the relevant field on the part of Cambodia. The transfer of political, economic and social know-how necessary for good governance, including the legal framework, obviously differs from the transfer of scientific technologies, as the former requires extensive adaptation by the recipient society in the context of its history, tradition and culture. It is thus advisable to seek to “create” a new technology for good governance, rather than trying to transfer an already established one, in order to ensure that the new technology is one that is appropriate for the recipient in the social context.

To achieve this requires a sense of ownership on the part of Cambodia and equal partnership between Japanese experts and Cambodian counterparts based on joint efforts to make the best use of local knowledge. For instance, in extending judicial assistance an effective approach is to establish a joint task force, comprising Japanese and local experts. It might be better in some cases to introduce the legal model of a neighboring country, rather than Japan, by teaming up with experts of the relevant country.

A sense of ownership and partnership cannot be achieved without long-term confidence-building efforts between Japanese experts and local counterparts based on patient dialogue and advice. Shortsighted pursuit of results with insufficient efforts to develop the capacity of Cambodian counterparts will end up in increasing local dependence on aid and discouraging autonomous efforts on the Cambodian side. Among desirable examples in this respect is a successful mentoring program

being carried out by the UN Center for Human Rights participated in by legal practitioners like judges and lawyers, mainly from Asia. The program, financed by a UN trust fund set up by Japan and other countries, allows these Asian experts to work together with Cambodian counterparts in Cambodian courts and to give practical training such as through exchange of opinions and expert advice.

2) Introduction of a bottom-up approach to participatory development

The ultimate beneficiaries of good governance are the people living in Cambodia, not the government or public officials. As national development policies and the establishment of the legal system are carried out at the initiative of the government, relevant assistance is extended through officials of the competent government agencies. In Cambodia, however, governance is still in a very fragile state, and it must be kept in mind that aid tends to instigate profiteering and factional conflicts. It is necessary, therefore, to prevent aid from being concentrated at the central government level, by such efforts as direct assistance to the people and rank-and-file public officials, as in the case of the provision of legal aid and democratization and human rights education, and the adoption of the so-called “bottom-up” assistance via NGOs, local communities and municipalities. Such participatory development requires long-term efforts to raise awareness and the organization of participants as well as development of their management capabilities. Assistance for democratization, for instance, would only exacerbate factional conflicts if it were not accompanied by the enhancement of political awareness among the public and public awareness of the significance of their contribution to the public interest.

3) Utilization of local knowledge

In the above-mentioned participation process, it is important, as discussed, to respect local knowledge such as by reference to the existing norms of Buddhism and practices at temples in Cambodia, so as to ensure harmonization with traditional institutions there. Donors, while paying heed to traditional methods as a basis for assistance, should also stand ready to point out problems with these traditions, if any, and encourage their correction, not always accepting them as they are. In assistance to the justice system, for instance, it is necessary in out-of-court dispute settlement to respect tradi-

tional methods of mediation in villages, yet at the same time to ensure that a settlement is not forced on people by a local strongman. The highest priority in such cases should be the establishment of a modern judicial system that ensures effective, fair and predictable dispute settlement, without which any efforts to achieve out-of-court settlements would fail to complement the whole system.

(4) Cooperation based on ties between private-sector professionals

Counterparts, as pointed out, are not always governments or administrative organs, making it essential for donors to cooperate with private companies, NGOs and other organizations that play an important role in the society. Good governance concerns not only government organizations, but also the challenge of creating a self-disciplined civil society. Therefore, aid must go beyond the government-to-government framework to reflect viewpoints based on partnership, including private-sector cooperation, between professionals from Japan and Cambodia. Noteworthy in this respect is a recent case of cooperation between the Japan Federation of Bar Associations and the Cambodian Bar Association under a JICA project.

(5) Coordination and unity among relevant organizations in Cambodia

It is also advantageous to assist cooperation between the organizations mentioned above and NGOs. Such cooperation may sometimes be difficult due to the difference in the interests of the organizations involved, but JICA, as a neutral organ for technical cooperation and assistance, is undoubtedly qualified to act as a coordinator and adviser through the Council for the Development of Cambodia (CDC) to break any impasse. It can be expected that aid agencies, through their roles as catalysts and coordinators, can contribute to strengthening donor-recipient unity towards the goal of good governance.

(6) Coordination with other aid agencies and donors

It is obvious that aid for good governance needs coordination with other aid agencies and donors to prevent duplication and conflict in the provision of such aid. This coordination is required both at the local level and at the policymaking level. Information exchange with local aid-implementation organizations and experts will allow a comprehensive and objective understanding of various impacts and problems arising from the provision of aid for good governance. Coordination and cooperation with other aid agencies at the implementation level will facilitate the progress of each project involved and maximize its effects. Aid for good governance, which in large part has political implications, must be devised in the light of political developments concerning the subject area, including changes in relevant government policy and a shift in the political regime.

Japan should continue to contribute to promoting policy-level coordination among donors through such opportunities as CG meetings. In January 2001, the Cambodian government announced a Governance Action Plan that enumerates the short- to medium-term goals of judicial reform, administrative and fiscal reforms, corruption prevention and other issues. Japan, as the top donor for Cambodia, should continue its efforts to secure support and cooperation from other donors by clarifying its aid policy for good governance, based on the latest action plan. Such efforts are also required to gain understanding and cooperation from the Cambodian side.

Furthermore, Japan should actively take part in the discussions on a sectoral approach to judicial reform¹², as proposed by the World Bank. It is advisable for Japan to make the best use of its experience in legal assistance, for the purpose of facilitating coordination and cooperation among donors. Coordination of aid policies among the various aid agencies will make it easier not only to avoid duplication and conflict but also to establish a more integrated, comprehensive framework for aid by utilizing Japan's own experience and working with other aid agencies to complement each other.

¹² The World Bank proposes a "Master Action Plan" for judicial reform, as in other fields such as healthcare, under a sectoral approach based on information exchange between the Cambodian government and each aid agency and other interested groups.

2. Democratization

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2-1 Post-UNTAC developments related to democratization

2-1-1 Democratization under UNTAC and its post-UNTAC developments

The Paris Peace Agreements signed on October 23, 1991, provided for not only an end to military action and the establishment of a legitimate government through national elections, but also social reconstruction, economic development and other goals for postwar nation-building. The national elections in 1993 led to the launch of a new coalition government and the adoption of a new constitution in the same year. The constitution established a democracy by guaranteeing the free operation of political parties, observation of human rights norms as stipulated in various international treaties, and introduction of a market economy. It also provided that the state should promote the development of agriculture, industry and other sectors based on the principle of private ownership. In addition, it set up an annual national congress in which all citizens may participate and through which they are entitled to present political issues and make requests to the government.

After the period of UNTAC, Cambodia regained sovereignty and is now entering a new stage of democracy, peace, development and stability. The most remarkable features of the new democracy were, among others, that i) the freest and fairest elections in Cambodia's history were held successfully to elect members of the National Assembly, with 90% of voters actively taking part under UN supervision, ii) young Cambodians, both at home and abroad, as well as former politicians and former soldiers of guerrilla groups, together participated in political activities by creating their own parties or running in the elections on their own, iii) many newspapers and broadcasting stations were launched at home, and it was highly noteworthy that they enjoyed freedom of speech irrespective of their editing policy or quality of the reports, iv) Cambodia's market economy, which

had long been closed and moribund, resumed active acceptance of investment from abroad, allowing Cambodian people to feel the influence of the outside world after more than a decade of isolation, and v) citizens' groups and non-profit organizations were set up in various fields, and the civil society was strengthened.

2-1-2 Latest developments

After the national elections of 1998, Cambodian Government attempted to introduce elections to elect local councils to the smallest administrative unit of the commune. The move was designed to promote decentralization and deconcentration of administrative services as a means of promoting democratization and improve administrative efficiency, with the aim of devising and implementing democratic development policies in line with the goals of participatory development and administrative reform, as later discussed. For the purpose of establishing the commune-level election system, one law has already been enacted, with drafts for two others having been submitted for consideration. Already in force is the law on the fiscal system and properties belonging to provinces and municipalities, which was adopted in 1998. The two drafts now before the National Assembly are the law on communes and municipal administration management and the law on communes and municipal elections.

The issue of demilitarization and disarmament, which had been shelved during the peace process in the past, finally came to the fore after the end of the Khmer Rouge. As a result of agreements at the Consultative Group meeting in May 2000, a long-term project was carried out to reduce the number of soldiers by more than 30,000 over three years and assist their social integration.¹³ The pilot project stage was completed by July 2000, with some 1,500 soldiers demobilized.¹⁴ The demobilization of the remaining 30,000 soldiers is scheduled to finish by 2002.¹⁵ If the project proceeds smoothly, it will make a major contribution to democracy in present-day Cambodia, as the shift from the previous society controlled by a military clique to a peacetime civil society represents the first step for Cambodia to depart from the post-conflict stage to be born anew

¹³ Cambodia Consultative Group Meeting (2000), p. i.

¹⁴ It was reported by Mockenhaupt and Samnang (2000/p. 6) that the final group of soldiers (about 420) being demobilized under the pilot project will be disbanded with a ceremony on July 15 (Saturday).

¹⁵ World Bank report mentioned in footnote 3.

as a democratic, peace-loving nation. Cambodia, however, still faces many important challenges, as discussed in the following section.

2-2 Challenges for democracy

Cambodia now faces the following challenges for the realization of democracy.

2-2-1 Preparations for local elections

Local administrative authorities in Cambodia are divided into 23 provinces (Khaet) and municipalities (Krong), with the latter including the capital of Phnom Penh. Each province consists of several districts (Srok) and smaller administrative units of communes (Khum).¹⁶ Similarly, each city consists of districts (Khan), and quarters (Sangkat) that are smaller administrative units than districts.¹⁷ Police offices, prisons and other public security facilities are partly under the jurisdiction of provincial and municipal authorities, but the administrative system as a whole is of the centralized type. A law on the fiscal system and properties belonging to the provinces and municipalities was recently adopted, empowering provinces and municipalities to decide on budgets and spending to some extent according to local demand. The Cambodian government recognizes the importance of local initiatives in realizing participatory development, and is making efforts to introduce a local Council election system (first for communes and quarters¹⁸). The government plans to hold commune elections in the latter half of 2001, but has yet to enact a law for that purpose. Even if such a law is adopted, the government will still have to overcome many hurdles including preparations for these elections, ensuring security in local areas, management and authority of the new councils, and their relationship with the provincial and municipal authorities. Issues that are

frequently under consideration from among these challenges are summarized in the following.

There are about 1,600 communes at present around Cambodia. The largest of them has a population of some 40,000, while the smallest has only 209 residents. The cost of holding commune elections is estimated at over 30 million US dollars.¹⁹ From the fiscal viewpoint, it has been pointed out that rapid decentralization could have the negative effect of the government losing fiscal control at the local level.²⁰ It is also necessary to coordinate decentralization-related policies for the communes subject to the planned elections with those policies for provincial and municipal authorities that are not yet ready to be subjected to similar elections.²¹ Another problem is whether the elected commune council members will be capable of proposing feasible policy measures. The election system itself is also an issue, with debate under way as to whether candidates for commune councils should run under political parties or with an independent status. Among other issues is whether the participation of women in local elections should be promoted further or not. On top of those issues, there is a growing concern about an apparent spread of political threats and killings involving candidates in the commune elections, with many of the victims being members of the opposition Sam Rainsy party and Funcinpec party.²²

2-2-2 Current state of access to information and freedom of speech

Under the UNTAC media guideline of 1992, forums for debate offered by the media (newspapers, radio and television) as well as by citizens' groups and political parties proliferated, which has continued up to present after going through some confusion amid political disturbance at home. Those forums were the only opportunity for people to lodge complaints against various reform measures that fell short of their earlier expecta-

¹⁶ Constitution of the Kingdom of Cambodia (including 1999 revisions) Article 145.

¹⁷ Ibid. Villages (Phum) are smaller units than communes, but they were not provided for in the constitution.

¹⁸ For simplicity, communes include, unless otherwise specified, quarters (Sangkat) as local administrative units.

¹⁹ Royal Government of Cambodia (2000.4), p. 46.

²⁰ Royal Government of Cambodia (2000.5), p. 9.

²¹ Roome (1998), pp. 57-59.

²² According to recent newspaper reports, Prak Chhien, a popular candidate of the Funcinpec party in the commune election in Kampot, was killed on June 3, 2001. On the night of August 22, Yi Mui, a candidate for the Sam Rainsy party in Prey Veng, was killed four days after Huh Chim, another candidate of the party in the same province, was wounded in a gun assault by several armed men. Two days before the assault, a member of the Sam Rainsy party was killed in Kompong Cham. For details, refer to McEvers and Ana (2000), p. 6 and Chandara and Unmacht (2000.8) p.10.

tions of the new Cambodian government. The spread of these forums was partly related to a distrust of the judicial system as mentioned before. Many people seem to use the forums, instead of going to court, to ventilate their complaints by insulting their opponents.²³ Many of these people contributed to antigovernment newspapers, which thus tend to be filled with unconstructive criticism and insults against the government. These newspapers did not adhere to neutrality in journalism, but provided opportunities for political agitation. Unable to make in-depth investigations, they often focus on defamatory articles against individuals, rather than reporting facts. The politicians and senior government officials who were criticized, meanwhile, sometimes threatened the newspapers and their reporters, reportedly ordering assaults on them.²⁴ The government also banned these newspapers temporarily under the press law of 1994, prosecuting their executives. Always at issue concerning such a situation was the precedence between the freedom of speech and the government's right to fight back against defamation. Another problem is the lack of transparency and predictability of the press law, which has yet to be accompanied by related regulations and ordinances that clarify the concept of the law and its definitions.

In Cambodia, the literacy rate for reading and writing without difficulty is fairly low at about 37%.²⁵ Only a limited number of people can read and understand newspapers. In particular, people living in rural areas, who account for 80% of the total population, are believed to be almost entirely dependent on the radio for information, except for communication among local people. Television sets are also used, but are not as prevalent as the radio. The radio thus has great significance as an information media, but few radio stations in Cambodia are sufficiently politically neutral to report various political views in a fair manner. It seems extremely difficult to obtain government approval to set up an independent radio station.²⁶ Under these circumstances, it is not appropriate to think of access to infor-

mation and freedom of speech only in terms of newspapers and reading materials. To ensure rural people's access to information, in particular, efforts should be made to include protection of the right of access to the wireless media.

2-2-3 Current state of NGOs and other grassroots activities

Activities covered here are mainly those of the so-called third-sector and private-sector nonprofit organizations, including local NGOs in Cambodia, to extend services to specific groups of the society or to the general public. These organizations, whose activities are guaranteed under Article 42 of the existing Constitution, were set up one after another during the 1990s. The number of NGOs officially registered in Cambodia totaled some 600 in the 2000 statistics²⁷, while there are numerous unregistered ones. While local administrative organs are often said to be corrupt, politicized and lacking the necessary equipment, the grassroots activities of NGOs are proceeding in a relatively smooth manner.

Almost all NGOs, however, are not yet financially independent, financing their activities with assistance mainly from UN organs, foreign governments and international NGOs. As a condition for extending services to the society, NGOs sometimes need to provide assistance to local administrative organs. For instance, in order to help improve the human rights situation in the society human rights NGOs undertake to train police officers and government officials and provide them with the necessary equipment. In such a way, NGOs often choose to cooperate with the government to promote human rights, democracy and social development, rather than just pointing out the government's mistakes and criticizing it. In such cases, NGOs need to cover not only their own operating expenses but also the relevant costs of local administrative units and other organizations that they assist. Under such circumstances, it is almost impossible for these NGOs to gain financial in-

²³ For specific examples, refer to UN materials "Situation of Human Rights in Cambodia: Report of the Secretary-General" (A/49/635, 3 Nov. 1994, paras. 93-96; E/CN.4/1996/93, 26 Feb. 1995, para. 44; E/CN.4/1997/85, 31 Jan. 1997, para. 126; E/CN.4/1998/95, 20 Feb. 1998, para. 55).

²⁴ Ibid.

²⁵ Recent joint research by UNESCO and the Education Ministry. Gravois (2000.7).

²⁶ The opposition Sam Rainsy party had to wait for a long time before gaining government approval to set up a radio station. It was not by chance that Funcinpec-affiliated television and radio stations were first attacked in the July 1997 unrest. It was thought that the ruling People's Party selected such media stations as the first target of attack to block opposition broadcasting.

²⁷ NGO Forum on Cambodia (2000.5), p. 56

dependence in the near future. They are in severe competition with each other to secure funding from foreign organizations and governments, and their relations sometimes become strained due to the competition. NGOs engaged in the promotion of democracy, human rights and other causes that involve a high level of political interest are said to tend to be on bad terms with each other, with their activities likely to be politicized.

2-2-4 Current state of the rule of law

The situation in this respect is discussed later in 4-1-2 of “4. Legal system”.

2-3 Government efforts related to good governance and relevant assistance

2-3-1 Election system

Observation of developments in Cambodia up to the elections in 1998 shows that the most important roles were played through mediation and cooperation by the United Nations and other international organizations as well as donor countries. Such mediation and cooperation helped contain tensions between political parties in Cambodia and settle conflicts through free and fair elections. The outside assistance also helped in drafting an election law, solve various problems during the election campaign and implement the elections including the monitoring of vote counting. The international society also offered active cooperation and support to help settle post-election conflicts by making diplomatic efforts and relying on locally dispatched staff and by means of monitoring.

2-3-2 The rule of law

To build on their assistance in establishing a legal framework as part of peacekeeping efforts of UNTAC, UN specialized organizations and bilateral assistance organizations continued various forms of assistance in and after 1993 to help Cambodia in drafting and implementing laws. With such assistance, the Cambodian government has made its own plan for judicial reform. For further details, refer to 4-2-2 in “4. Legal system”.

2-3-3 Strengthening of the legislature

Soon after the 1993 elections, aid agencies such as UNDP, UNHCHR and USAID offered material and technical assistance to the then National Assembly, with the aim of improving the capabilities of the parliamentary secretariat and legislative techniques. Assistance was also given to train staff of the parliamentary Commission on Human Rights and Reception of Complaints. Legal experts were dispatched to parliamentary expert commissions to provide the National Assembly with technical advice, assistance and comments on draft laws submitted by the government. These assistance projects, however, were suspended due to the political crisis in 1997.

NGOs and other organizations also offered extensive assistance. For instance, the director of the Khmer Democracy Institute, a Cambodian NGO, said the institute often organized joint meetings for parliamentarians of Cambodia and other countries in cooperation with the parliaments of foreign countries, to promote exchanges of opinions, experience and knowledge among parliamentarians to improve the capacity of Cambodia’s National Assembly as a whole.

2-4 Assistance by major donor countries

2-4-1 Japan

Activities: Japan dispatched observers to observe national elections in 1993 and 1998. Under its ODA, Japan also extended assistance for the social reintegration of demobilized soldiers, removing land-mines and supporting mine victims. As for legal assistance, Japan started in 1996 to invite law practitioners from Cambodia to attend training in Japan on the Japanese legal and judicial systems. In 1999, assistance began on drafting a civil code and a civil procedural law.

NGO-based assistance includes promotion of the civil society, both directly and indirectly, through aid for improving living standards, developing human resources, providing printing equipment for community use, etc. Japan is also helping with demining. Among activities in the field of legal assistance are the compilation of law textbooks, promotion of law education, and cooperation extended by the Japan Federation of Bar Associations to the Cambodian Bar Association.

2-4-2 Australia (AusAID)

Activities: Financial assistance is extended to local NGOs on democratization and human rights, under human rights and education programs.

2-4-3 United States (USAID)

Activities: The United States provided support for the national elections in 1998, helping to set up local NGOs and supporting their activities in monitoring the polls. Assistance was also provided in relation to voter education through the media and NGOs. NGO assistance included support for producing television and radio programs to enhance public awareness of women's rights, labor rights and the role of women, elections, politics and poverty eradication.

2-4-4 Canada (CIDA)

Activities: Under the Cambodia-Canada legal system assistance project, assistance was made to improve the research, information management and administrative capacity of the National Assembly and Senate secretariats, enhance the legal knowledge and legal analysis capacity of the National Assembly and Senate members, and promote understanding of parliamentarians' roles and responsibilities. Under Phase II of the Cambodia-Canada development program, community development was supported by helping improve the capabilities of the central and local governments. A Canadian fund for local initiatives was set up to assist small-scale projects by local governments, promote women's participation in development, promote the consolidation of civil society and protect the environment.

2-4-5 UNDP

Activities: Law experts were dispatched to the Ministry of Interior to help draft a commune election law. Under a joint project with the UNHCHR, assistance was provided to strengthen the functions of the National Assembly.

2-5 Consideration for future assistance

In the light of the above-mentioned history of democracy in Cambodia and the present situation of assistance in democratization, the following considers how assistance should be carried out in the future for further development of the field.

Democratization in Cambodia faces three challenges, namely, reform of the political system including the election system and civilian control, promoting freedom of speech, and strengthening the civil society. In the following, consideration will be given to Japan's future contributions to assisting the political process, establishing and promoting freedom of speech and the press, and strengthening the civil society.

In particular, the challenge of strengthening the civil society must be met from two aspects; one is the aspect of capacity building, and the other is the promotion of their participation in the society. The former concerns specific assistance measures, while the latter is related to the methodology essential for democratization assistance.

2-5-1 Political system

(1) Assistance for the local election law and holding elections

A success in local elections, such as for commune councils, is expected to contribute greatly to the concretization of the abstract concepts of democracy. Donors, many of which give priority to grassroots development, see a success in local elections held on Cambodia's own initiative as a good precedent towards the goal of ensuring participatory development and good governance. Such a success will also bolster the confidence of Cambodians. Promotion of free and fair local elections is considered to be one of the most important goals as it will help nurture trust between Cambodian voters and administrative organs, making long-term contributions to sustaining peace under democratic rule. Specifically, it is necessary to advise Cambodians on the technical aspects of drafting an election law. Technical assistance will also be required to help them cope with various problems in implementing an adopted election law. In this field, assistance is being extended by UN specialized organs and German aid agencies.²⁸

²⁸ These organizations dispatch experts to hold meetings with local counterparts.

(2) Strengthening civilian control

Stable democracy would not be secured unless civilian control is strengthened as a medium-term goal. Among the most important measures to this end is disarmament and demobilization in the shift from the time of war to the time of peace. Strengthening of civilian control will also help ensure the implementation of free and fair elections. It is thus necessary to continue assistance in disarmament, including a reduction in small arms and the removal of land-mines.

(3) Strengthening of representative democracy

As the contents of civilian control, it is important to enhance the capacity of the legislature as the representatives of the people, so as to ensure a longer-term stability for democracy. Particularly in Cambodia, it is said that the legislature, which lacks adequate capacity, is only an empty shell, unable to check the executive regarding its duty of administration based on law. To prevent a dictatorial government, it is necessary to improve the capacity of parliamentarians and the staff of the National Assembly who assist them in drafting laws. It is particularly important to allow those parliamentarians and National Assembly staff to learn about the legislative systems of other countries, including Japan, as well as their operation, with the aim of establishing as soon as possible a trustworthy National Assembly that can guarantee suprapartisan debate on various issues of national interest.

2-5-2 Establishment and strengthening freedom of speech and publication

(1) Technical assistance for journalism (mass media including broadcasting stations)

Journalism has a very important role to play in any democratic society. Journalism has a major role in the development of democracy in Cambodia, and at the same time, it is expected to face an increasing number of new challenges in the future. It is thus essential to extend assistance to establish an environment that will help nurture appropriate forms of journalism capable of neutral and fair reporting without any partisanship or political prejudice.

2-5-3 Developing the civil society and strengthening its activities

(1) Technical and financial assistance to NGOs and citizen forums in general

NGOs and citizens' groups that emerged in an earlier boom are now required to prove their legitimacy and improve their capacity. It is necessary for them to expand specialized activities, ensure financial transparency and be accountable to the beneficiaries. In particular, NGOs and other organizations engaged in the promotion of such issues as democracy, the rule of law and human rights can hardly implement their projects on their own due to both financial and technical difficulties. Those NGOs and citizens' groups deserve long-term financial and technical assistance toward the ultimate goal of achieving independence, since a democratic society that will never again resort to force cannot be created without the development of these NGOs and groups. As foreign NGOs promoting these causes often originate in Europe and the United States, it might be better to expand assistance through NGOs in Asian countries, including Japan, which have cultural backgrounds that are closer to Cambodia's.

(2) General education for democracy

To prevent the recurrence of Cambodia's past tragedy, it is necessary to create a society that respects life and human rights, and in particular, different viewpoints among members of the society. It is thus important to provide general education on human rights including democracy, to the younger generation who have only witnessed a long period of military conflicts, violence and cruel human relations. Ongoing assistance programs on democratization look into the defects of the existing system, but education has an important role in the long-term process of democratization. Some Cambodian NGOs have prepared textbooks on human rights and democracy, and hold student contests on related issues. Those NGOs, however, are limited in number, and assistance should be extended to them for long-term general education on democracy.

One of the indispensable factors in democratization is the establishment of the "rule of law". Democracy becomes meaningless if laws enacted based on democracy fail to work. On the contrary, majority rule, which

should be adopted in a democratic society, should not be elevated to the extent that it constitutes despotism by the majority. Democracy in its true sense should ensure equal opportunities under the law for both the majority and the minority, guaranteeing debate through freedom of speech. In other words, it should be understood as the very basis of a society that anyone can enjoy fundamental human rights. An independent judiciary is also indispensable to maintain a balance of power that can prevent despotism by the majority and abuses of power. In this sense, the realization of democracy and establishment of the rule of law are two sides of the same coin. Assistance for the rule of law, therefore, should be extended as part of assistance for democratization in a coordinated manner. Further details of such assistance are discussed in the following section “3. Human rights”, which concerns the protection and promotion of human rights, and “4. Legal system”, which concerns the independence and strengthening of the judiciary.

2-6 Direction of Japan's assistance

For Japan's assistance in the future, proposals are made in the above-mentioned three fields. In particular, nurturing a civil society is an indispensable prerequisite for a democratic society and at the same time an ultimate goal of it, although it is hard to present, at least for now, specific proposals for Japan's future assistance to this end. It can at least be said, as a matter of methodology for any cooperation project, that the need to strengthen the activities of NGOs and other citizens' groups should always be kept in mind to promote public participation in the society, which is an essential part of democracy.

2-6-1 Assistance in the political process

(1) Assistance for elections including local ones

Japan provided assistance in the 1993 and 1998 national elections by dispatching civil servants at the local administrative level to monitor the polls in Cambodia, which helped Japan accumulate experience in election monitoring and assistance with the election system. Japan not only should now send election observers to local elections in cooperation with other donors, but should also extend both material and financial assis-

tance for the holding of elections, in addition to assistance on the election law and the electoral system. Furthermore, Japan is expected to contribute to promoting the social reintegration of demobilized soldiers as part of efforts to strengthen civilian control.

(2) Strengthening of representative democracy

Japan has little experience in providing assistance to this field. Considering the unique characteristics of Cambodia and its government's high expectations of Japan, Japan can contribute in this field by having its Diet devise and implement a partnership program with Cambodia's legislature to help enhance the latter's legislative capacity.

2-6-2 Establishment and strengthening of freedom of speech and publication

Technical assistance to journalism (mass media including broadcasting stations) is expected to contribute to improving the communications and broadcasting infrastructure. To facilitate bilateral cooperation based on unity among professional journalists, Japan can contribute by sending journalists to Cambodia to provide advice and exchange of information on reporting techniques and ethical standards for journalists in general.

Japan should also consider new cooperation programs to offer hardware and software assistance to national broadcasting stations, and hold seminars for their administrative and technical staff to improve their capacity. Another possibility for Japan is to contribute to mending the strained relations between Cambodia's Ministry of Information and the nation's journalist groups, by inviting both ministry officials and group members to the same seminar opportunities in other countries for short-term or long-term training programs. Such joint seminars may help both parties learn to cooperate with each other. If Cambodians could learn about the management of the mass media in Japan and other countries and understand their relationship with the relevant authorities, it would be useful for the further promotion of freedom of speech and access to information in Cambodia.

2-6-3 Nurturing the civil society and strengthening its activities

NGOs and citizens' groups have played major roles in Cambodia and are expected to continue making contributions to the development of democracy in the future. It seems that Japan is not so experienced in this field. Japan, while continuing its assistance to enhancing the government's administrative capacity, should also direct its assistance efforts to education and awareness-raising among the general public concerning peace, democracy and human rights through NGOs and other organizations.

With the long-term aim of developing local human resources of the next generation, Japan is expected to extend assistance based on its experiences of education, including the production of educational programs for preschool children and youths. Such assistance should be made in line with Cambodia's culture, tradition and religious practices, through local NGOs and temples. People living in rural areas have access to information only through television and radio, which are thus the only media for enlightening these people as to the importance of peace, human rights and democracy. Assistance to these media in the production of educational programs and other activities may call for financial and technical cooperation between media organizations on the basis of professional unity.

The most important aspect of assistance for democratization is to ensure that every citizen takes part in the democratization process in order to make a contribution. In present-day Cambodia, however, NGOs and other grassroots organizations promoting such causes as democracy, the rule of law and human rights can hardly carry out their projects independently, both financially and technically. Japan's assistance should be directed to enabling these organizations to become independent based on self-discipline through indirect financial and technical assistance via foreign NGOs, including those from Japan. For such assistance, Japan can tap the financial resources of its grassroots grant aid as well as NGO subsidies and other related assistance, while extending technical assistance through the dispatch of Japan Overseas Cooperation Volunteers. As NGOs extending assistance in this field are often from Europe and the United States, it has been pointed out that Asian NGOs, including those from Japan, with a cultural background closer to Cambodia should expand their assistance. Ja-

pan should further extend the scope of its assistance to put more emphasis on NGOs.

3. Human rights

Yoichi YAMADA

3-1 Significance of human rights in good governance

Economic development used to center around macro-economic growth, with the protection of human rights and democracy underrated based on the assumption that they are an impediment to economic development. Donor countries continued to stress financial and technical assistance, giving little consideration to the human rights situation in the recipient countries. Human rights and democracy issues were considered to be internal matters for the country concerned, and any interference in relation to these issues was thought to be an infringement of the recipient's sovereignty. However, if the legitimacy of a nation derives from the agreement of the governed, "governance" should be the avoidance of despotism. Human rights, beyond their functional role of providing the basis for the free market economy, are in themselves the essence of each individual's quest for happiness. If development assistance is intended to achieve not only economic growth as shown by the statistics but also specific forms of human happiness, such assistance should necessarily cover the protection of human rights as part of its objectives, with efforts to make the governance "good" for the purpose of human rights protection. Based on such a viewpoint, donor countries and aid organizations have recently come to target "good governance" (in their assistance to promote human rights programs). Japan is also following this trend, with JICA's research work "Participatory Development and Good Governance," emphasizing human rights protection as an integral part of good governance.

3-2 Human rights situation in Cambodia

The Cambodian situation itself is a constant reminder of the infamous genocide by the Pol Pot regime of Democratic Kampuchea (1975-79). The damage done by the regime still remains in the human rights field in Cambodia. This fact has been drawing particular atten-

tion to human rights issues in Cambodia with the international society's regret that it left such outright infringement of human rights unchecked. For the purpose of Japanese human rights assistance, it is essential to survey the past situation of human rights protection in Cambodia as well as what assistance has already been provided in this field. The following is a review of human rights violations, along with the response of the government and donor organizations, as observed after the international society began full-scale efforts for peace and reconstruction in Cambodia under the transitional authority of UNTAC.

3-2-1 Period of UNTAC transitional authority²⁹

The UNTAC, bound by the Paris Peace Agreements to ensure the protection of human rights based on the recognition that such protection is indispensable for settling conflicts in Cambodia,³⁰ set up a human rights section to monitor the human rights situation, receive human rights complaints, investigate human rights abuse cases, and provide human rights training and education throughout the country of Cambodia. By November 10, 1992, the human rights section's Phnom Penh office received a total of 298 complaints of human rights infringement, which comprised: 118 cases of land-related disputes, 112 cases of intimidation, 63 cases of illegal confinement, 14 cases of murder, 5 cases of property destruction, 1 case of theft, 5 cases of cease-fire violation and 8 cases of wounding.³¹ By the end of the period of transitional authority, the UNTAC human rights section received more than 800 complaints regarding human rights violations, including those received at the section's regional offices.³² The cases of human rights violations included assaults by the Khmer Rouge (Pol Pot) faction, which did not take part in the 1993 national elections. Also included were many cases of politically-

motivated murder, kidnapping and attacks on political party offices.³³

As part of the Cambodian government's efforts on human rights issues, the Supreme National Council (SNC) in 1992 ratified the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights as well as the Convention against Torture, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, the Convention relating to the Status of Refugees, and the Protocol relating to the Status of Refugees. In September of the same year, the council adopted the Provisions relating to Criminal Law and Criminal Procedure (the so-called UNTAC law)³⁴. In January 1993, the National Assembly adopted the Law on Criminal Procedure Law (so-called SOC law), the Law on Organization and Activities of the Adjudicate Courts of the State of Cambodia, and the Law on Court's Fees. However, Cambodia still lacked an effective judicial system that enforces the adopted laws, that is, there was virtually no formal organization to protect human rights.³⁵ In 1992, human rights NGOs such as ADHOC and LICADHO were set up one after another in Cambodia to start monitoring the human rights situation as well as related investigations, education and training. Under such circumstances, the national election was held in May 1993, followed in September of the same year by the promulgation of the existing constitution of the Kingdom of Cambodia.

3-2-2 Post-UNTAC situation through 1998 elections up to present

After UNTAC's withdrawal in September 1993, the UN Human Rights Center³⁶ set up its Cambodian office as its first field office to continue activities for the protection of human rights in Cambodia³⁷ in accordance with the resolution of the UN Commission on Human

²⁹ UN Doc. E/CN.4/1993/19

³⁰ Articles 15 and 16 of *the Agreements on a Comprehensive Political Settlement of the Cambodian Conflict*.

³¹ UN Doc. E/CN.4/1993/19

³² UNTAC Human Rights Component (1993) PP.3-4 / Kenji Yotsumono, *Cambodia Kenpo-ron* (Constitution of Cambodia), Keiso Shobo (1999), quoted in p.62. (*in Japanese*)

³³ According to Prince Norodom Ranariddh, a total of 18 Funcinpec members were killed and 22 wounded between November 2, 1992 and January 1993. Hughes (1996), quoted by Akio Kawamura (1998).

³⁴ Provisions Relating to the Judiciary and Criminal Law and Procedure Applicable in Cambodia during the Transitional Period (1992).

³⁵ Sato (1997)

³⁶ In 1997, the office was renamed the "United Nations Cambodia Office of the High Commissioner for Human Rights." However, the office is called the "UN Human Rights Center" throughout this report.

³⁷ UNCHR (1996)

Rights³⁸. In cooperation with this office, the Special Representative of UN Secretary-General on Human Rights in Cambodia annually reports to the UN Commission on Human Rights and the General Assembly on the human rights situation in Cambodia and his recommendations for future improvement. In addition, UNICEF and other UN organizations as well as domestic and international human rights NGOs actively work in the human rights field to achieve their respective goals. However, the human rights situation in Cambodia, as revealed by such activities of the relevant organizations, has yet to show improvement, as indicated in Box 1-1 (Human rights).

3-2-3 Institutions for human rights protection and the current state and trends of assistance

The human rights situation in Cambodia is being monitored, independently of the Cambodian government, by the UN Human Rights Center and local human rights NGOs such as ADHOC, LICADHO, VIGILANCE and KKKHRA. As of 1996, there were reportedly about 30 human rights NGOs in Cambodia.³⁹ These NGOs initiate investigation into specific human rights cases as a result of complaints from citizens. International NGOs concerned about human rights, such as Human Rights Watch and Amnesty International, also monitor and report on the human rights situation in Cambodia, but in terms of day-to-day monitoring and assistance for victims, local NGOs play a larger role due to their grassroots involvement in local areas. To promote cooperation among NGOs, local NGOs have set up such organizations as the Human Rights Task Force on Cambodia, the Cambodian Human Rights Coordination Committee, and the Human Rights Action Committee.⁴⁰ Local NGOs raise funds for their activities, mainly

from international organizations, international NGOs, foreign embassies in Cambodia, and bilateral donor organizations, including the UN Human Rights Center⁴¹, UNICEF, the Asia Foundation,⁴² USAID,⁴³ and AusAID⁴⁴. The UN Human Rights Center, UNICEF and international NGOs also provide local NGOs with materials and information for human rights education and training as well as relevant technical assistance.⁴⁵ These international human rights organizations and NGOs not only work on specific human rights cases but also make other efforts, including lobbying to redress the government's human rights abuses and ensure preventive measures for the future. They also take part in the process of drafting laws, providing opinions from the viewpoint of human rights protection. Information obtained through these activities is reported on both separately by each organization and collectively by the parties concerned at international forums.

Meanwhile, the judiciary, which is expected to play the leading role in correcting human rights violations as an integral part of the state system, is often subject to the criticism that it is not functioning properly. Among its other problems, the judiciary in Cambodia has yet to be established as a functioning institution⁴⁶ and has yet to gain independence within the overall state system, as its decisions are not respected.⁴⁷ The judiciary lacks even the legal infrastructure, as demonstrated by the absence of substantive and procedural laws. There is also a problem of human resources, with almost all judges, prosecutors and police officers in Cambodia assuming their duties without receiving formal education in law. As a procedural defect, judges often decide on their judgment before the judgment date, making subsequent hearings meaningless. There are additional criticisms that access to hearings and appeals is virtually unattainable⁴⁸ and that corruption is widespread. In addition to these problems in the judicial system itself, the

³⁸ Resolution 1993/6 of the UN Commission on Human Rights.

³⁹ Ibid., para. 166.

⁴⁰ UN Doc. A/50/681/Add.1 (26 Oct. 1995)

⁴¹ UNCHR, *supra* n.11, para. 166.

⁴² www.asiafoundation.org

⁴³ Democracy and Governance (www.usaid.gov).

⁴⁴ Cambodian Human Rights/Education Program (www.ausaid.gov.au).

⁴⁵ A/50/681/Add.1 (26 Oct. 1995)

⁴⁶ For instance, the establishment of the Supreme Council of Magistracy and the Constitutional Assembly, specified under the 1993 constitution, was delayed, and they are now said to be effectively defunct because of political conflicts.

⁴⁷ On attacks on court, UN Doc. E/CN.4/1997/85 (31 Jan. 1997)

⁴⁸ UN Doc. E/CN.4/2000/109 (13 Jan. 2000), para 51.

situation is further aggravated by the tendency of the police and the courts to give in to political pressure, with defendants in almost all cases of human rights violations circumventing criminal procedures with impunity.⁴⁹ The judiciary in Cambodia is thus too weak to resist the politically or economically strong. In 1993, a human rights committee was set up as a standing panel of the National Assembly⁵⁰, but it can hardly be said that the committee is working effectively. The Justice Ministry sometimes carries out independent investigations into some cases of human rights violations, such as the alleged torture of people under arrest or in custody. This can be regarded as the Cambodian government's efforts towards the protection of human rights, but such efforts have yet to be institutionalized and still lack effectiveness and procedural transparency.

In view of such a state of the judiciary in Cambodia, there have been attempts to train judges and prosecutors, including the Cambodian Court Training Project⁵¹ of the International Human Rights Law Group, an international NGO based in the United States, and the Judicial Mentor Programme of the UN Human Rights Center.⁵² Among local NGOs, the Legal Aid of Cambodia and the Cambodia Defenders Project offer legal assistance services to provide citizens with opportunities for legal remedy. AUSAID of Australia launched the Cambodia Criminal Justice Assistance Project in 1997, providing assistance for improvement in judicial facilities including courts, prisons and police stations.⁵³

3-3 Challenges for the Cambodian government

Under these circumstances, Cambodia must establish an institutional system of human rights protection as part of the overall governance structure. What should

Cambodia do to this end?

The division of power and the principle of legality are derived from historical wisdom to prevent the abuse of state power. The fundamental structure is that the legislature, which represents the people, draws up laws that bind the executive, whose legality is checked by the judiciary⁵⁴. Under this system, private citizens adversely affected by the executive are entitled to bring cases to court for remedy. Such a remedial system gives the state authority the incentive to observe laws, and law enforcement becomes foreseeable for people based on confidence that the state is governed according to the law. For instance, the principle of legality should strictly apply in criminal cases, within the framework of a clearly defined criminal law and its strict interpretation (the principle of *nulla poena sine lege*), accompanied by a detailed criminal procedural law that guarantees the procedural rights of the accused. In a broad sense, human rights violations in Cambodia, including extra-judicial executions and other forms of harm to individuals, bodily injury, and restrictions on freedom, fall under this category of problems. Human rights issues cover not only such harm to life and bodily injury but also broader issues such as environmental and business freedoms. For example, the issue of massive deforestation, a current controversial issue, can be managed with due consideration for the environment by establishing a clear, transparent legal framework concerning concessions for forest cutting. Such a framework will also help break the close ties between specific companies and the authorities, opening the market to other companies.⁵⁵

The above-mentioned systematic control of governance functions, when seen in the context of international assistance, exemplifies the concept of "good governance." Unlike formalistic legalism, this involves taking comprehensive approaches to achieving the goals.

⁴⁹ ADHOC, LICADHO and Human Rights Watch (1999). It has been seen as a particular problem that Article 51 of the Law on the Status of Public Servants (1994) gives a degree of impunity to public officials. The law, however, was revised by August 1999, making it possible to arrest public officials by notifying the head of the relevant government agency at least 72 hours before prosecution, instead of the previous provision that required prior approval by the head. Human Rights Watch, Human Rights Watch World Report 2000: Cambodia

⁵⁰ UNCHR, *supra* n.11

⁵¹ The project was later suspended due to the military conflict in Phnom Penh in July 1997.

⁵² UNCHR, *supra* n.11

⁵³ www.usaid.gov.au

⁵⁴ In Cambodia, the constitution stipulates that administrative cases be adjudicated by an ordinary court, as in the case of Japan. (Article 109 of the Constitution of the Kingdom of Cambodia)

⁵⁵ However, in cases where administrative expertise is required, administrative discretion should inevitably be allowed to some extent, otherwise this would result in ineffective administration. In such cases, it would be still more important to intensify the judicial review on administrative procedures, guarantee due process and participation for private citizens in the administrative process, and promote the disclosure of relevant information.

Good governance thus requires strengthening of policymaking and administrative capacity as well as the human resources for more efficient management of the public sector. It is also necessary to ensure the accountability of the executive in order to maintain fairness in public-sector management. This specifically requires the establishment of the rule of law and an effective judicial system, supported by adequate information disclosure to ensure the effectiveness of these systems.⁵⁶

In the following, the challenges for Cambodia to achieve good governance are discussed from the three viewpoints of the judiciary, the government/administration, and the social system.⁵⁷

3-3-1 Judiciary

First of all, Cambodia should be committed to the principle of legality, or the “Rule of Law,”⁵⁸ as a buttress against the violation of human rights. Further detailed discussion of the issue is in 4-5 of “4. Legal system”.

3-3-2 Government and administration

As discussed earlier, the most critical factor for the protection of human rights is the government’s commitment to the cause of human rights. The government must possess the determination not to violate human rights, and, more specifically, must abide by the law and respect judicial judgment. The division of power is designed to ensure democratic control of the executive, through the government, by the legislature. However, this would not suffice to institutionalize the government’s commitment to human rights protection and ensure effective remedies against human rights violations. This would additionally require the establishment of monitoring systems within the government to enable the executive branch itself to straighten out violations and irregularities, if any, on its own initiative

through adequate execution of orders, personnel changes and disciplinary measures. Within the government, public officials must be properly motivated, through promotion and training systems, not to violate human rights. The government must clarify administrative procedures and make efforts to promote these so that they become prevalent among public officials and citizens.

It is also necessary to establish a legal framework to ensure public security for the physical safety and freedom of speech and other political rights of individuals. For the promotion of social rights, the government must work out affirmative policies related to the redistribution of wealth, the elimination of poverty, and the provision of education and healthcare. Implementation of social rights requires, by its nature, economic growth of the nation, and political commitment to allocating limited fiscal resources preferentially to the poor.

3-3-3 Social system

It is necessary to construct a society that guarantees human rights, backed by an effective judiciary. First of all, human rights education should be provided in every social sector including schools, communities, companies, the government and the judiciary. Secondly, NGOs and journalists should be guaranteed opportunities to monitor and report on human rights violations and related court proceedings, to make all activities of the state subject to public supervision. An ombudsman system may be needed to strengthen supervision of the more intricate aspects of the state organization. Thirdly, societal institutions should be established to protect the rights of the socially vulnerable, including workers’ rights (e.g., the right to organize, the right to collective bargaining, and supervision of a guaranteed minimum wage) and the promotion of NGOs.

⁵⁶ World Bank (1992)

⁵⁷ A governance system for human rights protection would founder if the state authority blatantly condones the organized violation of human rights, as in the case of a series of extra-judicial executions after the military clash in July 1997. In that sense, what counts is the government’s commitment to human rights protection and respect of the judiciary. From this point of view, diplomatic intervention from the outside, including aid-backed pressure, might become necessary if the government abandons its commitment to human rights and takes action that intentionally violates them.

⁵⁸ Although the “Rule of Law” in the context of “good governance” is sometimes used as a synonym for “formalistic legalism” in the sense that the executive is bound by the enacted laws, the concept of the rule of law (which originated in the Anglo-American common law) comprises independence of the judiciary and its precedence over the executive and the legislature, equality under the law, and the judicial protection of private citizens’ rights and freedom. The meaning of the concept, therefore, is not necessarily limited to simple legalism. In this report, executive control by the law is called the principle of legality for clarification.

3-4 Direction of future assistance

How should assistance be provided in view of the challenges faced by Cambodia as discussed above? In the following, the first issue to be examined is the future direction of assistance in the field of human rights protection.

3-4-1 Response to cases of human rights violations

The Cambodian government should do its utmost to establish a governance system including an appropriate judicial system and other mechanisms for the protection of human rights. The nation, however, still lacks an adequate governance organization for human rights protection and needs complementary assistance from outside.

(1) Monitoring

The core of assistance in human rights protection is monitoring, or “fact-finding.” The most important factor in analytical work on human rights is not statistical data but information on specific cases of human rights violations. Such information should be gathered through interviews and the collection of objective evidence in order to find out the facts. The government, although it is in the interest of Cambodia itself, sometimes sees assistance in human rights protection as undesirable interference, at least from a short-term point of view. The government, which may be held responsible for any violations, may choose not to cooperate with any investigation undertaken as part of assistance, or may even resort to outright attempts to obstruct the investigation.⁵⁹ This is the particular nature of human rights assistance.

Effective assistance for human rights protection throughout Cambodia requires an extensive network specifically for this purpose. Such a network needs to cover not only broad geographical areas but also organizations such as the police and courts to ensure easy ac-

cess for activists. Assistance should be based on effective cooperation between other NGOs and international organizations, and to some extent with the Cambodian authorities including government agencies and the courts. In extending assistance, verbal communication should naturally be in the local language, making it important to cooperate with local NGOs and journalists. For foreigners to extend effective assistance, cooperation from people with local language skills is indispensable.

(2) Response to human rights violations

Reporting and announcing the found facts of human rights violations is effective as this makes it possible to place the actions of the government under the scrutiny of the public and the international society. However, presentation of the facts of human rights violations will always be tantamount to a criticism of the government and will tend to cause friction between the donor and the recipient government.⁶⁰ It is also necessary to confirm and evaluate the facts of human rights violations before announcing them, and there should be careful consideration of who is to provide such confirmation and evaluation and for what purposes. For instance, information on human rights violations gathered by USAID is compiled into reports by the State Department for congressional testimony. Meanwhile, international NGOs dealing with human rights refer to these government reports and present their own conclusions. The human rights situation in a recipient country can thus be checked in an objective manner, which helps the US government in deciding on assistance and diplomatic policy, as well as meeting the requirements for accountability to the US taxpayers who are shouldering the cost of assistance.

It is also possible to urge the recipient government and related organizations to stop their actions and correct any human rights violations, or to help the victims to seek remedies (through assistance in the investigation, preservation of evidence and judicial remedy). Vic-

⁵⁹ Human rights activists, including those from the UN Human Rights Center, were often persecuted. For instance, in August 1997, an automatic rifle was fired into the air above UN Human Rights Center staff that were investigating the case of an extra-judicial execution. (Human Rights Watch 1998). On April 2, 1998, a Cambodian official of the UN Human Rights Center was assaulted by police officers (HR/98/23 (9 April 1998). In December 1998, an ADHOC official who was supporting a family that was urged to relocate was killed. Other reported cases include intimidation by the police of a KKKHRA official in February 1999 and similar intimidation of ADHOC and LICADHO members in July of the same year (ADHOC, *infra* n.70, pp.18-19).

⁶⁰ For example, Hun Sen, then second prime minister, criticized UN Human Rights Center's reports on a series of extra-judicial executions after the military conflict in July 1997. He contended that the reports were false and demanded that the center apologize for it and reshuffled its staff.

tims of human rights violations are often political minorities and the socially vulnerable, making it difficult to gain cooperation from the relevant organs in their local communities. As a more comprehensive remedial step, it is possible to cut back assistance whenever there is an infringement of human rights or to boost it when human rights protection is promoted.⁶¹ In this case, however, there should be careful consideration of who is to make the judgment on cutting back or boosting assistance, and whether reducing assistance in other fields could lead to increasing the burden on the general public.⁶²

3-4-2 Assistance to institutions to guarantee human rights

Assistance activities mentioned above are all carried out outside the Cambodian government. Since the ultimate goal for Cambodia as a nation is to establish a national system that prevents human rights violations and ensures the necessary remedies, human rights assistance to Cambodia should aim to help it work out such formal institutions on its own. Although monitoring and other assistance activities mentioned above are essential in establishing an appropriate governance system, it is desirable that more direct assistance should be provided to help Cambodia build such institutions. Such direct assistance should include support for Cambodia in meeting the earlier discussed challenges concerning the judicial system, the government and administration, as well as the social system. Specific assistance to that end includes the following.

(1) Assistance to the legislature

Refer to “4. Legal system” for details.

(2) Assistance to the government and administration

From the UNTAC years up to the present, human rights training for the administration, and especially its investigative bodies, has been provided in various forms by the UN Human Rights Center, local and international NGOs, and other groups. The Cambodian side has somehow taken such training seriously and achieved certain results. However, there would be little practical sense in educating people in relation to human rights norms if they are not backed by an adequate judicial system, and abstract norms that are not accompanied by specific examples of court proceedings would not be useful in actual cases, especially in difficult cases. What is needed at present is more specialized training beyond the scope of general human rights education; for example, training for police officers in compliance with criminal proceedings in investigations and ensuring that norms taught in such special training function as the basis of court proceedings.

An effective approach would also be to dispatch human rights specialists to investigative institutions. UNICEF, for example, dispatches specialists to the Cambodian Internal Ministry and offers technical assistance to police investigation officers from the viewpoint of children’s human rights⁶³. Other forms of technical assistance can be offered to work out master plans to ensure that the government’s commitment to human

⁶¹ In November 1996, the European Commission concluded an agreement with the Cambodian government on assistance for the reconstruction of Cambodia. A joint statement attached to the agreement stipulated that the Commission can stop any assistance in case of serious infringements of human rights. Human Rights Watch (1998).

⁶² It is worthwhile for future reference regarding “human rights” diplomacy to compare how major donors responded to the armed conflict between the People’s Party and the Funcinpec Party in Phnom Penh from July 5 to 6, 1997. Japan suspended assistance just after the conflict to secure safety of its staff, but the Foreign Ministry pledged the resumption of assistance on July 26 and then Prime Minister Ryutaro Hashimoto hinted that Japan would accept Ung Huot as prime minister. The United States stopped all its assistance for 30 days after the conflict and continued to suspend most USAID projects, except for humanitarian and democratization assistance that was not extended through the Cambodian government. However, the United States offered only restrained criticism of post-conflict arrests, extra-judicial executions and other forms of persecution of Funcinpec members. Germany took the severest step of condemning the conflict and suspending all assistance to the Cambodian government. Australia stopped its military assistance to Cambodia on July 15, but continued general humanitarian assistance. It was reported that Australia had informally supported Ung Huot as prime minister, who had dual citizenship of Australia. The ASEAN decided to postpone the entry of Cambodia into the association. The World Bank and the Asian Development Bank first announced that they would resume financing projects for Cambodia as soon as safety was restored. The World Bank, however, later followed the IMF when the latter moved to impose an indefinite suspension of assistance due to corruption and deforestation in the country in September 1997. The UN Accreditation Committee decided not to give Cambodia a seat at the 52nd General Assembly, in September 1997. (Human Rights Watch, (1998); Human Rights Watch (1997), Cambodia: Aftermath of the Coup (Aug. 1997))

⁶³ UNICEF, Law Enforcement against Sexual Exploitation of Children

rights protection is made firmer and more concrete⁶⁴, and to establish and reinforce the appellate system backing the administration and monitoring system. Furthermore, technical cooperation for mine removal, decommissioning of small arms, and other problems in relation to keeping peace and order should also be continued.

(3) Assistance for establishing the judicial system

Various forms of assistance can be recommended for establishing the judicial system. Refer to section "4. Legal system."

(4) Assistance for human rights education and research

It goes without saying that dissemination and education activities for the promotion of human rights are important, but Cambodia primarily needs for the present and in the future specialized training in all judicial fields beyond general human rights education. This requires the establishment of theoretical bases in legal fields not only on the definition of human rights but for specific ways to protect human rights. Therefore, assistance should be directed to improving education and research in jurisprudence in order to promote human rights protection. Such education and research should be pursued not only at universities but also at the government and NGO levels, in accordance with the characteristics of each organization. Refer to section "4. Legal system" for details of such assistance.

(5) Assistance to NGOs and journalists

In Cambodia, a system for guaranteeing human rights has yet to be established as part of the formal system. As a result, both NGOs and journalists play a major role in monitoring the human rights situation. NGOs, in particular, are indispensable for the development of a sys-

tem that can guarantee human rights through education, training, lobbying and other activities. Therefore, assistance to NGOs and journalists' activities is important not only for the development of democracy as pointed out in "2. Democratization," but also for human rights protection. NGOs are expected to tackle more specialized activities such as supporting victims in their lawsuits, training in criminal procedures, drafting laws and researching jurisprudence. Technical assistance to them should thus meet the need for these high-level specialized activities. Judicial assistance to the poor, for example, is now carried out by the aforementioned local NGOs, including the Legal Aid of Cambodia and the Cambodia Defender Project, with financial assistance from donors and technical assistance from foreign specialists in law. The Cambodian Bar Association recently invited Japanese lawyers as advisers under a project to establish a child protection unit of the association's legal aid bureau with assistance from UNICEF.⁶⁵

3-5 Direction of Japan's assistance⁶⁶

Taking into account the feasibility of assistance for human rights protection mentioned above, the following specific programs are proposed as part of a medium-term assistance plan from Japan in this field.

Firstly, technical cooperation and training for mine removal and police organizations should be continued and reinforced.

Secondly, the present WID program to improve the position of women should be reviewed from the broader perspective of guaranteeing the human rights of vulnerable groups, including children and women. Specifically, this program should be expanded to eliminate structural human rights violations such as the expanding slave trade, which is the most serious violation of human rights.

Thirdly, public awareness of human rights should be promoted in the society through assistance to local human rights NGOs. Some NGOs are making efforts to

⁶⁴ There are some reports with regard to governance, such as "Cambodia: Enhancing Governance for Sustainable Development" (April 2000), which was compiled by the Cambodia Development Resource Institute, a local NGO, for the Asian Development Bank, and "Cambodia: Governance and Corruption Diagnosis: Evidence from Citizens, Enterprises and Public Opinion Surveys" (May 2000) prepared by the World Bank for the Cambodian government.

⁶⁵ UNICEF, Legal Representation for Children in Need of Special Protection

⁶⁶ Japan's assistance in the field of human rights protection as part of its ODA program includes the dispatch of an election monitoring mission for the national elections of 1993 and 1998. As pointed out in Box 1-1, monitoring of just the process of voting and counting does not help in the protection of human rights before and after the election campaign period, or in judging whether the elections were held in a free and fair manner.

achieve a “peace culture” and “free and fair elections” through seminars on resolving conflicts as well as education on human rights, elections and measures for arms reduction, etc., while other NGOs aim to reinforce a fair and independent judicial system by offering legal assistance such as free provision of lawyers. (Assistance for democracy and the development of a judicial system are essential for human rights protection. Thus assistance for these challenges is in essence the same as assistance for human rights. For details, refer to proposals made in “2. Democratization” and “4. Legal system.”)

3-5-1 Reasons for the proposals

There probably is no need to offer reasons for the first and second proposals. The reasoning for the third proposal is as follows. Firstly, local human rights NGOs are critically important in the actual protection of human rights and establishment of the system required to achieve this. Secondly, local human rights NGOs do not have a sufficient financial base or human resources, thus they are in great need of assistance. Thirdly, as human rights have some political aspects, direct assistance to the recipient nation’s government may cause unnecessary friction. Fourthly, it is difficult for local NGOs to ensure competent staff on their own and establish an organization for practical fieldwork in a short period. Fifthly, information gathering on the human rights situation, which is always essential in starting full-scale assistance for human rights protection in Cambodia, will be made easy by assisting local human rights NGOs, allowing access to fresh information. Sixthly, supporting and nurturing local NGOs can help achieve a bottom-up development of Cambodian society. Seventhly, finding the truth is a major factor in assistance for human rights as mentioned above. Objective facts are not always available and direct top-down assistance through a single channel would not be effective.

3-5-2 Content of assistance through NGOs

(1) Financial assistance

Human rights NGOs, which are of course non-profit organizations, have no choice but to rely on outside financial assistance. Financial assistance is a key factor in support for local NGOs. Donor assistance, however, would not be effective without an understanding of the

recipient NGO’s activities, both for selecting the recipient and in managing and implementing the assistance after the selection. Therefore, information on the human rights situation and the specific activities of NGOs should be collected in Cambodia to make a fair evaluation.

(2) Technical assistance

For investigation into cases of human rights violations as a form of legal assistance to the victims, as well as for the general monitoring of the human rights situation, evidence collection and fact finding based on the evidence are essential. Monitoring by other countries is also important. Thus, it is significant that foreign legal specialists have extended help in the human rights field by offering their knowledge and experience about judicial proceedings. In Cambodia, especially, technical assistance from foreign specialists is indispensable in order to support NGO activities in special areas such as legal assistance and training in relation to criminal procedures.

(3) Specific assistance projects

Assistance as mentioned above should be offered to local human rights NGOs. As a specific example, it is proposed that the Japan Federation of Bar Associations assist its Cambodian counterpart in specialized fields. This proposal is to enable the Japan Federation of Bar Associations, an NGO, to play a major role in the related assistance from Japan and assist the Cambodian Bar Association financially and technically. This assistance should include legal aid for the poor, financial assistance for lawyer costs, provision of equipment and the coverage of costs for legal services in areas where lawyers’ services are not readily available, and technical assistance on human rights violations and other cases.

NGOs that are independent of the government are better placed to freely tackle human rights issues, and it is time for Japan to support the development of international NGOs involved in human rights protection. It is significant that NGOs play a major role in assistance from Japan and carry out relevant activities in a positive manner. The Japan Federation of Bar Associations and its members have already contributed not only to JICA’s related projects but also to assistance for the Cambodian judicial system. The Japan Federation of Bar Associa-

tions held a workshop in Cambodia in October this year based on a technical cooperation agreement with the Cambodian Bar Association. The federation has sufficient competence and has achieved enough as a major body to promote such assistance.

The Cambodian Bar Association is the only organization in Cambodia that local lawyers must join. It recently set up a legal aid section and started legal aid for the poor, as part of its effort for human rights protection. However, it still falls behind the Cambodia Defenders Project and the Legal Aid of Cambodia, both local NGOs providing similar legal aid services. Assistance from donor countries is so far limited, and there seems to be a substantial demand for assistance from Japan. The key to human rights protection is the establishment of an adequate judicial system, as discussed above. However, assistance for practical relief measures will also lead to establishing such a judicial system. JICA's "Consignment Program for NGOs, Local Governments and Industries" can constitute a framework for the projects of the Japan Federation of Bar Associations, with the federation being in charge of actual project implementation.

4. Legal system

Kazuyo SAKURAGI

4-1 Past and present situation of Cambodia's legal system

4-1-1 Changes and characteristics of the legal system in historical view

Cambodia's legal system has undergone drastic changes over the short period of 130 years since 1863.⁶⁷ The country first introduced French law,⁶⁸ which was followed by a lawless period.⁶⁹ It then tried to adopt a socialist legal system,⁷⁰ but before long, it moved to a liberalist legal system in the shift to a market economy. The country's legal system is thus characterized by its failure so far to see any systematic progress under any of the past regimes.

Pol Pot's "genocidal rule" between 1975 and 1979 brought a period of a legal vacuum and the complete absence of legal experts from the country,⁷¹ as the regime denied not only the legal system but also the very existence of legal experts. Even at present more than 20 years after the Pol Pot period, the legal system still remains impaired, with the country lacking legal experts trained to draft laws. In extending technical assistance to Cambodia in relation to its legal system, consideration must be given to such a lack of experts who are capable of making use of the assistance.

Under UNTAC's direction, basic laws were drafted and enacted to some extent, but the situation was still

⁶⁷ Before Cambodia became a French protectorate in 1863, no written laws existed, and customary rules regulated social activities in local areas. These rules, in general, were based on mutual agreement, which was developed by establishing traditional norms at local levels. They evolved under given circumstances, and village chiefs played major roles in settling conflicts, with the backing of the religious authority of the temples.

⁶⁸ When Cambodia became a French protectorate in 1863, "modern" legislation was introduced on the French model. The civil code and the civil procedural law, for example, were modeled after their French counterparts, while respecting customary rules in Cambodia. The legislation system and the judiciary were thus established based on the French system. The constitutional rule in the Sihanouk era until Lon Nol's coup d'état in March 1970 followed the highly centripetal Gaullism, while maintaining the previous legislature and judiciary. The Lon Nol regime instituted a constitution in 1972 by further strengthening the Gaullist national ruling organization, and shifted from a monarchy to a presidency, trying to expand the power of the president.

⁶⁹ The Khmer Rouge, who came into power in April 1975, adopted extreme nationalistic communism and physiocracy, destroying all the conventional legal and judicial systems, and bringing about an era of a legal vacuum.

⁷⁰ Although the Heng Samrin regime established with the support of Vietnam in 1979 instituted a Vietnamese style socialist government, the reconstruction of domestic legal and judicial systems was hampered by conflicts with the three opposition groups, which later formed an alliance against the regime.

⁷¹ Some judges survived the Pol Pot period, when many intellectuals were lost. They drafted a new constitution in 1980, and began to reconstruct the Ministry of Justice and the universities, while tackling other challenges to rebuild the nation. As for the re-establishment of the courts, surviving clerks, teachers and others more educated than ordinary people were assigned as judges. Civil and criminal codes and their procedural laws—which are the most significant for citizens—were not enacted. Notifications and government ordinances were issued instead, but they were not sufficient in terms of quality and quantity. Legal procedures, in particular, were changed from the French style with some socialistic elements into a severer inquisitorial style giving extensive authority to the judges.

far from satisfactory. The criminal affairs and criminal procedural provisions of 1992, for example, divided crimes into misdemeanors and felonies, under the strong influence of French law. Behind the division was the idea of dealing with misdemeanors and felonies under separate jurisdictions, but the 1992 provisions failed to provide for relevant jurisdictional separation. The criminal procedural law enacted in 1993 also failed to stipulate the separation. As for the training of specialists, however, judges and other legal staff were trained, at least to some extent, with the assistance of UNTAC and some international NGOs during the UNTAC period of authority.

In 1993, national elections were held to elect members of the Constituent Assembly, which later adopted Cambodia's new constitution. The Constitution guaranteed the multi-party system, and established the separation of the three powers. It also guaranteed broad freedoms to citizens under a revived monarchy. Legislation was enacted with regard to observance of human rights and promotion of democracy. Meanwhile, laws were also enacted to facilitate the transition to a market economy and make preparations for internationalization. However, the basic laws essential for the daily life of citizens—a civil code, commercial law and criminal law as well as their respective procedural provisions—have yet to be established, except for some criminal procedures.

4-1-2 Current state of the rule of law

The Constitution of the Kingdom of Cambodia of 1993 stipulates the separation of the three powers,⁷² guarantees “the independence of the judiciary” and provides that “trial in pursuit of justice must be conducted under the name of the Khmer people in accordance with existing laws and procedures.” In actuality, however, adequate laws have yet to be established in almost all

legal areas. Therefore, it is hard to say that the National Assembly keeps the executive under control by virtue of its legislative power, and it seems that the assembly is becoming a shell, ignored by the government.

Without legal norms, fair judgment through the fair application of the law is not possible. Laws concerning judges and prosecutors have not been adopted to ensure justice guaranteed under the constitution. Although the Cambodian Supreme Council of Magistracy, which was established to guarantee the independence of judicial members, is apparently gradually starting to function,⁷³ the existence of this council is not enough to ensure application of the rule of law. This requires the adoption of basic laws concerning the status of judges and prosecutors.

In Phnom Penh, a confrontation arose between the mayor and the local court over the dismissal of a corrupt judge in November 1999.⁷⁴ This episode underlines the difficult aspects of the vulnerability of judicial independence in Cambodia. The failure of the Cambodian Supreme Council of Magistracy to dismiss corrupt judges by exercising sufficient independence and neutrality will justify the administration's intervention in these matters, which threatens the fairness and independence of the judiciary. This constitutes a dilemma in terms of the fairness and independence of the judiciary. Unless the independence of the judiciary is guaranteed by law, it is impossible to exclude political interference in the judiciary. The politicization of justice leads to a loss of public trust in the judiciary, which would make it impossible to ensure effective and fair enforcement of the law, with money and violence seen as the only means to resolve conflicts. This results in a vicious circle that further weakens confidence in the judges and laws, with the judiciary unable to gain the trust of people due to corruption.

Current problems concerning the rule of law in Cambodia include not only the inadequacies of the laws

⁷² Constitution of the Kingdom of Cambodia (including the revision of 1999), Article 51.

⁷³ Refer to “Situation of Human Rights in Cambodia — Report of the Secretary-General,” E/CN.4/1999/101, 26 Feb. 1999, para. 61; A/54/353, 20 Sept. 1999, para. 63; and E/CN.4/2000/109, 13 Jan. 2000, para. 50 and so on.

⁷⁴ This incident strained the relationship between the local court, the mayor and the government for two months from late November 1999 to late January 2000. With the support of Prime Minister Hun Sen, the mayor of Phnom Penh, claiming that a judge accepted bribes and released a lot of felony criminals, arrested the released prisoners not based on law but under an administrative order and demanded a thorough investigation and public trial. Furthermore, the mayor dismissed the suspected judge without the judicatory proceedings required to be conducted by the Cambodian Supreme Council of Magistracy and other organs. The mayor faced the severe criticism that the city administration had illegally intervened in the judiciary and violated the principle of judicial independence. As for further details, refer to many articles of *The Cambodia Daily* between December 1999 and February 2000. As for the criticism, refer to the “Situation of Human Rights in Cambodia - Report of the Secretary-General,” E/CN.4/2000/109, 13 Jan. 2000, para. 55.

themselves but also the lack of judges, prosecutors, lawyers, policemen and other specialists who are directly engaged in ensuring the rule of law. This state of affairs is partly due to the extremely low remuneration for the general civil segments. At the same time, the low remuneration also makes it more likely that they will be prepared to take bribes or have part-time jobs.⁷⁵ Historic factors can also be pointed out as another problem affecting the establishment of the rule of law in Cambodia. Cambodia went through turbulent times, experiencing a military coup d'état, a period of genocidal rule and a communist regime faced with a civil war. In that process, the country lost even the concept of civilian rule and is now unable to comprehend the significance of the rule of law with an independent judiciary. Since soldiers and policemen won higher social respect and have had a greater influence so far than judges and jurists, the relationship between the courts and the army and police, or their social positions, cannot be changed so radically.

4-2 Legal and judicial reforms by the Cambodian government

4-2-1 Legal reform

Under the new Constitution, the cabinet is empowered to propose bills, as National Assembly members are, although under some restrictions. Within the cabinet, the relevant ministry first prepares a bill and sends it to the jurist committee of the Council of Ministers for examination. After examination and approval by the Council of Ministers, the bill is submitted to the National Assembly. The Standing Committee of the National Assembly sends the bill to the relevant expert commission for discussion and the expert commission reports its opinion to the National Assembly after deliberation. When the bill is adopted by the National Assembly and approved by the Senate, it is promulgated by the King.

Although the Cambodian government continued to

develop the legal system after 1993, civil and criminal codes and their procedural laws, which are closely related to the daily life of citizens, have not yet been established. This situation indicates that legal and judicial reforms are not proceeding smoothly. It is often pointed out that the Ministry of Justice in particular is not able to fully perform its duties. The main reason for the ministry's failure to function properly is the serious lack of human resources.

It should not be overlooked that the present situation is largely traceable to the history of the Ministry of Justice. The present ministry was reorganized in 1980, when it started to operate as an institution with a supervisory function in relation to the courts and prosecutors' offices under the Heng Samrin regime that claimed to stand for socialism. Due to its previous role as a supervisory institution, the ministry lacked the capacity to draw up bills. Even in 1998, judges in each province had to seek the opinions of the ministry about judicial decisions regarding individual cases.⁷⁶

The Pol Pot administration inflicted a huge amount of damage to the law education institutions that could have provided the bureaucrats and jurists required for the legal and judicial reforms.⁷⁷ Moreover, the low remuneration for instructors accelerated the loss of qualified human resources. Recently, the Ministry of Education started to collect tuition fees from law school students to reduce the government's fiscal burden. The ministry plans to cover all expenses through tuition fees in the future.

4-2-2 Judicial reform

The Cambodian government is planning judicial reform with international assistance. The following gives an account of the Cambodian Supreme Council of Magistracy that acts as a guarantor for the rule of law, the Constitutional Council that holds the power to conduct judicial reviews and the judicial reform planned by the Cambodian government.

⁷⁵ Sambath Thet (2000).

⁷⁶ In December 1997, an appellate court acquitted a Funcinpec member in a criminal case for lack of evidence. The judge was later suspended by the then justice minister, which indicates that the Ministry of Justice has failed to eradicate traditional malicious practices even under the new constitution.

⁷⁷ Although the Law and Economics Faculty of Phnom Penh University was reconstructed in 1980, the number of teachers that had received specialized education was insufficient and there were very few textbooks written in Khmer. Previously, the law and economics department was under the supervision of the Ministry of Justice, but is now under the Ministry of Education, Youth and Sport.

(1) Establishment of the Cambodian Supreme Council of the Magistracy

Based on Article 115 of the Constitution of 1993, a law was adopted in December 1994 to set up a Supreme Council of the Magistracy. The council was intended to function as a body to make judicial management completely independent from political influence. In actuality, however, many basic laws have yet to be adopted, and the council is still unable to avoid political interference. The organizational framework was introduced for judicial independence, but actual activities under the framework have yet to come up to expectations. The Asia Foundation and other international assistance institutions are examining their policy of direct aid to this council.

(2) Establishment of the Constitutional Council

Based on Chapter 10 (especially Article 125) of the Constitution of 1993, the law for establishing a Constitutional Council was adopted in March 1998. The council was set up to make final judgments on the judiciary's checking of the legislature and on various problems concerning elections. Established in June 1998, just before that year's national elections, the council received many petitions concerning election-related conflicts and gave judgments on them. Although there was some political concern about its inauguration process,⁷⁸ it is an important institution in the process of guaranteeing the rule of law and will play a major role for the future in assuring peace and justice in Cambodian society.

(3) Recent program for judicial reform

According to the Five-Year National Programme to Rehabilitate and Develop Cambodia 1996-2000,⁷⁹ judicial reform is one of the priority fields in the reform of state institutions. The contents of the judicial reform are as follows: i) To establish an institution framework in-

cluding establishment of a court on commercial affairs and education of judges, clerks and prosecutors, ii) To establish a legal framework including preparation and amendment of civil and criminal procedural laws, a civil code and other laws, iii) To develop human resources – undoubtedly training of judges and clerks has already been a priority matter, but it is important to plan for a training system that both satisfies the immediate demand and meets long-term personnel requirements, iv) To disseminate judicial information, and v) To reconstruct related buildings and to upgrade equipment.

4-3 Assistance by major donor countries and multilateral donors

Assistance for establishing or reforming the judicial system has been provided by major donor countries and multilateral donors since the UNTAC period.

4-3-1 France

France was the first donor to provide assistance for the establishment or reform of the judicial system. In 1993, the country dispatched two experts to Cambodia for legal training and drafting relevant laws. (One French expert is reportedly still there.) A draft law on criminal procedures was prepared with assistance from France, and was submitted to the Council of Ministers after debates at the Ministry of Justice and the Supreme Council of the Magistracy.⁸⁰

4-3-2 United States

The United States suspended its assistance to Cambodia after the armed violence of July 1997, except for humanitarian assistance. Before the suspension, USAID had given legal assistance since 1994 through the Asia Foundation, helping to draft a contract law and providing technical training to Cambodian legal practitioners. USAID dispatched an American expert of Cambodian origin who holds a doctorate degree in law from the US

⁷⁸ Refer to Pape (1998).

⁷⁹ Refer to "Development Objectives, Strategies and Programs of the Royal Government of Cambodia", Summarized from the National Programme to Rehabilitate and Develop Cambodia (NPRD) and the first Socio-economic Development Plan (SEDP) 1996-2000, p.6.

⁸⁰ France also actively assisted in legal education at universities. It helped construct a building for Phnom Penh University's Faculty of Law and Economic Sciences in 1993, and sent Prof. Maurice Guillard (professor at *Université Lumière Lyon II* (University of Lyon II)) as an adviser to the faculty's law department. Other French experts were also dispatched to the faculty in rotation as short-term lecturers.

to help draft a criminal law and a criminal procedure law to be applicable after the period of UNTAC authority to replace the 1992 transitional provisions related to the criminal law and procedure.⁸¹ To provide assistance in legal education, USAID first tried to cooperate with the Faculty of Law and Economic Science of Phnom Penh University, but to no avail. It then set up a separate law department at the Faculty of Business Management and dispatched an assistance team from the Law School of the University of San Francisco.

4-3-3 EU

The EU set up a section for assistance to Cambodia within the European Commission. It dispatched a survey team from 1995 to assess assistance in relation to the judicial system.⁸²

4-3-4 Australia

Through AusAID, Australia is providing assistance in the field of criminal justice, helping improve the police, courts and prison facilities, and distributing manuals on criminal procedures to practitioners. The same members of a survey team are in charge of the whole process from surveying and reporting to proposing and implementing measures for improvement. These members cooperate with their Cambodian counterparts from start to finish. The process from surveying, decision-making to the achievement of visible results is done very quickly, which has been evaluated highly by the Cambodian counterparts. This feature of Australia's assistance is worth closer consideration.

4-3-5 Japan

Japan has been providing assistance through JICA to help establish the legal system. In 1996, it began to invite Cambodian law experts to Japan to allow them to observe the legal and judicial systems in Japan. Another assistance program started in 1999 to help draft a civil code and a civil procedural law. The program is being carried out on a large scale by setting up working groups both in the donor and recipient countries, a new method that has not so far been adopted for conventional assistance related to the legal system. Assistance

to the Cambodian Bar Association began in October 2000 with cooperation from the Japan Federation of Bar Associations. Assistance is also being provided to reinforce the investigative capacity of the judicial police staff.

4-3-6 World Bank

The World Bank dispatched an expert to the Ministry of Commerce to draft a contract law. In 1997, the Ministry of Justice took charge of drafting the law. The World Bank helped the Ministry of Justice draft a commercial enterprise law and a commercial contract law, and is now working towards their enactment. The World Bank also conducted a legal and judicial diagnostic study on the whole legal system and held a workshop in April 2000, in which there were participants from the Cambodian government and various assistance organizations. The bank also managed a steering committee on the judicial system jointly with Bunchhat, chairman of the jurists' committee of the Council of Ministers. The Bank has thus continued to play a leading role in coordinating overall assistance concerning the judicial system. It plans to work out a legal and judicial reform strategy paper for distribution among the related organizations. It is noteworthy that the bank also plans to map out a Master Action Plan (MAP) in the near future and to propose it as the framework for all kinds of assistance in helping Cambodia improve its judicial system.

4-3-7 Asian Development Bank

The Asian Development Bank has been assisting Cambodia in revising the land law, and a revised bill was submitted to the National Assembly in August 2000. The bank plans to team up with the Ministry of Justice, its counterpart, to train experts ahead of the enactment of the revised land law.

4-3-8 IMF

There are no reports that the IMF is assisting Cambodia in any specific work on drafting laws. The IMF, however, is apparently conducting a basic study for an improved legal system from the viewpoint of enhancing the investment environment. The IMF reportedly has the

⁸¹ The expert drafted the two laws, but later left the post after France took charge of drafting.

⁸² The survey team should have prepared a report, but it is not known what proposals were made.

intention of extending assistance on a collateral trade law and execution law, but it is now observing Japan's activities that may overlap with those planned by the IMF.

4-3-9 Other legal assistance

The Phnom Penh office of the UN Human Rights Center is managing a judicial mentors program at each court. At present, the office is reportedly considering the possibility of assisting the Cambodian legislature to improve its legislative capacity.

4-4 Obstacles to the establishment of the rule of law

4-4-1 Delay in preparing legislation and the underlying causes

Delays in the law-making process under the jurisdiction of the Ministry of Justice have been pointed out ever since the pre-1998 election period. In particular, the absence of basic laws concerning the life of ordinary people is blamed on the delay in the ministry's drafting work. The main cause of the delay in preparing legislation is the lack of capable personnel. There are only a limited number of ministry officials who are sufficiently capable of working as bureaucrats to prepare legislation.⁸³ The ministry has many bureaucrats and judges under its jurisdiction who studied in socialist countries during the days of the Heng Samrin government. Their capacity may be high, but they lack understanding of the basic principles of the modern law of civil society and are unable to contribute to the establishment of an adequate legal system in Cambodia.

Another reason for the delay was the aforementioned traditional nature of the Ministry of Justice. The ministry lacked awareness that it had become the central force for promoting legislation work. The delay was also traced to the ministry's failure to educate its senior officials, who had studied in socialist countries, in the practical knowledge required in legislating for modern civil law. Furthermore, as the ministry was dominated

by bureaucrats with allegiance to the Cambodian People's Party, the appointment of Vithun as the new justice minister from the Funcinpec Party in a cabinet reshuffle after the 1998 elections seemed to have caused friction within the ministry.

4-4-2 Malfunctioning of the administration and its underlying causes

Refer to the following section of "5. Administrative functions".

4-4-3 Delay in judicial reforms and the its underlying causes

The causal factors mentioned in (1) brought about a delay in judicial reform at the same time. The Rule of Law according to the new Constitution can never be realized if the laws have not been established for the courts to apply. Without any measurement of justice or reason, it is hard for the courts to make judgments in line with the spirit of the rule of law. Even if the judgment is objectively fair and reasonable, the loser in a trial would see it as unfair and unreasonable, leading to distrust in the judiciary. Under such circumstances, it is impossible to gain public trust in the judiciary, especially when the corruption of judges is taken for granted among the citizens. Indeed, the judiciary in Cambodia is a long way from gaining public trust, which is a major cause of the delay in the judicial reform.

When there is no expectation that a conflict can be settled under the law, the factors that count are the power of strongmen and the power of the gun.⁸⁴ Present-day Cambodia is governed by the gun, not by law. The State, which is unable to cope with this situation, and the administration itself, are the very cause of the delay in judicial reform.

4-5 Challenges and direction of future assistance

Cambodia needs to legislate basic laws as soon as possible to cope with the delay in overhauling the legal

⁸³ In the new government launched after the 1998 national elections, UK Vithun of the Funcinpec Party assumed the post of justice minister. But the then Secretary of State Ly, who had been in charge of legislation work, was transferred to the appellate court to serve as judge. As a result, virtually no one was available in the ministry with the required capabilities to prepare legislation. JICA's assistance in drafting a civil code and civil procedural law, which started in 1999, was blocked for some time, apparently due to this personnel reshuffle.

⁸⁴ At a judicial reform seminar held in 1998, the then Justice Minister Snguon lamented that the prevalence of the gun prevents the court system from working properly.

system and executing the judicial reform. Donor countries, meanwhile, need to assist in strengthening the law-making process. The administration must also work according to the legislated laws, and this requires the establishment of legalism in the field of government administration, as further discussed in 4. As mentioned in “2. Democratization” and “3. Human rights”, the enactment of laws is meaningless if the courts fail to properly deal with and ensure remedies for infringements of human rights. Thus, it will be necessary to provide assistance for the judicial reform. As Cambodia lacks adequate human resources, assistance will also be needed in training legal professionals.

4-5-1 Challenges

The Cambodian government must tackle the following challenges from the perspectives of democratization and the protection of human rights.

- (1) Overhauling of the legislative system: It is essential to first strengthen the legislative system. The views of legalism requires that the executive and judiciary powers should be bound by laws enacted by representatives of the people in order to preempt arbitrary actions by the two branches. Therefore, any action by the government that could affect people's rights and freedoms must be clearly justified by law. Such law must not be modified according to the will of the ruling forces. It must reflect the realities of society and the will of the people. The content must be fair and reasonable to ensure socioeconomic development.

Even the “six basic laws” as they are called in Japan have yet to come into force in Cambodia, and preparatory work for those laws is not proceeding smoothly. Among some laws already in place are the press law, law on civil servants, nationality law, and political party law, all of which are being questioned as to their constitutionality. However, the Constitutional Council is not working and there exists no official occasion for examination of the constitutionality of those enacted laws. The government, meanwhile, is reportedly moving to enact an NGO law to control the activities of human rights NGOs that are critical of the government. The situation is rather that of “rule by laws.” Under these circumstances, the required laws must be put in place as soon as possible in all areas of

government administration. To ensure their effectiveness in achieving the above-mentioned spirit of the rule of law, it will be necessary to strengthen the process of law drafting, improve deliberations on bills in the National Assembly and establish an effective system of reviewing the constitutionality of enacted laws.

- (2) Establishment of the court system: It is necessary to establish the court system as well as its authority and relevant procedures to ensure that the courts can guarantee justice through adequate application of the law, independently of any political pressure. The specific means to this end include i) ensuring that the Supreme Council of the Magistracy and the Constitutional Council function effectively to deal with organizational and authority-related matters of the courts and judges, in order to establish a judiciary that is independent of political influence, ii) strengthening access to the courts in the first instance and then the appellate court, iii) improving out-of-court settlement procedures and integrating them into the official judicial system, and iv) guaranteeing the principle of non-interference by the police in civil affairs, making the courts the sole authority to confirm the facts of a case, handing down sentences and settling conflicts. For procedural improvements, it is necessary, among other steps, to clarify litigation procedures, guarantee procedural rights, improve court proceedings, and ensure an effective review system by the appellate court.

Improvement of the system of jurisprudence: It is also necessary to establish the official function of the courts in interpreting laws, through such means as announcement and publication of sentences and their justification, case-law making by the higher courts, and theorization of the legal structure to ensure smooth interpretation of the law.

Improvement of investigation and law enforcement functions: With a view to establishing an effective criminal justice system, it is necessary to strengthen investigation and law enforcement functions. As part of efforts to ensure fair court proceedings, objective and scientific investigation is required, avoiding excessive reliance on confessions by suspects and defendants. It is also necessary to provide adequate human and material resources to make sure that law enforcement is ef-

fective.

Information, transparency and accountability: Procedural transparency and implementational fairness must be ensured in the process of law enforcement. Court proceedings must be open in a way that is effective, with the results announced and made accessible to the general public. In cases of irregularities for which the state is responsible, citizens in their private capacity must be guaranteed an opportunity to appeal effectively.

- (3) Nurturing of judicial staff and legal services: The judicial system will be meaningless if it is not put into practice, making it indispensable to nurture capable legal professionals for effective implementation of the system. For citizens, there must be guaranteed access to judicial procedures and legal services.
- (4) Raising citizen's awareness in relation to the judicial system
- (5) Improvement of legal education and research

4-5-2 Direction of future assistance

The above-mentioned challenges and desirable direction for future improvements (proposals and means for their realization) are summarized in Table 1-2.

4-6 Direction of Japan's assistance

4-6-1 Significance of legal assistance by Japan

It is said that Japan has transplanted the legal and judicial systems of Western countries in the most comprehensive form and succeeded in the modernization process. However, this experience has not been appreciated by other nations since Japan has not so far contributed much to legal assistance for foreign nations. The Japanese government just started a legal assistance project with the Cambodian Ministry of Justice in 1996 through JICA, and it has not accumulated sufficient experience, including that which would help determine the best means of assistance.

Assistance in establishing a legal system, when extended by a foreign government, might risk being taken as encroaching on the recipient's sovereignty as a nation. Therefore, this issue should be treated carefully. Japan, in light of its military actions in other nations

half a century ago, should give special consideration in extending legal assistance. As already stated, in Cambodia there are still continuing conflicts among political parties that are beyond the imagination of people living in a peaceful Japan. The utmost care should thus be taken so that Japan's assistance is not caught up in political conflicts.

4-6-2 Criteria for rationality

As discussed in the preceding section, Japan's legal assistance activities present some important elements requiring special attention. Japan, however, does not have to hesitate to provide legal assistance just because of this. The intention of Japan's overseas assistance is to contribute to the independence and stability of the recipient nation, and therefore regard should be paid to the recipient's independence and self-help efforts. Since the above-mentioned risk of being misunderstood by the recipient often arises because of the target and method of assistance, the most important task is to appropriately determine what should be the coverage of assistance and how this assistance should be carried out.

In view of Japan's philosophy regarding legal assistance and the possible problems of legal assistance, the following points should be given priority as criteria for appropriate assistance in determining the coverage of assistance and the methods.

- (i) Respect for the recipient's independence;
- (ii) Guarantee of neutrality;
- (iii) Persuasiveness based on objective facts and scientific method;
(e.g. sustained efforts to conduct field surveys);
- (iv) Pluralism in values;
(e.g. information from NGOs, specialists from foreign nations); and
- (v) Transparency.

4-6-3 Reconsideration of evaluation methods

Since ODA is financed by the Japanese taxpayers, legal assistance should be endorsed by the Japanese people. For this to occur, there must be assurances that Japan's ODA funds are being used to promote peace and democracy according to Japan's constitution, and that they are being used in an effective way. This means that Japan should study the most efficient means of assistance, the most appropriate fields, and how the

Table 1-2 Goals of Legal Assistance and the Direction of Desirable Assistance

Goal	Scope	Content	Implementation method
Legislature reinforcement	1. Drafting of specific laws	<ul style="list-style-type: none"> Establishment of six major laws (enactment and amendment) Enactment of related laws 	<ul style="list-style-type: none"> Drafting Joint drafting work Advice on drafts prepared by the Cambodian side
	2. Restoration and adjustment of the overall coherence of the legal system* ¹	<ul style="list-style-type: none"> Amendment and abolition of existing laws 	<ul style="list-style-type: none"> Joint work to determine incoherence in the laws and make any necessary revisions Advice on the amendment and abolition of inconsistent laws Indication of inconsistencies
	3. Development of a master plan* ²	<ul style="list-style-type: none"> To make a plan envisaging the overall legal system 	<ul style="list-style-type: none"> Preparation of a master plan Joint work to prepare the master plan Advice on the plan given by the Cambodian side
	4. Proposals for policy-making* ³	<ul style="list-style-type: none"> Assistance in policymaking for each ministry or department 	<ul style="list-style-type: none"> Policy proposals from a comprehensive perspective
	Developing human resources 5. Training of bureaucrats 1" Training in the legislation process	<ul style="list-style-type: none"> Development of legal capability Transfer of legislation expertise Training of staff drafting laws in the Ministry of Justice and other ministries <ul style="list-style-type: none"> Training of staff drafting laws in the Ministry of Justice and other ministries 	<ul style="list-style-type: none"> Overseas training and observation on the systems of foreign countries Dispatch of instructors for lectures and seminars Relevant technical assistance including provision of the required equipment Assistance in the enactment of laws <ul style="list-style-type: none"> Joint work or advice on the enactment of laws
Judicial reform	6. Preparation of various procedural and related laws	<ul style="list-style-type: none"> Assistance in the enactment of the above-mentioned laws 	<ul style="list-style-type: none"> Preparation of draft laws Joint work to draft laws Advice on the drafts given by the Cambodian side
	7. Improvement and installation of equipment	<ul style="list-style-type: none"> Improvement of the environment conducive to the realization of the rule of law 	<ul style="list-style-type: none"> Repair and construction of court buildings Supplementation of the equipment Distribution of law booklets*⁴ Compilation of manuals
	Developing human resources 8. training of judges, clerks, prosecutors, judicial police and lawyers	<ul style="list-style-type: none"> Promotion of human rights awareness Understanding of the significance of the rule of law Recognition of the roles of the judiciary*⁵ Development and improvement of legal techniques 	<ul style="list-style-type: none"> Overseas training and observation on the systems of foreign countries General training Specific training*⁶ Advice
Legal aid	9. Legal-aid departments of the country, the Bar Association, NGOs	<ul style="list-style-type: none"> Guarantee of the citizens' right to file lawsuits Guarantee of the right to nominate lawyers for defence Fund-raising and investment 	<ul style="list-style-type: none"> Introduction of overseas legal aid systems Promotion of exchanges between NGOs and the Bar Association, research meetings between the state and the NGOs, between NGOs, and the dispatch of advisers Establishment of legal information centers of the Bar Association, etc. in each province Financial assistance
Promotion of citizen awareness	10. Promotion of citizen awareness* ⁷	<ul style="list-style-type: none"> Recognition of citizens' basic human rights as inherent rights Promoting attitudes for resolving problems not by the gun but by the law 	<ul style="list-style-type: none"> Promoting awareness among and cooperation with local NGOs Distribution of posters, pamphlets, videotapes and other visual promotion media Establishment of information centers with computers for public access to information Financial assistance
	11. Developing human resources	<ul style="list-style-type: none"> Training activists for the promotion of awareness in the local community 	<ul style="list-style-type: none"> Cooperation with local NGOs Financial Assistance

Table 1-2 Goals of Legal Assistance and the Direction of Desirable Assistance (Continued)

Goal	Scope	Content	Implementation method
Improvement of legal education	12. Faculty of law, graduate school of law	<ul style="list-style-type: none"> • Improvement of the curriculum • Rationalization of university management 	<ul style="list-style-type: none"> • Dispatch of advisers to the Ministry of Education, Youth and Sports • Invitation of trainees from the Ministry of Education, Youth and Sports • Inspection tours by university heads and managers to foreign universities • Dispatch of advisers • Dispatch of lecturers • Joint research on legal education at the university level • Acceptance of Cambodian students by overseas universities
Start of legal research	13. Research institutions	<ul style="list-style-type: none"> • Establishment of research institutions on legal matters 	<ul style="list-style-type: none"> • Establishment of research institutions after sufficient discussion with local people • Dispatch of staff in charge of institutional development

Source: Prepared by the author

Notes for Table 1-2

- ^{*1} Confusion remains in Cambodia as to the validity of laws enacted before the new constitution was established. Many laws enacted during and after the period of UNTAC authority were made by donor governments and organizations in accordance with their respective legal systems. Therefore, the Cambodian laws sometimes lack coherence, and need to be adjusted to form an integrated legal system. In addition, implementation regulations should urgently be prepared for those laws that remain ineffective due to a lack of such regulations.
- ^{*2} The above-mentioned two challenges—drafting of specific laws and the restoration and adjustment of the overall coherence of the legal system—should be dealt with urgently. At the same time, it is necessary to prepare an overall master plan for the legal system, in view of the future prospects. It is also necessary to produce a master plan for the cabinet, including each and every specific ministry and identifying the respective ministries that should be in charge of particular fields.
- ^{*3} With regard to legislation in Cambodia, more fundamental policy proposals should be made regarding the laws that should be enacted. Specific proposals will be required on the national goals sought by Cambodia and on the more urgent challenges of shifting to a market economy and internationalization. However, these proposals might lead to allegations of internal interference, therefore assistance should be provided only after careful consideration.
- ^{*4} Distribution of the compilation of existing law texts to judges, prosecutors, lawyers, clerks, and public officials will be very helpful in spreading awareness that conflicts should be resolved according to the law. This measure, although it may seem trivial, will be effective, and is definitely worth mentioning here. This task of compilation should be given not only to judges, but also to all administrative officials. Since “obedience to the law” may be too abstract to grasp, the compilation will be helpful for public officials to apprehend their duties as public servants and will encourage model practices.
- ^{*5} Bribery of judges and other judicial officers is one of the greatest obstacles to the judicial reform. It is well known that their remuneration is too low to support their families. The problem is also that of tax reform. Measures should be devised to improve the inadequate tax system and other real problems that need to be solved before contemplating legal considerations. Such an approach, essential for all reforms, is needed to root out malicious behavior.
- ^{*6} Although several international institutions and NGOs previously conducted training programs for court officials, prosecutors and lawyers, the situation is still inadequate. Research on such training should be continued based on reviews of previous training methods.
- ^{*7} It is necessary for citizens to deeply understand democratic procedures and rules. For Cambodian citizens who experienced the Pol Pot reign, the restoration of social awareness of the significance of compliance with the law is one of the greatest challenges in Cambodia.

assistance should be provided.

It thus becomes necessary to evaluate whether the assistance has achieved its purposes and whether it was carried out efficiently. The effectiveness of assistance for the legal and judicial systems cannot be measured in a short period nor be evaluated by conventional methods. This also requires review of the criteria for assistance evaluation. Such evaluation, of course, should not be made by the staff of the assistance project concerned. Methods for this type of evaluation have not yet been established. When the assistance project is evaluated by a third party, it is reasonable for the staff of the project to be given the opportunity to provide comments or rebuttals. Evaluation criteria and methods will gradually become more sophisticated with repeated application of the evaluation and rebuttal procedures.

Specific projects should all be reviewed concerning the object of assistance, methodology and present situation, with the results reflected in ongoing and future assistance. This process should not be neglected.

4-7 Content and scope of Japan's legal assistance (specific plans and priorities)

Since Japan's legal assistance should be offered not across the board but according to Cambodian requests, it is necessary for Japan for the moment to ensure the success of ongoing projects. Their success does not merely mean the drafting of laws, but also ensuring that these laws will pass the Council of Ministers and the National Assembly. In addition, after the laws are enacted, their effectiveness as norms in the actual society must be considered and they should be accompanied by measures to ensure this effectiveness. Only after completion of this process will Japan be trusted by Cambodia. Cambodia would indicate its confidence in Japan by requesting assistance for the next stage of legal assistance, and Japan should sincerely try to meet such requests.

Taking these viewpoints into account, Table 1-3 shows the assistance that has been specifically examined to identify the most appropriate measures for Japan to undertake in the promotion of legal assistance.

4-8 Points to be considered in implementing legal assistance

4-8-1 Importance of prior research

It is important to properly understand the existing legal norms, historical background and legal culture in the recipient country. Prior substantial field surveys are necessary to identify a legal system that would be suitable for Cambodia and in view of the necessity of amendment after enactment.

4-8-2 Effectiveness of joint work by bilateral working groups

Japan's assistance for the civil code and civil procedural law has adopted methods that respect the independence of Cambodia, so that the final decision is made by Cambodia after comprehensive study by the Japanese working group, presentation and explanation of the drafts, and the subsequent bilateral examination. Since this assistance method is different from the previous methods applied by western countries, it is drawing the attention of many countries and assistance organizations. It has been highly evaluated as a method of maintaining objectivity, neutrality, and a diversity of values.

On the other hand, there is criticism in Cambodia that it takes too long for codification. Therefore, it is extremely important for the Cambodian staff in charge of the legal drafting to fully understand the meaning and the necessity of codification based on careful research and examination that Japan is carrying out at home. Japan should also actively seek to gain their understanding.

It now takes considerable time to translate the huge volume of original drafts of the civil code and civil procedural law partly due to the lack of interpreters in Cambodia. Cambodian staff in charge of legislation therefore have no time to examine them in advance. Even though the materials are distributed in advance, thorough preparatory lectures by legal specialists should be offered due to the Cambodian staff's lack of the necessary understanding. However, the present Japanese assistance setting does not adequately respond to this requirement.

It is desirable, if possible, that specialists should be dispatched separately according to the requirements to work on each law. It is also necessary for interpreters,

Table 1-3 Content and Scope of Japan's Legal Assistance

, ○, and unmarked items indicate the priorities in different rankings, with meaning the highest priority.

	Scope, target	Implementation method	Significance Direction
Reinforcement of the legislation	1 a Enactment of each law Civil code, civil procedural law (in process)	Joint work (establishment of a working group from each side)	Essential conditions for a market economy Japan's future legal assistance depends on the success of this codification work. This is a top priority requiring substantial efforts. The Ministry of Justice is the current counterpart. Two working groups were set up, one each in Cambodia and Japan. The Japanese working group is fairly large, having 11 members including scholars and practitioners. An examination from the viewpoint of comparative law has been approved and is under way. Propagation of the project achievements will require measures mentioned in section 2-3-8 "Points to be considered in implementing legal assistance."
	b Laws related to a above Laws corresponding to the Real Property Registration Act, the Family Registration Act, the Residents Registration Act, the Execution Act, the Preservation Act, the Deposit into Justice Offices Act, the Bankruptcy Act, the Civil Conciliation Act and others in Japan	A joint working system or system of offering advice, in which a presented draft is amended by Cambodia and advice is provided by Japan. (Conferring Japan's proposals to technical aspects would save time)	Laws to ensure the effectiveness of the civil code and the civil procedural law Cambodia has already requested the preparation of laws based on the existing civil code and civil procedural law. Assistance according to local requests will promote self-help efforts. The examination of local requests and investigation of the present situation will be necessary before proceeding to the next stage. The investigation should have started by now. Dispatch of specialists is necessary to conduct research on the materials and equipment required in Cambodia.
	c Laws concerning the judicial police	Joint work Basic lectures Advice	Training of the police of the Ministry of Interior and prison officers has been provided so far by the Japanese government and the UN Far Eastern Asia Crime Prevention Training Center. There is enough room to consider legislative assistance for the administrative work of police and prisons. It is desirable to rely on field surveys by experts in order to be well-informed on the present situation to determine what assistance is necessary and feasible. Assistance should be comprehensive, as opposed to the previous ad hoc and sporadic type of assistance.
	d Other individual laws	Decided by discussion	Success in making the civil code and the civil procedural law mentioned above would enable Japan to win Cambodia's confidence in its legal assistance and lead to further requests from Cambodia. These requests should be seriously considered.
	1" Training in the drafting process for each law	Joint work or advice for the law-making process	Members of the Cambodian working group on the civil code and the civil procedural law will themselves have the opportunity to obtain the know-how through the legislative process.*1
	2 a Coherence of laws Coherence of the civil and the criminal procedural laws	Discussions are under way on the establishment of a Cambodia-Japan study committee	A coherent legal system is necessary for a unified state governed by law. It is desirable that both the civil and criminal procedural laws apply the same litigation system, otherwise, two kinds of civil procedures may exist in one nation. The most urgent task is to avoid such a situation.
	b Law corresponding to the Court Organization Act (The law on the organization of the courts has already been enacted and amendment is now under way. However, enactment of the procedural laws will require further amendment of the courts organization law.)	Since the law is now being revised, its may be sufficient just to give advice.	This relates to the issue of which court should be in charge of conflicts over the issue of succession in the family as stipulated in the Civil Code. The purpose is to ensure consistency with the substantive law. At present, there is only one Appeal Court, which is located in Phnom Penh. In order to guarantee the right to access to justice: A study group on the "family court," should be established if courts similar to the family courts in Japan are anticipated. The number of appeal courts should be increased.*2 *3

Table 1-3 Content and Scope of Japan's Legal Assistance (Continued)

	Scope, target	Implementation method	Significance Direction
	3 Master plan		
	a Master plan (MP) for the Ministry of Justice	Preparation of the MP	There are many problems at present even with fundamental rules.
	b Master plan for the whole administration	Joint preparation of the MP Advice on the MP prepared by Cambodia	To respect Cambodia's independence and to ensure political neutrality and objectiveness as well as evaluation from various viewpoints, a master plan should not be prepared from a short-term perspective.
	4 Policy proposals	Advice	The same concerns as mentioned above. This is possible only when there is a firm request from Cambodia and it should be implemented in accordance with the current rules.
	5 Training in the technique of legal drafting for bureaucrats of the Ministry of Justice and other ministries	Dispatch of instructors for lectures and seminars Provision of related technical assistance and materials/equipment required Assistance in the actual implementation stage	Many bureaucrats in the Cambodian administrative institutions have studied in either defunct or existing socialist regimes. They do not necessarily understand the principles of modern civil law. Their understanding of the principles and acquisition of the legislative know-how would be of great help to Cambodia. They will play a leading role in the next generation, who will lay the foundation for friendly and trustworthy relations with Japan. By referring to the laws to be enacted, concentrated lectures on legal principles, legal policy from the point of view of comparative law, legal know-how, and other issues should be provided by instructors dispatched from Japan. The program should have a long-term perspective. Invitation of bureaucrats from each ministry to Japan*4
Judicial Reform	6 Preparation of each procedural law, the court organization act and other related laws	Assistance for the drafting of each law mentioned above	The same as the drafting of each law mentioned above
	7 Improvement and installation of materials and equipment	Construction of the Appeal Court Case management using computers Distribution of law compilations in Khmer to all judges, clerks, prosecutors and lawyers Distribution of these to commune authorities Compilation of manuals for the settlement of cases based on the new procedures laws	Efforts to ensure an environment conducive to the rule of law Assistance should not overlap activities conducted by AusAID Financial support to the UN Human Rights Center conditional on the additional printing of law compilations for further distribution Compilation and distribution of manuals for the new civil procedural law in Khmer.
	8 Training and developing human resources (judges, clerks, prosecutors, judicial police officers and lawyers)	General training Specific training Observation tours and training abroad	Awareness of fundamental human rights, the rule of law and the roles of the judiciary*5 Development and improvement of legal know-how Assistance has started for the Cambodian Bar Association through the Japan Federation of Bar Associations Provision of forensic investigation techniques for judicial police officers (assistance extended in the past was as ad hoc projects) Lectures and seminars in view of the new procedural laws to be enacted will be necessary, (as follow-up assistance after the enactment).

Table 1-3 Content and Scope of Japan's Legal Assistance (Continued)

	Scope, target	Implementation method	Significance Direction
	9 Legal aid system, financial input from the National Treasury, and legal aid provided by bar associations and NGOs	Introduction of legal aid systems around the world Coordination between NGOs, and between NGOs and bar associations Meetings between the government and NGOs or the like Dispatch of advisers Establishment of financial assistance to the legal information centers of bar associations and other offices in each province;	It is indispensable to ensure the right of citizens to have access to justice. There are two legal aid groups supported by overseas bodies, other than the legal aid programme run by the Cambodian Bar Association. This is a delicate issue. Cooperation of the Japan Federation of Bar Associations with the Cambodian Bar started in October 2000 and includes cooperation on legal aid. It is possible to expand the provision of information on a non-governmental basis. In modernizing the judiciary, lawyers play a major role, as is the significance of legal aid. In this sense, consideration should be given as to whether financial assistance is possible in this field.
	10 Raising public awareness		It is said that mental and physical persecution under the Pol Pot regime was so severe that Cambodians have lost awareness of the significance of compliance with the law. In order to restore sound legal awareness, the legal system should be explained so that all can understand it. Distribution of posters and picture books, lectures using them, and the production and distribution of videotapes is recommended. It is vital to cooperate with local NGOs. Attention should be paid to developing human resources in local NGOs and this requires the cooperation of Japan's NGOs. Since the provision and disclosure of legal information for citizens should be guaranteed, assistance is necessary to provide facilities and equipment to allow easy access to the law using computers and other services. Financial assistance for these purposes
	11 Developing human resources in communes and local communities	Lectures, seminars and visits overseas	Cooperation with NGOs Financial assistance
	12 University education Law department of the law faculty of Phnom Penh University Law faculty of private universities Graduate schools	Improvement of the curriculum Rationalization of university management	Students are to play a leading role in establishing the foundation of the nation. Since it is necessary to develop human resources, which are now at insufficient levels in Cambodia, assistance should thus be offered to promote university education. It is now difficult to offer direct assistance to Phnom Penh University. It is possible to dispatch advisers and lecturers from Japan and to carry out joint research on legal education between Japanese universities and NGOs and their Cambodian counterparts. Bureaucrats of the Ministry of Education, Youth and Sport in charge of universities as well as university personnel can be invited to Japan. A system must be established to enable Japanese universities to easily accept law department students from abroad.*6
	13 Setting up research institutions on legal studies		This should be an institution that plays the role of a think tank in promoting the self-reliance of Cambodia. The institution should be able to play a central role in the future of Asian legal research.*7 Establishment of a research institution after sufficient discussion with researchers in Cambodia, Thailand and other Southeast Asian and East Asian nations. Dispatch of officials in charge of setting up the institution

Source: Prepared by the author

Table1-3 (notes)

*¹ This will be useful not only because sustainable impacts can be expected from such assistance as the training of trainers, but also because the political implications can be excluded to a certain extent as long as the trainees are properly selected. This is particularly meaningful in helping to cement ties with Japan.

When the new civil procedures law is enacted, the roles of judges, clerks and lawyers will be substantially different from the present ones. Training based on the new law is extremely important. In order to change the present concept of justice, which is more characteristic of the administrative branch, it is desirable for Japan, which has the same Asian culture as Cambodia, to dispatch three jurists to help develop human resources in Cambodia. The lectures provided in Phnom Penh by the Japan Federation of Bar Associations to Cambodian bar associations, which started in 2000, are significant. Such lectures will also be necessary for Ministry of Justice and court staff.

*² Assistance is necessary for the construction of court buildings and drafting a law on the organization of courts to increase the number of appeal courts, to be conducted in the form of technical cooperation projects.

*³ An example of tangible assistance: This is an example of assistance for which the earliest achievement is desired by the recipient. It is a form of assistance necessary to maintain mutual confidence.

*⁴ Support for training in Japan: Legal practitioners have already been invited to Japan for judicial training. However, the program only lasts less than two months, and is a long way from yielding the expected results. Long-term training assistance is necessary so that Cambodian practitioners can understand the actual practice of legal and judicial systems in Japan and so that they will be able to prepare legislative plans in the future. For this purpose, a comprehensive training system should be established, in which trainees can study at the Japanese Ministry of Justice, district courts, high courts and the Supreme Court, as well as at law firms, as with students of the Legal Training and Research Institute. It will also be helpful for them to have the opportunity of further study at the research institutes of universities. Such training programs will also be necessary as part of future judicial assistance for nations other than Cambodia.

*⁵ Assistance for independence of the judiciary

A priority matter for independence of the judiciary is to guarantee the status of judges. At present, bribery involving judges leads to unfair judgments and the loss of public confidence in the judiciary. It can be expected that reform of the litigation system will solve these problems to a certain extent, but a fundamental cause is the low remuneration for judges and other public officials. A solution to this is to improve the tax system and enact tax-related laws. However, politicians are often reluctant to enact such laws because it could threaten their political base. Research should also be carried out on an effective tax system.

In addition, people often carry guns even around the courts, which is a threat to the judges. Although an ordinance of the ministerial conference prohibits people from carrying guns, many guns remain in people's hands, both illegally and legally, making the ordinance virtually ineffective. One reason for the prevalence of guns in the society is the low level, nonpayment, or delayed payment of wages for public servants, which also highlights the problem of the tax system.

Openness is necessary to guarantee a fair trial. NGOs should be enabled to easily attend trials and report on cases to the public. The lawyers are concentrated in Phnom Penh, and it is necessary to enable as many lawyers as possible to act as representatives in lawsuits. Although a system of circuit lawyers can be recommended, the bar associations cannot afford the expenses. Research is necessary on this system. This relates to the future of legal aid.

*⁶ At present, there is a severe shortage of teachers in Cambodia. Those who study abroad tend to stay there as they can earn little at higher education institutions in Cambodia. It is recommended that these people be given a scholastic position in Japan and then be dispatched to Cambodia by the Japanese government. This plan requires the full cooperation of Japanese universities, and the government should positively seek this.

*⁷ Assistance from foreign governments and multilateral donors is only an interim measure. Under normal circumstances Cambodian citizens themselves should judge and determine the policy regarding the legal system of the State, and to this end, basic legal research should be guaranteed. This requires the establishment of a high-level research institute that studies the history of the legal system in Cambodia, identifies the present situation of the legal system, studies the legal systems of foreign countries and gathers legal materials required for the research. It is hoped that excellent researchers can be attracted, especially from Asia, and promising Cambodian researchers can be dispatched from Japan as specialists so that they can study at the institute. The institute should also become the place for nurturing Cambodian researchers. It is also advisable to prepare a list of specialists and dispatch experts selected from the list to other legislative organizations. Hopefully, this will become a center of Asian legal research that can pave the way for research to facilitate legal assistance to countries other than Cambodia. It is essential that human resources should be secured and developed, besides materials and equipment. Establishment of such research institutes is all the more necessary since Cambodian educational organizations are still at an immature stage of development.

who still lack the expertise, to take part in working group meetings and listen to deliberations there. More efforts should be made to improve the effectiveness of the group examination system through these measures.

4-8-3 Significance of assistance for the enactment of laws and their dissemination

It is necessary to enact the drafted laws and continue various forms of assistance to ensure that the laws are taken up by administrative and judicial institutions and citizens. It is also necessary to find competent officials among the staff and provide further training as supervisors of the legislation process after drafting. Also required is close communication with the minister in charge and the chairperson of the jurists committee of the Council of Ministers.

The dissemination of a new law involves explanation to the judges and prosecutors of each court as well as to lawyers, and training for the implementation of the new law by showing videos of mock trials of specific cases. Such steps will be necessary in view of the fact that many Cambodian jurists do not have a background education in law. If videos of mock trials on the new law are shown just after the drafting of civil and civil procedures laws, this would be extremely effective and helpful for the staff of the Ministry of Justice, the jurists' committee of the Council of Ministers, the Bar Association and other bodies to understand the general framework of the Law. Once the scenario for a mock trial is completed, modification is easy even if the laws are enacted with some amendments. In this sense, making videos is very useful due to its flexibility.

4-8-4 Coherence of the laws

The present situation is that each basic law is being drafted with the assistance of a separate donor, therefore efforts are necessary to ensure coherence between them. While the drafting of civil and civil procedural laws, for example, is assisted by Japan and that of criminal and criminal procedural laws by France, nothing has been decided about ensuring coherence between the two, such as the relationship between the civil procedures and the procedure for private party litigation as part of the criminal procedures. Occasions for research and examination should be made to bring the two proce-

dures close to each other, after discussions with the Cambodian government, so as to avoid incoherence between the two separate litigation systems.

It is also important not only to cooperate and coordinate with related organizations in Cambodia and donor organizations in the field of legislative assistance, but also to exchange views with human rights NGOs and other groups to guarantee the objectivity and rationality of laws and the diversity of values.

5. Administrative functions

Yasunobu SATO

5-1 Current state of the administrative and financial functions

In 1999, the number of civil servants was 163,000 representing 1.4% of the population. About half of the civil servants belong to the Ministry of Education, Youth and Sport. According to statistics in 1998, the number of servicemen was 143,000. The proportion of servicemen in Cambodia's population is the highest among the ASEAN countries. Although this section chiefly covers the administrative functions of civil servants, if necessary military reform will be mentioned since administrative reform extends to the military.

5-1-1 Transparency, efficiency, and accountability of the administration

The administrative mechanism by which documents related to administrative orders, cabinet decisions, and ministerial notices and orders reach private companies and the general public has still not been developed. Therefore, such documents are not easily available and do not reach many courts, police stations, and local administrative organs outside the capital, Phnom Penh. Local administrative organs can only get copies of them through multilateral donors or NGOs. Moreover, the Cabinet and its agencies do not openly make most orders or decisions needed to enforce codes or laws adopted by the National Assembly, and do not publish such orders or decisions or exchange opinions with people before the enforcement of codes or laws.

The system of communicating information is inadequate not only between the government and the people

but between the central government and local administrative bodies. As a result, administrative procedures or orders cannot be carried out effectively. Moreover, as explained below, persons in charge misinterpret opaque administrative rules or orders due to administrative problems, such as insufficient salaries and widespread corruption.

The National Assembly cannot fully exercise its authority to ask questions in writing to the administration or request a written or oral answer from the minister or the Prime Minister according to Article 96 of the Constitution of 1993 and Article 96 of the revised Constitution of 1999. As a result, the most important procedure for ensuring the accountability of the administration under Cambodia's parliamentary cabinet system is still not being carried out.

5-1-2 Capacity of civil servants

It is important for civil servants not only to improve their expertise, but also to enhance their foreign language ability. The training of talented people is necessary for the current administrative reform. Through training at home and abroad, Cambodia's civil servants will be able to acquire skills and knowledge by means of exchanging information and opinions with various foreign experts. For this purpose, civil servants need to learn foreign languages.

5-1-3 Finance (taxation system)

After the introduction of the value-added tax (VAT) in 1999, the National Assembly passed the Audit Law, which provides for the auditing of the ministries by independent auditors. Although the government has increased the number of personnel in the taxation section of the Economic and Financial Ministry, the financial reform cannot progress unless the addition of personnel leads to the eradication of corruption, which is a critical obstacle to the reform.

5-1-4 Administrative reform

To develop the country, the government made a plan

to drastically reform the post-war administrative and financial systems. Because there were insufficient domestic resources to carry out the reform, which was expensive and required specialist knowledge, the government began to seek support in 1994. Although the government solicited support from the UNDP, the World Bank, the ADB, the IMF, and several countries, the results fell short of its expectations due to domestic political confusion and the armed conflict in July 1997. In the end, after the election in 1998, the government announced the establishment of the Council on Administrative Reform to achieve the following five major reforms: economic reform, administrative reform, arms reduction, military reform, and judicial reform.

5-2 Significant challenge requiring resolution

The following are the most significant problems concerning administrative functions.

5-2-1 Spread of corruption

According to the World Bank's report issued on May 10, 2000, corruption among civil servants is one of the most serious problems for the public and companies in Cambodia. Corruption is especially serious among core national agencies, such as i) the courts, ii) tax offices, iii) customs offices, iv) licensing agencies, v) police stations, and vi) agencies checking standards and quality.⁸⁵ The additional costs of bribery never result in the improvement of services or quality standards. According to the World Bank's report, corruption among civil servants reduces the government's ability to provide services to the poor. In the end, the poor have to bear an excessive burden by having to pay the additional cost of corruption. Companies, especially foreign ones, may be directly affected by corruption, with the result that investment plans are suspended. In addition, corruption and misappropriation frequently occur in connection with foreign aid.⁸⁶

5-2-2 Low salaries for civil servants

The average monthly salary for a civil servant is as

⁸⁵ World Bank (2000), p.ii.

⁸⁶ A recent example is the CMAC scandal in 1999. See Part 2, Chapter 2, Section 6, 1-3-1.

little as about \$20.⁸⁷ This is the fundamental reason for the spread of corruption. With the economy shifting from socialism to capitalism, the government has stopped providing supplies to civil servants, and the cost of living in cities has been gradually rising. To survive in this situation, general civil servants have to take up another job in addition to their regular job. Although some teach private lessons or work as watchmen or taxi drivers, not all civil servants can do such jobs. Therefore, it is hardly surprising that many civil servants abuse their public positions and use the funds obtained from corruption to support their life. This creates a vicious circle: civil servants neglect their jobs; taxation becomes ineffective; government revenues do not increase; and the average salary for a civil servant does not rise. The low salaries for civil servants, which leads to corruption, is the fundamental cause of the various social problems in today's Cambodia.

5-2-3 Inadequate equipment, personnel system and taxation system

Since essential equipment for work, such as telephones, transportation, and depositories for files, is inadequate, civil servants cannot effectively enforce the laws, ensure security, or communicate with citizens. This problem is more serious in rural areas than in cities. Moreover, there are delays in the payment of salaries and nepotism. To strengthen the taxation system and eradicate tax evasion, it is necessary to introduce a monitoring system using highly effective technologies such as computers.

5-2-4 Shortage of capable human resources

The shortage of capable human resources is a general problem in Cambodia. The shortage of capable human resources in the public sector is especially serious since such people tend to go and work for companies that are flourishing under the capitalist economy, international agencies, and NGOs. The resolution of this problem in rural areas is important for good governance in Cambodia in relation to the policy of decentralization.

5-2-5 Decentralization

The commune election that the government is planning will increase the number of people who receive benefits from administrative services. It is necessary to carefully consider problems related to politics, human resources, and logistics as well as problems related to the decentralization of financial and administrative functions.

5-3 Measures by the Cambodian government and trends in development assistance

5-3-1 Participatory development policy

Through the CARERE/SEILA (also called "CARERE II") program started in 1996 supported by UNCDF of the UNDP group, each village, which is the smallest administrative unit, in five provinces has established a village development committee and elected the committee members from among the villagers. The committee carries out its village development plan in a bottom-up style. This program has been highly appreciated and is expected to carry out the following functions for development and democratization: i) experimentation on governance through decentralization; ii) promotion of reconciliation and peace at the grassroots level; iii) reduction of poverty; and iv) contribution to the government's formulation of policies. Because the SEILA program was successful, the government is planning to expand the program. To promote decentralization at the same time, in 1998 the government began to consider the establishment of a commune election system with the assistance and technical cooperation of the UNDP.

Since the public does not have much confidence in the national administrative and judicial organizations, it is appropriate for Japan not only to cooperate directly with the government in carrying out the policies, but also to cooperate indirectly through development NGOs including international NGOs and Cambodian NGOs. There is the possibility of separate funding, such as funding for NGOs that directly aid the grassroots

⁸⁷ See "Memorandum of the President of the International Development Association and the International Finance Corporation to the Executive Directors on a Country Assistance Strategy of the World Bank Group for the Kingdom of Cambodia," Document of the World Bank, Report no. 20077-KH, Southeast Asia and Mongolia Country Unit, East Asia and Pacific Regional Office, February 7, 2000, p.1.

through citizen groups, whether multilaterally or bilaterally. International or citizen groups tend to cooperate directly for community development such as rural development. Therefore, as one of the participatory development policies, donor organizations should facilitate NGO activities so that NGOs can obtain direct cooperation from the Cambodian government.

5-3-2 Various measures for administrative reform and their evaluation

According to the report the Cambodian Development Resource Institute (CDRI) prepared with the support of the ADB,⁸⁸ the Cambodian government is planning the following five measures: i) delivering resources quickly to public institutions, such as local hospitals, health centers, and offices for the rural development, through the following measures: Accelerated District Development (ADD), the Priority Action Programme (PAP), and the adoption of laws concerning the financial system and province and municipal ownership; ii) establishing independent auditing organizations and adopting audit laws; iii) conducting a statistical survey of civil servants and thoroughly analyzing and defining ministerial functions to enhance the efficiency of the administration; and establishing a system of information about manpower management, organizing a system for the Core Group that leads the administrative reform, and incorporating surplus personnel into the public sector; iv) decentralizing the power to plan administrative measures through commune elections; and v) promoting arms reduction, enhancing the professionalism of the military and security troops, and clearly defining the responsibilities and roles of the military and security authorities in the post-conflict society, so that military and security troops can have a proper function in the society.

The administrative reform should start with a statistical survey of civil servants all over the country, a thorough analysis and definition of ministerial functions, and reform of the salary system. Although this approach is highly appreciated, it requires a clear medium-range vision and model, wide support for the improvement of the capacity of civil servants, and close coordination with the reform of expenditure management.⁸⁹

⁸⁸ See Kato *et al.* (2000), pp. 13-16.

⁸⁹ See the memorandum listed in note 87, Document of the World Bank, Report no. 20077-KH, Southeast Asia and Mongolia Country Unit, East Asia and Pacific Regional Office, p. 2.

⁹⁰ *Ibid.*, para 47-49.

⁹¹ *Ibid.*, p. 17, box 7.

5-3-3 Building the capacity of counterparts to absorb aid

The Cambodian government's systematic and administrative ability to carry out development programs is extremely weak. In addition, there are many donor organizations and aid programs. Therefore, the Cambodian administration, which is short of human and other resources, cannot effectively carry out and coordinate development programs.

One of the solutions to this problem is that donor countries should choose various themes for the reform according to the cooperation framework agreed in the CG meeting in February 1999, and establish a cooperative working group to comprehensively deal with aid to several sectors. Donor countries are making efforts to develop an effective partnership approach, establishing counterpart groups in Cambodia, thoroughly monitoring the progress of the reform, and holding a meeting sponsored by the prime minister every three months to examine the results. This is called the Sector-Wide Approach (SWAP).⁹⁰ To succeed with this aid system, the Cambodian government must enhance the commitment and ownership of local administrative bodies and ask the parties concerned to agree on the system. Moreover, the government must plan a medium-range strategy for governmental policies, greatly improve the regulatory systems, and show leadership in drawing up a reasonable budget by preparing an outline for the financing.⁹¹

5-4 Direction of Japan's assistance

The objective of assistance for improving Cambodia's administrative functions is to make these governmental functions effective and efficient. Taking this objective into consideration, Japan's assistance will be examined in the following five fields. In each field, it is desirable to support as far as possible the Cambodian government's measures for administrative reform.

5-4-1 Administration according to the law

The concept of administration according to the law can be considered from the following two aspects: im-

provement of each civil servant's consciousness of the law; and the conformity of administrative procedures with the law. Although it is important to establish laws and rules, they cannot be enforced in reality without those who have the ability to do so. Therefore, it is essential to first improve civil servants' legal awareness so that they can effectively enforce administrative and other regulations.

(1) Improvement of civil servants' legal awareness

It is necessary to establish concrete administrative laws and systems. Assistance programs for this must be planned by taking into consideration the present state of each ministry or department and future demands. For example, Japan can assign legal experts, who will advise the staff of the ministries or departments and provide them with the legal knowledge necessary for administration under a democracy. Japan can also consider a long-range plan to support training in administrative law at Cambodia's administrative or law schools to raise the people's and civil servants' legal awareness. For this purpose, an effective approach is to seek the cooperation of Japan's universities.

(2) Promotion of administrative procedures

Legal experts from Japan should not only raise the legal awareness of civil servants, but also promote the establishment of basic laws, in the area of public administration and the identification of administrative procedures. Legal experts should be assigned to provide detailed advice over an extended period so that basic laws can be enforced effectively.

5-4-2 Improvement of administrative capacity and transparency

Administrative and fiscal reforms, which will lead to an increase in the national budget, are the first step to breaking the vicious circle of low salaries and corruption. The key to success in the reforms promoted by the government is the establishment of a taxation system and a personnel system for civil servants as well as development of human resources. Japan should contribute to this. In the long run, the training of specialists and core staff among civil servants and the introduction of a

national examination system will be necessary for neutral, specialized, and effective administration. Long-term training with practical experience should be included in the training for administrative officials provided by Japan.

It is also important to disclose information about the administration through the application of information technology in administrative bodies. Japan can offer financial and technological support in this regard. Information disclosure also reduces the chance of corruption. The application of information technology can ensure that the taxation system is effective and efficient and increase national revenues. The use of information technology facilitates the notification of laws and orders and improves the efficiency of the administration.

5-4-3 Improvement of the local administration's capacity

Newly elected commune representatives can acquire useful information and carry out effective administration in cooperation with NGOs that have a lot of experience in regional development and aid programs. However, because the direction of local autonomy cannot be clearly predicted, it may be necessary to delegate specialists who can assess the progress and advise on the long-term relationship with the central government and the means of coordination with other local bodies.

5-4-4 Creation of the environment to promote a market economy

To create an environment for the proper functioning of a market economy, Japan can support the government in making laws related to market economy, promote the private sector, and enhance the capacity of civil servants.

(1) Legal assistance

See Section "4. Legal system".

(2) Promotion of the private sector

The private sector includes small and medium-sized companies, which play the leading role in a market economy. Japan can help promote Cambodia's private sector by facilitating various forms of exchanges with

Japan's associations of small and medium-sized enterprises. See Part 2, Chapter 1, Section 2, "Improvement of the environment for industrial development."

(3) Enhancement of the capacity of civil servants

To cope with problems arising from the shift to a market economy, Japan should help enhance the capacity of civil servants. Moreover, Japan should provide the basic public goods necessary for market stability and ensure predictable administrative procedures.

5-4-5 Enhancement of aid absorption capacity of the counterparts

Since enhancement of the capacity of aid counterparts increases the number of capable people engaged in governance, Japan should make constant efforts to expand the training of counterparts. Moreover, to enhance the effectiveness of development assistance and to prevent duplication of effort, Japan should help establish a database in the Council for the Development of Cambodia (CDC) and enhance its ability to exchange information about development assistance, including aid from NGOs, and the ability to coordinate aid projects. It is also important for Japan to encourage NGOs to participate in assistance projects. In addition, Japan is expected to take part in the discussions on the SWAPs to resolve differences of opinion.

Box 1-1 Human Rights**Yoichi YAMADA****1. Human rights violations caused by political conflicts**

A coalition government was formed after the general election in 1993. The Funcinpec Party was dominant in the government, followed by the Cambodian People's Party. Soon conflict between the parties gradually started, leading to violence. In September 1995 a grenade was thrown into the office of Son Sann's Buddhist Liberal Democratic Party. In November, Prince Norodom Sirivudh, the Funcinpec Party's secretary, was arrested for conspiracy to take the life of the second prime minister Hun Sen (the arrest was regarded as oppression by Hun Sen since the conspiracy was not sufficiently corroborated as to be punishable by law).¹ In November 1996, Hun Sen's brother-in-law was assassinated.²

Violent attacks on journalists and their offices caused casualties and the destruction of offices. By 1996, four journalists had been killed.³ No assailants were arrested for any attack. When the office of New Liberty, a newspaper publisher, was attacked on October 23, 1995, the police identified a man as the attacker, but no criminal proceedings followed.⁴ When Thun Bun Ly, the editor of a newspaper called Khmer Ideal was murdered on May 18, 1996, policemen and officials of the Interior Ministry were reported to have carried away the bullets extracted from the dead body, indicating participation of the establishment.⁵ In addition, some journalists were arrested under Article 13 of the Press Law,⁶ on "False Information Insulting National Organs," or Article 63 of the UNTAC Law, "Insults."⁷

In March 1997, the year before the general election, a grenade was thrown among 170 to 200 participants at a meeting of the Khmer Nation Party in front of the parliament building, killing at least 16 people and injuring more than 100 people. Although it was inferred from the testimonies of witnesses and an investigation by the FBI⁸ that security guards of the second prime minister Hun Sen had committed the attack, no one was arrested.⁹

In the meantime, the Cambodian People's Party and the Funcinpec Party strengthened their military power, with the result that tension between the two parties increased. On July 5, 1997, when Prime Minister Ranariddh was traveling abroad, the army of the Cambodian People's Party attacked the Funcinpec Party's army. The battle ended the following day, with more than 50 people killed, many injured, and the destruction of many facilities, including the headquarters of the Khmer Nation Party.¹⁰ Moreover, soldiers plundered private residences. The second prime minister Hun Sen insisted that the Cambodian People's Party had attacked the Funcinpec Party to prevent the intrusion of the Khmer Rouge army, which had the intention of cooperating with the Funcinpec army. On July 7, however, Ho Sok, the Vice-Minister of Interior and a member of the Funcinpec Party, was taken into custody and executed, and then many Funcinpec members were taken into custody, tortured, intimidated, or executed. According to a report by the UN Centre for Human Rights, 41 to 60 persons (most of them were Funcinpec members; those killed in the battle were excluded from this number) were extra-judicially executed for political reasons from the beginning of the battle in Phnom Penh to August 21, when the report was made.¹¹ Several hundred Funcinpec members (chiefly soldiers, but including their wives and children) were taken into custody. Some suffered torture and confessed their connection with the Khmer Rouge (most of them were released during July, but some subsequently disappeared). Many members of the Funcinpec Party, the Buddhist Liberal Democratic Party, and the Khmer Nation Party (including not only government, military and police officers, but also assembly members, activists, supporters, and journalists) were

¹ Kawamura.

² UN Doc. E/CN.4/1997/85.

³ *Ibid.*

⁴ *Ibid.*

⁵ Amnesty International (1997).

⁶ The Press Law was adopted in July 1995.

⁷ Amnesty International, Amnesty International 1997: Cambodia; UN Doc. E/CN.4/1997/85.

⁸ Because one of the injured was an American, the FBI investigated the bombing. Although the FBI did not publish the results, US newspapers disclosed them.

⁹ UN Doc. A/52/489 (17 Oct. 1997).

¹⁰ For details, see Human Rights Watch, Human Rights Watch Cambodia: Aftermath of the Coup (August 1997).

¹¹ UNCOHCHR (1997). According to a report by Cambodia's Information Ministry, military movements continued from July 2 to July 7.

Box 1-1 Human Rights (Continued)

intimidated and claimed that their life was in danger. Many politicians who opposed the Cambodian People's Party escaped to foreign countries. Newspapers supporting the parties opposed to the Cambodian People's Party suspended publication.¹² Under this situation, Ung Hout, the Minister of Foreign Affairs, was appointed as prime minister by the National Assembly on August 6, 1997, although Ranariddh still held office as prime minister. In the event, as stated by Thomas Hammarburg, the Special Representative of the UN Secretary-General on the situation of human rights in Cambodia, the battle in Phnom Penh in July 1997 was actually a coup d'état by the Cambodian People's Party.¹³ Persecution of the opposition parties continued.¹⁴ According to the report of the UN Centre for Human Rights made in May 1998, 42 people were killed and 7 people disappeared in addition to the numbers indicated in the above-mentioned report. All the victims except for six people were Funcinpec members.¹⁵

In connection with the general election in July 1998, in February the army of the Cambodian People's Party and that of the Funcinpec Party stopped fighting through the intermediation of Japan. According to a scenario constructed beforehand,¹⁶ on March 4 and 17 the Phnom Penh Military Court held trials in absentia and sentenced Ranariddh to 5 years' imprisonment for the illegal importation of arms, 30 years' imprisonment for conspiracy with the Khmer Rouge against the government, and the payment of US\$56 million in damages. On March 21 King Sihanouk granted a pardon covering all the sentences. By the end of March, all politicians who had escaped to foreign countries, including Ranariddh, returned home.¹⁷ During this period, however, the Cambodian People's Party went house to house forcing people to join the party and collected election registration cards. The party also denied the opposition parties the opportunity to register for the general election, limited their access to the broadcasting media,¹⁸ and obstructed their election campaign by force.¹⁹

On July 27, 1998, international election observers confirmed the general election as free and fair. After the Cambodian People's Party won the election, Ranariddh and Sam Rangsai organized a demonstration of people who were not satisfied with the process of the election. The demonstration was broken up by the police, causing many casualties. Many were taken into custody, and some disappeared.²⁰ Although after the establishment of a new government in November, political violence was subdued for a while,²¹ persecution of those who opposed the Cambodian People's Party was reported in the second half of 1999.²²

Concerning the series of incidents of political violence as described above, the UN Centre for Human Rights and international and domestic human rights NGOs demanded that the Cambodian government intensify investigation and punishment and improve human rights conditions and the judicial system. In June 1998 the National Human Rights Committee was temporarily established in the Cambodian government by a decree.²³ The government, however, did not quickly deal with cases, and criminal procedures were hardly applied.²⁴ Although the National Task Force on Security for the Elections was established in the same month, all cases were concluded to be personal revenge or robbery.²⁵

¹² UN Doc. A/52/489 (17 Oct. 1997), para 43.

¹³ *Ibid.*, para 40-43, Amnesty International (1998).

¹⁴ Amnesty International (1999).

¹⁵ UN Doc. A/53/400 (17 Sep. 1998), para 32.

¹⁶ In this mediation, Japan made the following four proposals, which were accepted by Hun Sen and Ranariddh: (1) immediate cease-fire and integration of resistance groups into the government army; (2) cutting off the connection of Ranariddh with the Khmer Rouge; (3) trial in absentia of Ranariddh and a pardon by King Sihanouk; and (4) the government's guarantee of Ranariddh's safe return to Cambodia. See Human Rights Watch (1999).

¹⁷ Amnesty International (1999).

¹⁸ UN Doc. A/53/400 (17 Sep. 1998), para 62. Radio broadcasting was allowed for the Buddhist Liberal Democratic Party in May 1998 and for the Funcinpec Party in June 1998, but was never allowed for Sam Rangsai's party.

¹⁹ UN Doc. A/53/400 (17 Sep. 1998).

²⁰ Amnesty International (1999).

²¹ UN Doc. A/54/353 (20 Sep. 1999).

²² UN Doc. E/CN.4/2000/109 (13 Jan. 2000).

²³ UN Doc. A/53/400 (17 Sep. 1998), para 40.

²⁴ Only three men were imprisoned for the series of executions without trial from July 1997 which is described in the above-mentioned report by the UN Centre for Human Rights. UN Doc. E/CN.4/2000/109 (13 Jan. 2000), para 86.

²⁵ Human Rights Watch (1999).

Box 1-1 Human Rights (Continued)**2. Torture by the police²⁶**

Many suspects arrested by the police were tortured while in custody. In its report in June 1997, the UN Centre for Human Rights lists 32 means of torture used on those whom the police took into custody in the Province of Bat Dambang from May 1996 to March 1997. The police tortured them with blows, kicks, beating with a stick, solitary confinement, hunger, and various other means. Some were tortured to death. Although the purpose of the torture was usually to coerce suspects into making a confession, sometimes torture was carried out as punishment or to extort money. Not only men, but women and children also suffered torture.²⁷

3. Prisons²⁸

According to the report by the UN Centre for Human Rights in 1995, the prisons in Cambodia are under threat, the criminal procedures are confused, the prison facilities are literally collapsing, medical treatment is insufficient, and many prisoners suffer from illness and malnutrition.²⁹ There are not only problems regarding services, such as meals and medical care, but also cases where prisoners are released in exchange for bribes.³⁰ Prisoners frequently escape because of the defective facilities. When prison guards find a runaway, they may shoot him even after they capture him.³¹ However, there have been some improvements. For example, while prisoners were always tortured using handcuffs, fetters, solitary confinement, or other means in the past, such torture is reported to have stopped.³²

4. Persecution of the general public

Government officials, policemen, and soldiers frequently persecute the general public. According to its report, the ADHOC received 603 complaints about human rights in 1999.³³ The report divides the number of complaints into the following according to the content: extra-judicial executions 134; violence 147; torture 18; threats 78; disappearances 6; illegal arrest or imprisonment 44; illegal confiscation or destruction of property 127; human trafficking 8; abduction 25; and rape 16. Since the beginning of 1999 the number of complaints about land disputes has been rapidly increasing all over the country. There are many cases where government officials, policemen, or soldiers have illegally usurped land. Private individuals were killed in some cases.³⁴

5. Minority groups

As a minority group, the Vietnamese in Cambodia have always suffered persecution – especially from the Khmer Rouge, who attacked them on the basis of their ideology.³⁵ For example, at least four Vietnamese were killed by a mob in September 1998 because of a rumor that a Vietnamese had added poison to drinks.³⁶

When the Cambodian government tries to unify the country, it will face the following problems in dealing with the indigenous groups in the Province of Ratanak Kiri: their style of life does not match with the modern concept of ownership since they migrate from place to place; they act according to special religions; and their languages are different from Khmer. The problem of how to treat indigenous groups has already arisen while the government is planning deforestation and drafting land laws.³⁷

²⁶ Not only the police but also the gendarmerie have legal police powers.

²⁷ UN Doc. E/CN.4/1997/85.

²⁸ Including detention houses since there is no difference between prisons and detention houses in Cambodia.

²⁹ UNCHR, Report on the State of Cambodia's Prisons (1995).

³⁰ UN Doc. A/52/489 (17 Oct. 1997), para 102.

³¹ *Ibid.*, para 105.

³² *Ibid.*, para 107.

³³ ADHOC, Annual Narrative Report, March 1, 1999 – February 28 (2000).

³⁴ *Ibid.*

³⁵ UN Doc. A/54/353 (20 Sep. 1999), para 106; UN Doc. E/CN.4/2000/109 (13 Jan. 2000), para 72.

³⁶ Human Rights Watch (1999).

³⁷ UN Doc. A/54/353 (20 Sep. 1999), para. 108.

Box 1-1 Human Rights (Continued)**6. Rights of women and children**

The most serious problem concerning women and children is human trafficking and sexual exploitation, such as prostitution. According to a survey, 30% to 35% of the prostitutes working in brothels are 18 years old or younger. Another survey shows that more than 60% of the prostitutes between the ages of 14 and 22 have HIV.³⁸ Most girl prostitutes were forced or deceived into prostitution or sold by their parents. Most of the income from prostitution is allotted to repayment of their debts. The Cambodian government is violating human rights in the sense that it is neglecting to carry out proper measures against human trafficking and sexual exploitation, such as criminal procedures and protection or relief for the victims. Although the Law on the Suppression of Kidnapping, Trafficking, and Exploitation of Human Beings³⁹ was enacted in 1996, the law has not effectively been enforced in reality. In addition, soldiers or policemen sometimes engage in these illegal acts. Since human trafficking is frequently carried out over the border with neighboring countries, such as Thailand and Vietnam, investigation and relief activities are carried out not only within Cambodia by NGOs and international organizations, but also across the border by international NGOs, such as the International Organization for Migration (IOM).⁴⁰

There are problems regarding criminal procedures for children. For example, the same procedures are applied to adults and children, and the reformatory system is inadequate.⁴¹ In addition, the Cambodian government has to deal with many other serious problems, such as street children, child labor, orphans, boy soldiers, and child abuse. To cope with this, the government established the Cambodia National Council for Children. The government also produced a Five-Year Plan against the Sexual Exploitation of Children with the support of international organizations and NGOs in 1999, following the 1996 Stockholm Declaration.⁴²

7. Rights of workers

In spite of the Labor Law, which came into effect in 1997, companies still arbitrarily dismiss union members and labor conditions remains poor. The government needs to monitor company compliance with the law and correct labor conditions.⁴³

8. Right to education

The rate of school enrollment is still low. The higher the grade, the lower the percentage rate. The enrollment rate for girls is lower than that for boys. Although elementary and secondary education is free under the constitution, the government expenditure for education accounted for less than 1% of GNP in 1998. Households and donors bear most educational expenses. The literacy rate is 79% for men and 55% for women. This prevents women from exercising their rights and participating in the society.⁴⁴

³⁸ UNICEF Cambodia (1999), Situation Analysis.

³⁹ (Translation into English) Law on the Suppression of Kidnapping, Trafficking and Exploitation of Human Beings (1996).

⁴⁰ Since 1997 the Mekong Region Law Center (MRLC), an NGO based on Thailand, has held workshops in the Mekong countries concerning measures against human trafficking – especially, the system of laws concerning human trafficking. Japanese Institute for Legal Development (JILD), a Japanese NGO, is assisting Cambodia's Law Ministry in drafting a bill against human trafficking. See its website, www.jild.org.

⁴¹ UN Doc. A/54/353 (20 Sep. 1999), para. 72; Legal Aid of Cambodia, Children Are Bamboo Shoots that Need Correction: Report on Incarcerated Children in Cambodian Jails, Analysis and Recommendations (April 1997).

⁴² CNCC (1999).

⁴³ UN Doc. E/CN.4/2000/109 (13 Jan. 2000), para. 66.

⁴⁴ UN Doc. A/54/353 (20 Sep. 1999), para. 88.

Box 1-1 Human Rights (Continued)**9. Health**

The rate of infant mortality and the death rate for pregnant women are still high. There are many contagious diseases, including malaria and tuberculosis. The number of those who have HIV is estimated to be 180,000 throughout the country. Although sanitary conditions are poor, the government only provides people with low quality, but expensive, health services. The government expenditure for health was 0.35% of the GDP in 1998. Households and donors bear most of the expenses for health services.⁴⁵

10. Environmental rights

It is reported that large-scale deforestation has been damaging the environment. Soldiers who cut trees threaten, or sometimes kill, local people or foresters who resist deforestation.⁴⁶

11. The Khmer Rouge tribunal

The United Nation and the Cambodia government are discussing trials in relation to the genocide that the Khmer Rouge committed during the Pol Pot era (1975-79). The focus of the discussion is to what extent the international organization can participate in the trials.

Although the United Nation demanded that a court should be held to judge the Khmer Rouge's inhuman crimes and its top executives, this was not seriously discussed until Ta Mok, one of the top executives of the Khmer Rouge, and Duch, the governor of Tuol Sleng prison, were arrested in March and May 1999 respectively for infringement of the Law Outlawing the Democratic Kampuchea Group.⁴⁷ The UN Secretary-General Kofi Annan delegated a legal expert, who suggested that a special international court should be held outside Cambodia because fair judgment could not be expected under Cambodia's legal system. After the UN Secretary-General agreed to the suggestion, a dispute arose between the UN and the Cambodian government, which had hoped that the trial would be held in a domestic court.⁴⁸ Apart from problems concerning the procedures, the discussion will focus on how to decide the scope of responsibility of the defendants – especially, how to treat the top executives of the Khmer Rouge who have already surrendered.

⁴⁵ *Ibid.*, para 90.

⁴⁶ Human Rights Watch (1998).

⁴⁷ The reason for the indictment was changed to a massacre specified by a law enacted in 1979. Under the law, Pol Pot and Ieng Sary were found guilty by trial in absentia in 1979. Ieng Sary was granted a pardon by the King when he surrendered to the government army, while Pol Pot died in April 15, 1998.

⁴⁸ Human Rights Watch (2000).

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Section 2. Industrial Development and Improvement of Industrial Environment

Nobuo HIROHATA

Cambodia is basically an agricultural country. Agricultural development, therefore, must be given the highest priority from the medium to long-term point of view, in which the achievement of both sustainable economic growth and alleviation of poverty are necessary. However, industries other than agriculture are also important and must be promoted in the short term, especially current leading sectors such as garments and tourism. In the medium-to-long term, it is necessary to foster new industries. From this point of view, Cambodia's economic and industrial (manufacturing in particular) development and the improvement of its environment are discussed in this section.

1. The present state of affairs

1-1 Changes up to the present

Cambodia's economy, in the past, revolved around traditional agriculture, forestry, and handicraft manufacturing. In less than ten years after the transition to a market economy from a centrally planned economy, however, Cambodia went through dynamic structural change. In the first half of the 1990s, Cambodia's economy was highly dependent on the assistance given by international aid agencies, and in the latter half, an increase in foreign investments in labor-intensive industries (such as garments) facilitated the economic growth. In the latter half of the 1990s, Cambodia obtained membership in ASEAN, which accelerated its transition to a market economy by prompting the globalization of the economy and quickening its integration into the regional economy.

Cambodia came to acquire an economic structure of its own as a result of being tossed about through such rapid economic change. The economic structure is characterized by (1) a two-tier system in which traditional industries are run by the indigenous people and modern industries are run mainly by ethnic Chinese, (2) a heavy weighting of garment industry, which is Cambodia's leading export-oriented labor-intensive industry, and (3) dependence on assistance from international aid agencies.

The economic state of Cambodia is fairly stable in

the sense that it got out of political unrest and the fall-out of the Asian financial crisis, both of which occurred in 1997. The real growth rate was 4.3% in 1999 and is expected to reach 5.5% in 2000. The inflation rate dropped in 1999 to 5.2%, and the exchange rate remains stable at around 1 US dollar=3,800 riels. All in all, macro-economic stability has been restored in Cambodia.

Cambodia's per capita GDP, however, has remained low, at about US\$300, and many more objectives must be attained in order for Cambodia to realize both sustainable economic growth and alleviation of poverty. The Royal Government of Cambodia needs to achieve the economic restructuring in line with agriculture-related reforms. Economy-wise, it is indispensable for Cambodia to accelerate industrial development by undertaking the following tasks: i) establishment of legal institutions for economic activities, ii) fiscal reforms, iii) monetary reforms, iv) improvement in the investment climate, v) formulation of industrial policies, vi) regional development, and vii) fostering of young talent.

1-2 Attempts of the royal government of Cambodia

The Royal Government has, up to today, taken various measures in an attempt to alleviate poverty and to accelerate its transition to market economy and to achieve sustainable economic growth, the outline of which is summed up below.

- (i) Formulating economic plans such as the Socioeconomic Development Plans (SEDP), Policy Framework Papers, and the macro-economic management plans
- (ii) Establishment of legal institutions for economic systems, including the Law Bearing upon Commercial Regulations and the Commercial Register, the Law on the Investment of the Kingdom of Cambodia, the Labor Law, the Law on the Organization and Functioning of the National Bank of Cambodia, and the Law on Taxation
- (iii) Improvement of investment environment through the Cambodia Investment Board and the *Law on the Investment of the Kingdom of Cambodia*

- (iv) Privatization of the state owned enterprises through property disposal by sale and lease
- (v) Fiscal reform through reduction of the government work force and tax system reform
- (vi) Monetary institution reform through reorganization of the banking institutions, such as the establishment of the Rural Development Bank

In terms of the implementation of the above measures, some are making progress, but they are on the whole lagging behind schedule because Cambodia's rapid economic structural changes are obstructing their progress. The Royal Government, therefore, must come to grips with the problem in order to improve its investment environment and therewith hasten its economic development for the years to come.

1-2-1 Economic planning

It is evident from Cambodia's past economic planning that, up until the year 1990, the Royal Government had regularly worked out socioeconomic development programs presupposing a planned economy. Between 1991 and 1995, the Socioeconomic Development Plan was formulated corresponding to the transition from planned economy to market economy. From the year 1995 on, Socioeconomic Development Plans have been drawn up presupposing a market economy. The National Program to Rehabilitate and Develop Cambodia (NPRD) worked out in 1994, to take a single instance, aimed to double the national income by 2004 through the development of agriculture, manufacturing and tourism.

The First Socioeconomic Development Plan (SEDP), for 1996 to 2000, gave highest priority to poverty alleviation and rural development. As to the economic targets, the Plan first aimed at the attainment of macro-economic stability through necessary economic structures, methods and policies. Secondly, the Plan endeavored to foster young talent who would be invaluable assets to the market economy. Thirdly, it intended to create more employment by promoting labor-intensive export-oriented industries, small and medium-sized enterprises, and the tourism. Lastly, it aimed at globalization of the Cambodian economy. The Plan also set macro-economic goals of achieving 7.5% GDP growth and containing inflation at around 4~5%. The Plan, at the same time, provided measures such as the following in order to hit the macro-economic targets: i) Monetary

reform by suspending central bank lending, increasing check transactions, expanding national savings and investments, promoting "de-dollarization," establishing development financial institutions, and strengthening the functions of the central bank; ii) Fiscal policies such as reducing the external dependency of national revenue, cutting down national expenditure, strengthening the tax collection systems, securing more budget for public investments, decreasing the military budget while increasing infrastructure development spending; and iii) Globalization by adopting free trade policy and liberalizing investments and exchange rates, obtaining both ASEAN membership and General State of Preference duties, and accepting IMF guidance.

Development strategies for each industrial field were also worked out in the First Socioeconomic Development Plan. As for the primary industries as a whole, annual GDP growth was targeted at 5.2%, 6% for the production of rice. Annual GDP growth for secondary industries as a whole was aimed at more than 9.8%-for manufacturing alone, the Plan targeted 10% growth through emphasis on i) privatization, ii) foreign investment inducements, iii) development of export industries, iv) development of the labor-intensive industries, v) utilization of the domestic resources, vi) development of import substituting industries, vii) development of the rural industries, viii) employment in urban informal sectors, ix) development of downstream chemical industries, and x) fostering of small and medium-sized enterprises as well as large-scale enterprises. As for the tertiary industries as a whole, an annual GDP growth rate of about 9% was targeted. For tourism in particular, the Plan set a goal of attracting one million tourists per year by the year 2000 through i) improvement of infrastructure, ii) development of hotels, iii) development of human resources, and iv) socio-culture preservation and natural environment conservation. As for the transportation and telecommunications industries, annual GDP growth was targeted at 10%.

The Royal Government of Cambodia came to an agreement with the IMF concerning the Policy Framework Paper, which was prerequisite for resuming the Enhanced Structural Adjustment Facility (ESAF) frozen by the IMF in October 1999. According to the Paper, the top priority is given to sustainable development and the alleviation of poverty. Various targets in the Paper were targeted for completion between 1999 and 2002, such as i) GDP growth at 6%, ii) inflation below 4%, iii)

the external current account deficit at around 12~13% of GDP, iv) gross official reserves equivalent to four months of import coverage, and v) increases in the national revenue to GDP ratio by 4% annually.

According to *Macro-Economic Management 1994-2002*, prepared by the Ministry of Economy and Finance for the consultative group (CG) meeting held in May 2000, the Royal Government aims to achieve the GDP growth rates of 5.5%, 6.3% and 6.3% in 2000, 2001 and 2002 respectively. Industrial breakdowns of the GDP growth rate indicate that the average growth rates between the years 2000 and 2002 for the primary, secondary and tertiary industries are expected to reach 2.8%, 9.1%, and 7.6% respectively. In particular, growth rates of the two leading industries, namely garments and tourism, are expected to reach 8.3% and 10.5% respectively. Estimates show private investment increasing by 9.5% annually between 2000 and 2002. The macro-economic indicators are expected to be stable all through the three-year period, with the inflation rate remaining at around 4% and the exchange rates at around 1 US dollar=3,800 riels.

1-2-2 Establishment of legal institutions for economic systems

The legal system in Cambodia has been prepared on an assumption that Cambodia's economy is already fully transformed into the market economy. Major laws (considered insufficient) concerning current economic activities are listed below.

- (i) The Law Bearing upon Commercial Regulations and the Commercial Register (enforced as of October 3, 1995)
- (ii) The Law on the Chamber of Commerce (May 20, 1994)
- (iii) The Law on the Investment of the Kingdom of Cambodia (August 4, 1994)
- (iv) The Labor Law (May 13, 1997)
- (v) The Law on the Organization and Functioning of the National Bank of Cambodia (January 26, 1996)
- (vi) The Law on Taxation (February 24, 1997)

The first two laws in the list above are enforced to regulate the commercial activities in Cambodia. The *Law Bearing upon Commercial Regulations and the Commercial Register* obligates private persons to register their commercial activities (except in cases where a

tax exemption privilege is granted). The *Law* requires all private persons engaging in the commercial activities to keep accounts, etc. according to the general accounting principles. The *Law on the Chamber of Commerce* prescribes the ways in which the Chamber of Commerce is established and its detailed functions. The Chamber of Commerce is to promote, with the support from the Ministry of Commerce, the development of Cambodia's industries such as commerce, manufacturing, agriculture and services. Immediately after the enforcement of the *Law*, the Phnom Penh Chamber of Commerce was, in fact, established.

Since these are the only two laws that regulate Cambodia's commercial activities, the current state of legal institutions is far from complete. Commercial disputes, as a consequence, are generally settled through the good offices of an influential person rather than at the court. Even at court trials, cases are often decided based on customary law rather than official laws due to Cambodia's incomplete legal system.

In order to establish a complete system of commercial laws, the Royal Government is currently revising the existing two commercial laws and preparing eleven new legislative bills (see the list below).

- (i) The Law on Commercial Enterprise
- (ii) The Commercial Contracts Law
- (iii) The Commercial Arbitration Law
- (iv) The Bankruptcy Law
- (v) The Law on Product Liability
- (vi) The Trademark Law
- (vii) The Law on Advertising
- (viii) The Law on Unfair Competition
- (ix) The Law on Secured Transactions
- (x) The Law Concerning the Leases of Personal Property
- (xi) The Law on Agency

The drafts of the bills are already made out and waiting to be proposed in the Congress. The Royal Government of Cambodia attempted to standardize the above laws with those of the major trading partners in ASEAN and the West, and also gave careful consideration to relation with the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO).

Additional laws concerning economic activities are the Civil Code and the *Land Law*, both of which are currently in preparation.

1-2-3 Improvements in the investment environment in Cambodia

(1) Cambodian Investment Board

The Royal Government of Cambodia, in its attempt to facilitate investment and to create new investment opportunities in the country, established the Cambodia Investment Board (CIB), an operational arm of the Council for the Development of Cambodia (CDC). CIB serves as a one-stop-service investment center, allowing local and overseas investors to deal with just one government body. *Anukret* (Council of Ministers Decree) *on the Organization and Functioning of the Council for the Development of Cambodia*, promulgated in June 1995, provides that CIB shall receive, approve and monitor all the investment applications. Those who plan to make investments in Cambodia must submit the investment applications to CIB. Once those investment projects are approved, favorable treatment is granted to the investors. Investors are to receive a response from CIB within forty-five days of the application.

(2) The law on investment

In August 1994, the Royal Government of Cambodia began enforcing the *Law on Investment*, which lays down rules on all the investment projects made by Cambodian companies (including those overseas) and foreign companies within the Kingdom of Cambodia, and which defines the details of favorable treatment granted to these companies. The government also provided the detailed rules of the *Law on Investment* by promulgating *Anukret* (Council of Ministers Sub-Decree) *on the Implementation of the Law on Investment in the Kingdom of Cambodia* in December 1997.

Cambodia's *Law on Investment*, with certain distinguishing features listed below, aims to attract foreign investments that would help Cambodia create new jobs and earn foreign exchange. (The Royal Government of Cambodia intends to present foreign investors with incentives that are more attractive than those of other ASEAN countries.)

- (i) The *Law on Investment* is made in reference to similar laws in other ASEAN countries.
- (ii) The treatment provided by the *Law* is more favorable than that provided by other ASEAN countries, such as a longer period of tax exemptions.

- (iii) The *Law* treats all investors, Cambodian or foreign, in a non-discriminatory manner, except for matters regarding ownership of land.
- (iv) The *Law* encourages investments in labor-intensive industries by providing favorable treatment.
- (v) More incentives are given for investments in export-oriented industries.

The *Law on Investment* guarantees to all investors that i) the Royal Government shall not nationalize private properties (article 9), ii) shall not impose price controls on goods and services (article 10), and iii) shall not restrict investors from remitting foreign currencies abroad (article 11).

Incentives in the *Law*, available for investors that meet specific conditions, shall consist of the following (article 14):

- (i) Reductions in corporate tax rates (from 20% down to 9%)
- (ii) Corporate tax exemptions (up to a maximum of 8 years)
- (iii) Carrying forward of losses (up to 5 years)
- (iv) Non-taxation on the distribution of investment dividends
- (v) 100% exemption from import duties

It is obvious that CIB approvals of foreign investment increased remarkably beginning in 1995 as the *Law on Investment* came into force. Industry breakdowns of these investments show that Cambodia in fact succeeded in attracting foreign investments in sectors such as garments, tourism and hotels. Major investing countries are the United States and France among the developed countries and Malaysia, Singapore, Taiwan, China and Korea among the Asian countries.

1-2-4 Reforms of the State Owned Enterprises

State Owned Enterprises (SOEs) played the central role in Cambodia's planned economy. In the decade since 1989, the Royal Government has made steady progress in privatizing the SOEs under the following schedule.

- | | |
|-----------|--|
| June 1989 | Leasing of SOEs' fixed assets (e.g., land and buildings) to the private sector started |
| July 1991 | Dissolution of SOEs (by sale to the private sector) started |

- Jan. 1995 Details of how to sell off SOEs provided (under the *1995 Law of Finance*)
- June 1995 Inter-ministerial Committee in charge of Privatization established (chaired by the Minister of the Economy and Finance), the functions of which are listed below:
- Overall planning of the privatization
 - Supervising the asset evaluation of the SOEs
 - Supervising the dissolution of the SOEs (by public tender, etc.)
- May 1996 The *Legal Framework for the State Owned Enterprises* adopted, the outline of which is as follows:
- Government ministries must pull out from all commercial activities.
 - SOE activities are limited to natural resource development, social infrastructure improvement, and public undertakings.
- Jan. 1998 The *1998 Law of Finance* enforced, requiring that money earned through the privatization of SOEs be spent for the promotion of further privatization

Many of Cambodia's factories have been closed down due to civil war, et al. Transfer of SOEs to private entrepreneurs, therefore, has been implemented (sale or leasing of SOE properties such as land and buildings to the private sector).

Out of the 187 SOEs that were present in 1989, 143 companies are already privatized, and out of the remaining forty-four SOEs, seventeen companies will be privatized and fifteen companies will be closed down as scheduled. Although the remaining twelve companies are expected to continue as SOEs, most of them would be neither profitable nor viable as private commercial enterprises. In particular, six state-owned rubber plantations, which together employ 15,657 workers, pose problems.

Among the already privatized 143 SOEs, twenty-two, many of which were manufacturing factories, were sold off to the private sector at an amount equivalent to about US\$18 million in total. For 116 SOEs, fixed assets such as land and buildings were leased to private entrepreneurs (at about US\$4.5 million annually in total). As for the remaining five SOEs, four were privatized through joint ventures and one was shutdown.

According to the government, all but three SOEs under the jurisdiction of the Ministry of Mining and Energy have already been privatized through disposal by sale or lease to the private sector. In addition, one of the remaining three, a textile factory SOE in Battambang, was recently leased out to the private sector. This leaves only two SOEs: Mechanical Factory No.1, which is a dormant large-scale machine factory located 10 km north of Phnom Penh along Route 5; and the Printing House, which is a Phnom Penh factory specializes in the printing of envelopes, etc. Among the SOEs that were leased out to the private sector, some are closed down for the time being-for example, Sang Yeah Rubber Products, a rubber factory located in Kandal Province, and Cambodia Ever Sky, a factory that produces cottons for medical uses.

As for SOEs under the supervision of the Ministry of Commerce, the three that were not privatized were merged to form the Green Trade Company at the end of 1998. This SOE purchases rice directly from farmers in Battambang, Prey Veng, et al. and from brokers in Phnom Penh and resells cleaned rice at the market in Phnom Penh. Its function and its terms of trade are basically the same as those of the rice cleaning mills in the private sector. The company has 220 workers and handles about 6,000 tons of rice per year.

1-2-5 Fiscal reforms

Cambodia's recent budgets have constantly been in the red, but the Royal Government is determined to reduce the deficit to zero through revenue mobilization and strict expenditure control.

(1) Mobilization of domestic revenue

In February 1997, in an attempt to increase domestic revenues, the Royal Government enacted the *Law on Taxation*, which prescribes the basics of a modern tax collection system. The tax base has also been widened by the introduction of new provisions to the *Law of Finance*, which is revised every year. The *1998 Law of Finance*, for instance, introduced value added tax (VAT), and the *1999 Law of Finance* introduced special purpose tax (SPT).

The kinds of tax collected in Cambodia include the following: i) corporate income tax; ii) a minimum tax; iii) personal income tax; iv) special tax; v) import ex-

port duties; vi) VAT; and vii) SPT. The corporate income tax rate, in principle, is 20%, but it varies among different industries. Some companies are exempted from taxation for up to a maximum of eight years or are granted the preferential tax rate (9%) according to the provisions of the *Law on the Investment of the Kingdom of Cambodia*. The minimum tax rate is fixed at 1% of total sales, regardless of the company's financial state or eligibility for preferential treatment. Personal income is categorized into four brackets and taxed progressively (5,10,15 and 20%). The special tax is imposed on tobaccos, beverages, motorcycles, bicycles, etc. As for the duties, export duty is imposed on some selected items, and import duty is imposed on all but a limited number of select items. Import duties are categorized and set in ranges-some items taxed less, as a means of investment incentive. The 10% VAT, which was introduced in January 1999, is imposed on goods and services supplied within Cambodia. SPT includes gasoline tax, the revenue of which is to be invested for the purpose of road betterment, and the 3% local tax on tobaccos and alcoholic beverages.

The Royal Government aims to increase the ratio of domestic revenues from 9% of GDP to 13% by 2002, and for this purpose the following measures were laid out in the Policy Framework Paper: i) complete enforcement of the *Law on Taxation*; ii) improvement in tax collection methods; and iii) expansion of the revenue base. More concretely, i) revision of the preferential treatments granted under laws such as the *Law on Investment*, ii) extension of VAT coverage, iii) incorporation of the non-tax revenue into the budget, and other measures are to be implemented.

(2) Expenditure control

In order to reduce military expenditure, which accounts for nearly 40% of public expenditure, the Royal Government is currently working out the Cambodia Veterans Assistance Program (CVAP), taking into consideration the fact that about 70% of military expenditure is for the salaries of career officers. The Royal Government plans to reduce the number of servicemen from around 140,000 as of June 1999 to between 80,000 and 100,000 within the coming five years. A register of all servicemen was completed by 1999, and a reduction in their numbers was implemented in January 2000. As a consequence, military expenditure will be reduced, from

2.9% of GDP in 1998 to 2% in 2002.

Under consideration at the same time is a reduction in the number of civil servants. Their numbers have been growing in recent years, with the expansion of the scope of public social services. The Royal Government, nevertheless, is determined to rationalize in this area-for example, by computerizing personnel management such as the calculation of salaries and by eliminating redundancy-and thus contain expenditures on civil service salaries at no more than 1.7% of GDP by 2002. As outlined in the Policy Framework Paper, the Royal Government aims to shift its priority to social development and infrastructure improvements. In *Macro-Economic Management 1994-2002*, it emphasizes promotion of education, health insurance coverage, and rural development.

1-2-6 Monetary system reforms

(1) Monetary system reforms

Both in the *Law on the Organization and Functioning of the National Bank of Cambodia* that came into force in January 1996 and in the First Socioeconomic Development Plan, the Royal Government of Cambodia expressed its intentions to improve Cambodia's monetary system by strengthening the central bank functions, which is also emphasized in the Policy Framework Paper. With regard to the Foreign Trade Bank of Cambodia (FTBC), it is scheduled to privatize by December 2001.

As for the private commercial banks, the *Financial Institution Law* (enforced in November 1999) obligates each commercial bank currently offering banking services within the boundary of Cambodia to re-obtain a bank license in order to strengthen the foundation of commercial banks in Cambodia. The license applications ought to be completed by the end of May 2000. After the bank inspections, which take half a year, the license will be renewed in November for those banks that pass; this implies the possibility that some banks will not obtain license, if they do not pass the scrutiny.

(2) Rural development finance

At the Council of Ministers of the Kingdom of Cambodia held in December 1998, rural development finance, especially for the alleviation of poverty in the rural farming villages, was given the highest priority.

For the development of the rural farming villages, the Rural Development Bank (RDB) was established in January 1998 under the leadership of the National Bank of Cambodia with the support from the Ministry of Economy and Finance. With initial capital of US\$250 million, the RDB started providing loans in June—the same year that non-government and other organizations began providing micro-finance. The rural development finance is regarded as a matter of great importance in *Macro-Economic Management 1994-2002* as well.

As for the lending conditions of the RDB, the annual interest rate is set within the ranges between 10 and 15 percent in US dollars and between 15 and 20 percent in Cambodia riels, taking into consideration the capital costs, business expenses, inflation rates, percentage of credit losses, etc. The RDB also gets a commission of 0.5% of the amount of loans. The lending period, in principle, is two years or less, and interest on loans should be paid in advance. The RDB also requires collateral in the form of fixed assets, bonds, and personal guarantees.

With regard to the micro-finance institutions that obtain loans from the RDB, the non-governmental organizations are now being transformed into the micro-finance institutions and will be placed under the jurisdiction of the central bank. In Cambodia, especially in the rural farming villages, micro-finance is provided by about 80 domestic and foreign NGOs in an attempt to complement private commercial banking. The micro-finance activity by the NGOs has not been limited to financing alone but has also contributed to the development of communities within farming villages and thus has played a part in the alleviation of poverty¹.

1-3 The Poverty Reduction Strategy Paper (PRSP)

Prime Minister Hun Sen, at the International Workshop held in May 2000, expressed his determination in

alleviating the poverty in Cambodia, for the purpose of which he also set the following goals: i) sustainable economic growth (e.g., annual GDP growth rate of 6~7%); ii) fair distribution (between haves and have-nots, between urban cities and rural farming villages, and between men and women); and iii) conservation of sustainable natural environment.

The Interim Poverty Reduction Strategy Paper (PRSP) was drawn up in August 2000 in accordance with the above-mentioned goals. The poverty reduction strategy presented in the PRSP consists of eight policy categories, each of which is accompanied by key policy measures.

As for the economic strategy, there are five policy categories offered in the report. With regard to the fiscal reforms (under the policy category of Economic Stabilization: see table 2-1), in particular, concrete policy measures such as the following are raised: extending the VAT coverage, etc.; removing such preferential treatments as tax exemptions and tax reductions; improving tax collection ability; containing public investments at a reasonable level; and rationalizing public expenditures.

From the economic point of view, the PRSP stands on the assumption that the tax revenue will increase according to the given growth rate of 6~7%. The Royal Government, in addition, aims to increase the tax revenue by imposing higher tax burdens, especially on the foreign owned private companies (by removing investment incentives such as tax deductions, and by extending the VAT coverage). It is assumed that foreign direct investment will increase, despite the increasing tax burden, as Cambodia restores its economic stability and improves its legal institutions.

With regard to the budget distribution, the Royal Government put more emphasis on the local finance. The external assistance from donor countries, therefore, is tacitly applied more to the provinces. The national budget has an assumption that money collected in urban areas will be distributed to provinces; thus, it is impor-

¹ The largest micro-finance institution in Cambodia is the ACLEDA, the present staff of which is 330. The ACLEDA, with support from international aid agencies, has been providing loans, which amounted to US\$10 million in total, to about 60,000 poverty-stricken farmers, 88% of which are women. The farmers often use the loans of a few hundred dollars each as capital and start their businesses such as vegetable cultivation, peddling, street vending, dining, and repair. As a consequence of the increased incomes, the living standards of the farming villages are gradually improving. The percentage of credit losses remains as low as about 3%. The SEILANITI, another micro-finance institution similar to the ACLEDA, provides loans not only to poverty-stricken farming populations, but also to war sufferers and women householders living under poverty in the metropolitan area of Phnom Penh. The activity of such micro-finance institutions is not limited to financing alone, but it contributes also in the alleviation of poverty through such activities as village development. For instance, CADET engages in a wide range of activities such as those of the Rice Bank and the Cattle Bank, and for health care for villagers, and childbirth and child-rearing education.

Table 2-1 The Outline of the PRSP

Policy Categories		Poverty Reduction Strategy: Policy Measures
1	Social stability	Improvement of legal institutions, human rights protection, democratization
2	Fiscal reform	Expanding public revenue, reducing public expenditure (esp. defense costs), strengthening the bank foundations (through the mobilization of savings)
3	Investment promotion	Increase in external assistance, promote foreign direct investments
4	Farming sector-oriented development	Investments in farm village infrastructures, strengthening micro-finance
5	Improvement in institution capacity	Good governance, greater transparency, reporting obligations, preventing corruption
6	Globalization of the economy	higher productivity, gaining comparative advantages through international competition
7	Development of human	Education resources
8	Closer cooperation with aid agencies	Building stronger ties with the donor countries and the NGOs

Policy Categories		Economic Strategies: Policy Measures
1	Economic stabilization	Acceleration of the transition to the market economy, strengthening the economic power of the provinces, globalization, fiscal reforms, taxation system reforms, international payments deficit and foreign debt management, stabilization of prices, maintaining the present monetary, trade and exchange rate policies, monetary system reforms, etc.
2	Promotion of private enterprises	Establishment of the legal system
3	Infrastructure development	Roads, electricity, water supplies and irrigation facilities
4	Rural development	Decentralization of power, land system reform
5	Micro-finance	The Rural Development Bank

Source: The table is compiled by the author based on information from the Royal Government of Cambodia in 2000.

tant for urban areas to achieve high economic growth and to increase tax revenue in order to assist the expansion of local finance.

Therefore, in order to accomplish the kind of budget distribution stated in the PRSP that would both alleviate poverty and realize rural-oriented development, it is indispensable to consider how to increase foreign direct investments in the urban areas.

1-4 External support

External support for the purpose of improving Cambodia's economic environment has been provided mainly through multilateral international aid, examples of which are the IMF loans, and technical cooperation and loans provided by the World Bank and Asian Development Bank. As for bilateral support to Cambodia, on the other hand, Japan is the largest donor, followed by support from France (through AFD) to the Rural Development Bank of Cambodia, and support from Sweden (through SIDA) to the Cambodia Development Research Institute (CDRI). The following is a list of the types of support provided to Cambodia.

- (i) Loans (provided by the IMF, WB, ADB, and Government of Japan)

- (ii) Drawing up of Cambodia's Economic Development Plan (by the WB, ADB, and Government of Japan)
- (iii) Establishment of legal institutions (by the WB, ADB, and Government of Japan)
- (iv) Improvement in the monetary system (by the ADB, AFD, and Government of Japan)
- (v) Dispatch of experts (by the IMF, WB, ADB, UNDP, USAID, Government of Japan, et al.)

1-4-1 The International Monetary Fund

Cambodia became a member of the International Monetary Fund (IMF) in December 1969 and obtained IMF loans in the first half of the 1970s. In the early 1990s, Cambodia was given the Enhanced Structural Adjustment Facility (ESAF), but the IMF decided to suspend the loans for the period between 1995 and 1997 due to Cambodia's inability to meet the IMF conditionality (see table 2-2).

The IMF decided to resume the ESAF in October 1999 taking into account the political stability being restored in Cambodia. A loan of about US\$81.6 millions is expected for the 1999-2002 period, which is supposed to contribute to poverty alleviation and the achievement

Table 2-2 IMF Loans

as of the end of June 2000

(Unit: SDRs)

Year	Loan Amount	Amount of Payment
1971	6,250,000	0
1972	6,250,000	0
1973	6,250,000	0
1978	0	6,426
1992	0	7,917,673
1993	6,250,000	10,825,865
1994	14,000,000	0
1995	28,000,000	0
1998	0	1,041,666
1999	8,357,000	2,441,666
2000	0	1,920,833

Source: Compiled based on IMF documents.

of sustainable economic growth. Prior to the implementation of the ESAF, the IMF and the Royal Government of Cambodia came to an agreement with the *Medium-Term Economic and Financial Policy Framework Paper, 1999-2002*, in which the IMF's conditionality was presented as a prerequisite for obtaining the loan. The Royal Government, for instance, is asked to undertake fiscal reforms, forest management, administrative reforms, private sector development, public enterprises reforms, monetary reforms, social development, etc.

The IMF, at the same time, is extending technical assistance to the Ministry of Economy and Finance, the National Bank of Cambodia, et al.

1-4-2 The World Bank

The World Bank has financed eight projects, listed in table 2-3, as of the end of June 1999, which includes three project loans in the field of infrastructure development such as an electric power facility in Phnom Penh, water supply facilities in both Phnom Penh and Sihanoukville, and repair work of Route 6. Five other projects were program loans, which the WB financed for such objectives as the improvement in agricultural productivity; medical and insurance systems, village development, and social development. The WB loans are also available in order to cover the expenses of technical assistance to the government institutions. Approved amount of the World Bank loans accumulates to about US\$240 million. In addition to this, three projects in the fields of education, environment, and water supply are scheduled in the future, the total amount of which is US\$21 million.

Table 2-3 World Bank Loans

as of the end of June 1999

(Unit: thousand US dollars)

Project Details	Loan Amount	Approved Date
Technical assistance	17,000	Jun-94
Social Fund	20,000	Jun-95
Restoration of power supplies in Phnom Penh	40,000	Sep-95
Insurance and medical care	30,400	Dec-96
Improvement in agricultural productivity	27,000	Feb-97
Urban water supplies	30,960	Feb-98
Social Fund II	25,000	Mar-99
Road restoration	45,310	Mar-99
Development of the villages of the north east	5,000	May-99
Total	240,670	
Education (plan)	5,000	
Environment (plan)	5,000	
Water supply (plan)	11,000	

Source: Compiled by the author based on WB documents.

The WB extends technical assistance to its Cambodian partners such as the Council of Ministers, the Council of Development, the Ministry of Economy and Finance, and the Ministry of Justice. As technical assistance, the WB hires consultants, provides training, and purchases computer apparatus in order to support public investment management, public expenditure management, foreign debt management, employment management, and development of legal institutions.

The WB held a meeting with the Royal Government of Cambodia at the end of February 2000 with regard to the Country Assistance Plan (CAS) for Cambodia. At the meeting, the WB brought up a US\$270 million financing plan provided by the International Development Association (IDA) of the WB group, the target period of which is from 1999 to 2003. The fund is to be spent mostly for rural development, rural infrastructure development, health care, education, and public sector reform, but partly for fiscal reform, legal system improvement, and capacity development among politicians and institution players.

1-4-3 Asian Development Bank

The Asian Development Bank (ADB), as shown in table 2-4, had financed thirteen projects in Cambodia as of the end of December 1999. In detail, the ADB provided eight project loans in fields related to infrastruc-

Table 2-4 The Asian Development Bank Loans

as of the end of December 1999

(Unit: thousand US dollars)

Project Details	Amount of Loans	Approved Date
Transformer in Phnom Penh	1,670	Apr-70
Support for special restorations	67,700	Nov-92
Restoration of electric power	28,200	Dec-94
Education	20,000	Aug-95
Irrigation facility	25,100	Sep-95
Agricultural sector	30,000	Jun-96
Textbooks for education	20,000	Jun-96
Insurance and medical care	20,000	Jun-96
Waterworks and sewer system in Phnom Penh	20,000	Sep-96
The Siem Reap Airport	15,000	Dec-96
Roads between Phnom Penh and Ho Chi Minh	40,000	Dec-98
Roads	68,000	Sep-99
Water supply	20,000	Dec-99
Total	375,670	—

Source: Compiled by the author based on ADB documents.

ture facilities, such as the development of an irrigation facility, construction of a high voltage transformer in Phnom Penh, restoration of a power facility, improvement of water supply facilities in Phnom Penh as well as in the provincial capitals, maintenance of the Siem Reap Airport, and repair of roads. The ADB, at the same time, provided Cambodia with five program loans, which were targeted at certain fields, such as agriculture, education, and public health. The total amount of loans approved by the ADB accumulated to about US\$380 million.

The ADB, up to today, has given sixty-five instances of technical assistance to Cambodia's macro-economy, finance, rural development, and infrastructure improvement, the total amount of which is about US\$49 millions.

One of the remarkable examples of ADB technical assistance is the traineeship provided at the in-service training center of the National Bank of Cambodia (NBC), which is designed for personnel in banking businesses and others. Every year, ninety people enroll in the training program: seventy-six NBC staff and fourteen from other institutions. The trainees are to complete the two-year bank-training program that is divided into five stages. The training program covers various subjects such as economics, law, accounting, information technology, and languages.

1-4-4 International Finance Corporation

The International Finance Corporation (IFC) set up the Mekong Project Development Facility (MPDF) in 1997 with the objective of fostering small- to medium-sized enterprises in the three countries at the Mekong delta, namely Cambodia, Viet Nam and Laos. The MPDF has been active in Viet Nam for some time, but its activity in Cambodia has just started.

The MPDF mainly provides business support for the small- to medium-sized enterprises. In Cambodia, its activity is still limited to extending technical assistance to the ACLEDA, the largest micro-finance institution in Cambodia. The MPDF, at the same time, is planning to back up Cambodia's medium-sized private enterprises in the future. In the years to come, the IFC as well plans to provide loans to such enterprises.

2. Direction of development

Thinking of Cambodia's future development, both the alleviation of poverty and the achievement of sustainable economic growth should be set as the goals. In order to achieve these aims, it is indispensable to attain macro-economic stability and to improve the foundation of the economic environment. It is of utmost importance, at the same time, for the Royal Government to carry out administrative reform, fiscal reform, monetary reform, legal institution building, and development of human resources.

Some of the above-mentioned economic reforms are, in a sense, double-edged swords. Especially in relation to fiscal reform, both the VAT, introduced in order to increase public revenue, and the removal of preferential tax rates, provided for investment incentives, are, at the same time, hindering the development of Cambodia's private enterprises. As another example, the public expenditure cuts, in order to reduce the number of both career officers and civil servants, are also leaving a problem of rising unemployment.

In a sense, the current success of one of the leading industries, garment industry, can be attributed to preferential tax exemptions from developed countries such as the United States. Without the preferential status, Cambodia by no means has comparative advantages in labor cost (as seen in labor productivity), production costs (such as electric power), and distribution costs (including transportation costs). Furthermore, the advantage

that Cambodia expects to obtain from becoming a member of the AFTA does not necessarily exceed the disadvantage of diminishing tariff revenues, which currently account for about forty percent of Cambodia's public revenues.

Therefore, in the years to come, it is not sufficient for Cambodia to pursue macro-economic stability and economic reforms alone; it also must aim to achieve a comparative advantage in the industrial sector. To do so the Royal Government needs to proceed with the following policy measures: improvement of the investment environment (in terms of legal institutions, economic infrastructure, and administrative ability); development of strategic industries (such as garment, industries with high factor-endowment ratios, and tourism); promotion of small-scale businesses (such as urban-area small-scale enterprises, local industries, and micro-finance); and realization of an information-oriented society (through the development of human resources, and the improvement of both information infrastructure and information content).

2-1 Macro-economic stability and economic reform

It is a matter of great importance for Cambodia to maintain its macro-economic stability and to carry on with its economic reform. With regard to the administrative reform, it is indispensable for the Royal Government to reduce the number of civil servants through rationalization of public works and to lay off career officers. Fiscal reform should consist of public expenditure cuts through reductions in both civil servants and career officers, and public revenue increases through tax reforms such as the introduction of VAT and the expansion of the tax base. As for monetary reform, both the development of the money market and the mobilization of savings are necessary (through building up bank systems, etc.). With regard to legal institutions, the enactment of land law, mercantile law and civil law is urgently needed. The establishment of an accounting system is also of great importance. It is also essential for the Royal Government to pay special attention to attaining stability in prices and exchange rates and to improving its balance of payments.

2-2 Improvement in the investment environment

2-2-1 Improvement in legal institutions

Cambodia's economy since the early 1990s has been changing from a planned economy to a market economy, and is still in the middle of the process due to the delay in establishing the necessary legal institutions.

With regard to the legal institutions necessary for economic activities, it is of utmost importance for Cambodia to equip itself with the basic components of the market economy, namely i) land law, ii) mercantile law, and iii) a civil code. For this very purpose, international aid agencies are currently providing Cambodia with necessary support. In addition to this, in the industrial development point of view, it is important to i) carry out a review on the existing Law on Investment and ii) enact law on the development of the small- to medium-sized enterprises and iii) on the export processing zones (see "Good Governance" in chapter 2, section 1, part 2 for the more complete study on Cambodia's legal institutions).

With regard to overall improvement in the capacity of its legal institutions, it is a matter of great importance for the Royal Government to build up the capacity of Cambodia's Ministry of Justice and to educate lawyers, for which technical assistance is necessary.

2-2-2 Improvements in economic infrastructure

Cambodia's infrastructure such as roads, harbors, airports, railroads, electric power and telecommunications are, in general, underdeveloped. In the rural areas as well, it is necessary to improve infrastructure, such as farm roads and small-scale irrigation facilities (see "Improvement in Social Overhead Capital" in chapter 2, section 3 of part II for more complete study on infrastructure).

As for the economic infrastructure, it is important to apportion the limited funds only to the essentials. The highest priority should be given to the development of infrastructure such as the Sihanoukville harbor, the city of Phnom Penh, and the areas along Route 4 connecting Sihanoukville and Phnom Penh, all of which make up the main artery of Cambodia's economy (in terms of industry, trade, and distribution). The selective develop-

ment of such is, at the same time, reasonable in terms of efficiency. In this sense, it is also requested that the Royal Government incorporate development both of the export processing zones and of the surrounding regions into the development projects of the Sihanoukville harbor, electric power plant, etc.

On the other hand, it is necessary to selectively improve the infrastructure of Siem Reap, which is known for its Angkor temple complex, Phnom Penh, and the regions connecting the two cities. As a matter of fact, in Siem Reap, which is expected to flourish as a tourist city, expansion of the airport and the development of Route 6 are currently in progress. Because Siem Reap is highly regarded as a source of foreign exchange, it is important for the Royal Government to proceed further with the development of its infrastructure.

It is also indispensable, at the same time, to promote the development of infrastructure on borders with Viet Nam (such as Svay Rieng and Bavet along Route 1) and Thailand (such as Battambang, Sisophon and Poipet along Route 5).

2-2-3 Improvements in the institutional capacity of Cambodia's administrations

In order to improve Cambodia's investment environment, it is indispensable for the Royal Government to expand the institutional capacity of its administration, in addition to its development of its legal institutions and economic infrastructure. For the institutional capacity building, extensive training should be provided to civil servants at each ministry and agency in order to foster the necessary talent, examples of which are listed below.

- (i) The Cambodia Investment Board needs personnel with the ability to comprehend and judge the private sector investment plans.
- (ii) The Ministry of Planning requires personnel capable of compiling various kinds of economic statistics, analyzing statistical data, putting them to practical use, and drawing up Socioeconomic Development Plans. It is also important for the Ministry to improve the staff's project planning abilities.
- (iii) The Ministry of Mining and Energy needs personnel capable of planning the development schemes for small- to medium-sized enterprises, for which in-service training should be provided.
- (iv) The Ministry of Economy and Finance requires

personnel highly capable of collecting taxes, knowledgeable about public finance, and able to relate with the real business world.

- (v) The National Bank of Cambodia needs personnel knowledgeable about finance and able to relate with the real business world.

2-3 Development of strategic industries

2-3-1 Garment industries

The construction of garment factories in Cambodia, especially by overseas Chinese, has been increasing since 1994, which was encouraged by the enforcement of the Law on Investment in the same year. The number of shoe factories, at the same time, has been increasing and is expected to continue doing so for the years to come.

With regard to garment industry, continuance of growth depends solely on whether or not Cambodia's garment products for export to the United States can continue to enjoy preferential tax rates. In the hope of further promoting garment industries, abolition of the GSP ceiling on garment products, etc. by the US is anticipated. Meanwhile, it is necessary for the garment industries to do the following: i) foster persons of talent, especially a stronger management class; ii) expand the export volume (by extending the market, etc.); iii) diversify products so as to create a new demand for products that are not subject to GSP ceilings; iv) make inroads to the upstream industries; and v) develop small- to medium-sized enterprises.

In order to accelerate the growth in garment industries, the Royal Government, from the point of view of employment generation, should focus on the promotion of labor-intensive industries by giving favorable treatment. It is true that garment industry is currently Cambodia's leading industry. The actual import business, however, is carried out by companies of surrounding countries (such as Taiwan, Korea, and China), from which Cambodia imports necessary facilities, raw materials, etc.; and the actual export business is by companies of the Western countries to which Cambodia exports its products. One should note that this is an aspect of territorial economy, which is similar to plantations during the colonial era. It is important, therefore, to promote companies of Cambodian origin to engage both in the upstream and downstream businesses of the gar-

ment industry. It is imperative for Cambodia to expand the range of garment industries by increasing commitments to the related businesses of the indigenous people.

2-3-2 Industries of high domestic factor endowment

Cambodia, although it traditionally has been an agricultural country, has no comparative advantage in food processing industries, due to the fact that the degree of self-sufficiency in domesticated crops is low. Not many Cambodian companies, as a matter of fact, engage in food processing related businesses, due to low competitiveness. In addition, packing materials for processed foods are also imported fully, which does not allow enough scope for import substitution in this field. The Royal Government, therefore, is expected to draw up a plan to promote and assist the Cambodian companies in food processing industries. For instance, canned food businesses (for processed fish and fruits) have high potential.

For Cambodia, which is rich in forest resources, timber export is the most important source of its foreign currency acquisition. In recent years, however, the Royal Government has had to restrict its annual volume of felling and, at the same time, engage in afforestation projects and manage strictly the timber resources, due to criticism of multilateral donors and NGOs concerning environment protection. Cambodia's timber processing industry should achieve higher productivity through cost cutting and the production of higher value added goods such as furniture and flooring.

2-3-3 Tourist industries

Cambodia's tourism, in which the Angkor temple complex plays a central role, is one of Cambodia's industries that can acquire foreign exchange for certain. The number of tourists heading to Siem Reap, where the Angkor temple complex is located, is currently in a rapid increase. A direct flight from Bangkok, Thailand has been opened and extension work of the Siem Reap airport has been completed. Direct flights from other Asian countries will certainly increase in the years to come. It is important for the Royal Government to recognize Siem Reap as a major tourist city with which to further promote Cambodia's tourism. It is also expected

to have a considerable ripple effect on tourism related businesses and to generate new employment.

2-3-4 Assembly and processing industries

Following the experience of the leading ASEAN countries, Cambodia should regard assembly and processing industries such as electrical product manufacturing as important and promote them as Cambodia's strategic industries for the years to come. It is thus expected to invite foreign capitalized companies to set up their plants in Cambodia.

2-4 Small-scale enterprises

2-4-1 Fostering the small-scale enterprises

The most distinguishing feature of Cambodia's economic structure is its duality. It consists of a rural economy centering around the self-sufficient traditional agricultures on one side, and an urban economy shaped by foreign direct investments, especially in garment industries, on the other side.

Under such economic circumstances, Cambodia's success in attaining sustainable economic growth and poverty alleviation depends on the promotion of small-scale businesses in the urban cities such as Phnom Penh and on the development of local industries in the rural farm villages.

In order to foster small-scale businesses, expansion of micro-finance activities should be an effective measure. The Royal Government has currently just started providing the necessary support by establishing the Rural Development Bank, but it does not go far enough.

2-4-2 Urban small-scale businesses

In Cambodia's urban areas, such as Phnom Penh, the economy revolves around garment industries run by foreign companies. It is important to develop new small-scale enterprises run by the indigenous people in fields such as manufacturing, trade and services. The following are the actual examples of businesses that are in demand: i) the upstream and downstream businesses of garment industries; ii) businesses that are extended from the activities of the international aid agencies; iii) retail; iv) tourism related businesses; and v) handicrafts, all of which must be encouraged by the Royal Government.

2-4-3 Local industries in the provinces

In order to alleviate poverty, resolve the income disparities between the cities and rural villages, and stop the population movement from farm villages to cities, it is important for Cambodia to develop local industries in the provinces. However, putting this idea into practice is very difficult due to many constraints.

In Cambodia's *Law on Investment*, greater tax incentives for investment are given for investment in the provinces than in urban areas. However, the difference is not enough to entice companies away from cities, because disadvantages in underdeveloped rural infrastructure (such as roads and electric power) currently exceed by far the advantages of the investment incentives.

Historically, regions with no specific basic skills or markets have had little chance of developing new industries, which is also evident in Japan's experience. Therefore, realistic measures must extend the existing local traditional industries in the region and aim at producing higher value added goods in those industries. It is also important, at the same time, to partly utilize the traditional techniques that have been used in the manufacturing processes of the local industries by applying them to modern industries.

Cambodia's local industries that are expected to develop in the future are i) earthenware (and relevant techniques) of Kompong Chhnang, et al., ii) silk cloth (and relevant weaving techniques) of Takeo, et al., iii) furniture (and relevant carpentry techniques) of Kratie, et al., and iv) stone products (and relevant stone cutting techniques) of Pursat, et al. In order to promote industrial development in the provinces, it is effective for the Royal Government to foster such local industries by providing them with specific incentives and necessary assistance.

2-5 Promotion of the diffusion of information technology

2-5-1 The current state of the diffusion of information technology

It is well known that the evolution of information technology, scale of economy and economic growth rate correlate closely with each other. Promotion of information technology, therefore, is an essential factor for Cambodia's economic development. First of all, the

Table 2-5 Diffusion of Information Related Apparatuses

Information Apparatus	Numbers in Use	Percentage of Households Owning
Household Telephones	19,000	0.18
Portable Telephones	34,000	0.32
Fax Machines	3,000	0.03
Televisions	1,298,000	12.3
Radios	1,300,000	12.7

Source: The New ITU Association of Japan (2000)

current diffusion of information apparatus in Cambodia (see table 2-5) is very low.

Most of Cambodia's telephone facilities were established before 1970. Telecommunications service in Phnom Penh, for instance, is still low in quality and short in supply, despite the fact that those telecommunications facilities were once improved through grants from Japan. The current state of communications in the provincial capitals, in particular, requires improvement. Portable telephones, on the other hand, came into wide use recently in urban areas, which is one of the distinctive features of Cambodia.

Diffusion of personal computers is expected to grow in the years to come. Internet service providers include Camnet (a joint venture established in May 1997 involving Cambodia's Ministry of Posts and Telecommunications), Canadian International Development Center and The Telstra Bigpond run by an Australian company.

2-5-2 Diffusion of information technology and how to cope with various constraints

Cambodia must get over the following obstacles in order to promote the diffusion of information technology: i) lack of talented persons, ii) slow diffusion of information technology within the government agencies, and iii) delays in taking appropriate measures (such as hardware and software development).

- (i) Lack of talented persons is not necessarily the problem peculiar to the diffusion of information technologies. Technical experts, nevertheless, are required, and for this purpose the University of Phnom Penh, the National Institute of Management, and the Institute of Technology of Cambodia are all currently providing training in personal computer related skills.
- (ii) As for the diffusion of information technology

within the government agencies, the percentage of persons owning personal computers is as low as around 10%. Office networks are not established, much less home pages (those ministries that have home page are the Ministry of Commerce, the Ministry of Tourism, and the Ministry of Justice). With regard to the information-dispatching function of the government agencies, it is necessary to provide data on Cambodia's market as well as its investment environment. It is also important, with regard to the information gathering function of the government agencies, to obtain data of the developed countries, surrounding ASEAN countries, et al.

- (iii) Strengthening the hardware, such as by the establishment of a communications network, is of great immediate importance (see "Improvement of the Social Overhead Capital" for the details of hardware development of telecommunications infrastructure). As for the software, problems such as the following must be solved: underdeveloped information content; limited information circulation; and the lack of an information input system in the Khmer writing.

2-5-3 The Course of information technology diffusions

The most realistic course Cambodia must choose for future information technology diffusion is as follows, taking into consideration its initial conditions such as its economic strength, underdeveloped infrastructure, and lack of necessary manpower.

- (i) Solve the problem of "digital divide" existing between Cambodia and other ASEAN countries.
- (ii) Promote the evolution of information technology from a "point" (within Phnom Penh) to a "line" (connecting Phnom Penh and the provincial capitals), and from a "line" to a "surface" (extending from the provincial capitals to the rural farm villages).
- (iii) Prioritize the diffusion of information technology from the center to the periphery (from city dwellers, people with high academic background, and the rich to farm village dwellers and the poor).

There is currently a concern that the "digital divide" existing between the developed and developing countries might expand due to the IT revolution in progress

in the developed countries, including Japan. In order for Cambodia to further globalize its economy, therefore, it needs to catch up urgently with the ASEAN countries, with which Cambodia has to compete and cooperate at the same time. The Royal Government must make an attempt to lessen the information disparity existing between Cambodia and other ASEAN countries. Following the ASEAN examples, for instance, the Royal Government needs to draw up a plan regarding the diffusion of information technology in the country, and to establish the relevant legal system.

The IT revolution, at the same time, is a perfect opportunity for Cambodia to gain the latecomers advantage. This possibility has been proven, in a way, by the rapid diffusion of portable telephones in Cambodia. As a matter of fact, high-performance and easy-to-operate personal computers and the Internet have been available in Cambodia since the very beginning of its economic restoration. Although this does not immediately enable e-businesses, the Royal Government, at least, can benefit from increased efficiency in public works, accelerated business formation through improved information and reduced transaction costs, accelerated reform in education, etc.

The diffusion of information technology from Phnom Penh and the provincial capitals to the rural farm villages is inadequate, and it is undesirable that diffusion of information technology has been mainly to city dwellers and the rich while ignoring rural citizens and the poor. However, prerequisite to carrying out personal computer education in rural farm villages is the existence of computer experts and teachers equipped with computer skills, increased percentages of households owning personal computers, and a communications network being installed.

2-5-4 Information technology diffusion measures

In order to accelerate the diffusion of information technology in Cambodia, the following measures should be emphasized: i) fostering of talented persons; ii) development of information infrastructure; and iii) improvement of information content.

- (i) Fostering of talented persons requires more complete education. In Cambodia, the number of private-owned computer schools and English language schools is currently showing a rapid in-

crease. Public schools, at the same time, play a key role in fostering talented persons. High level education provided by universities should be especially emphasized, followed in the future by primary and secondary education.

- (ii) As for the development of information infrastructure, it is necessary to establish an optical fiber telecommunications network and wireless stations, etc. Increased personal computer use in government agencies, the establishment of office networks, and the diffusion of computer technology are also required.
- (iii) Improvement in information content includes organization of written information and statistical data, and the establishment of a home page for each ministry so as to provide Cambodia's basic information.

3. Direction of Japan's assistance

3-1 Basic concept

Japan, up to today, has been providing Cambodia with needed resources through multilateral and bilateral aid agencies. Still more assistance, however, is required for Cambodia, which is still in the process of rehabilitation from the aftermath of the civil war that lasted for a quarter of a century. Further external assistance is especially needed for accelerating Cambodia's transition to the market economy.

In the economic sphere, macro-economic stability, favorable economic environment, development of human resources, etc. are necessary in order to achieve sustainable economic growth, alleviation of poverty, and fair distribution, all of which are already mentioned in the PRSP. In addition to this, it is considered important, in order for Cambodia to gain comparative advantage in the industrial sphere, that the Royal Government take measures such as those for investment environment improvement, strategic industry development, small-scale business support, and information technology diffusion, and obtain more external assistance for these purposes.

In particular, it is regarded as important that foreign assistance be given selectively for the following purposes: i) achievement of both economic growth and national income growth; ii) fostering of talented persons (e.g., competent administrative officials in charge of the economic related activities); and iii) creation of new

employment and new sources of income other than agriculture in the agricultural districts.

3-2 Expected results of the foreign assistance

In the economic sphere, realization of sustainable economic growth and alleviation of poverty are the ultimate objectives-which cannot be accomplished by Japanese assistance alone. The expected result of the foreign assistance that is set up for each of the individual projects, therefore, becomes important. In practice, before the implementation of a project, one must determine the following: i) to what extent the foreign assistance will contribute to the economic growth; ii) a quantitative objective and trial calculations, in addition to the qualitative objective of alleviating poverty; and iii) development of human resources (It is easy to set up the total number of people as an objective. However, qualitative objective such as the significance of the assistance must be emphasized here over the quantitative objectives.).

Japan can obtain, in the economic sphere, the following results from its aid to Cambodia policy: i) increased number of pro-Japanese Cambodian administrative officials in charge of economic related activities; ii) greater numbers of Japanese companies investing in Cambodia; and iii) increased number of Japanese tourists visiting Cambodia.

3-3 Strategy for achieving the expected results

In the years to come, Japan anticipates facing a big increase in its workload involving its aid to Cambodia, the causes of which are listed below.

- (i) Increase in the entire volume of aid activity
- (ii) Contents of aid shifting from hardware improvement to software support, which is a greater workload
- (iii) Increasing number of project type assistance in which more effort is required in ironing out the differences of opinions among the interested parties, and the increased number of projects that poor people participate.
- (iv) Required coordination with international aid agencies

Therefore, efforts should be made to monitor

Cambodia's situation on a regular basis in addition to increasing the number of both the experts dispatched to the country and the local training programs sponsored by Japan. It is necessary to cope with the situation from within the country, as well as from Japan, and this will require increases in the number of JICA and JBIC staff.

It is also necessary for all the government agencies that engage in ODA to work in closer cooperation with each other and to share information, while building a closer connection with the NGOs. Ideas such as to organize Cambodians who have studied in Japan and returned should also be considered along with other means.

3-4 The contents of external assistance

3-4-1 Macro-economic stability and economic reform

With regard to the macro-economic stability and economic reform, international aid agencies such as the IMF, WB and ADB have already been supporting Cambodia's administrative reform, fiscal reform, monetary reform, etc.

Additionally, Japan has been providing training on financial and related matters, and is expected to extend its activities in the years to come. In concrete, intellectual support provided to Viet Nam, Mongolia, et al. by JICA on the issue of transition to a market-oriented economy (including topics on fiscal and monetary matters, tax collection, promotion of private enterprises) can also be applied to Cambodia.

The number of experts dispatched to Cambodia should be increased in the economics related fields. As well, it is necessary to increase the number of local staffers who are in the economics field.

3-4-2 Improvement of the investment environment

Concerning the establishment of Cambodia's legal system, Japan has been assisting Cambodia with its drafting of the Civil Code. It is expected to take about three more years to complete the draft. It is an important project that requires Japan to continue and strengthen its support to Cambodia. There also is a possibility that Japan might engage in the review work of the existing *Law on Investment*, and provide support to

the enactment of the *Law on the Development of the Small- to Medium-Sized Enterprises* and the *Law on the Export Processing Zones*. From the point of view of improving institutional capacity of the legal system, it is necessary to provide intellectual support (in the form of dispatching experts and providing training), in order to strengthen the Ministry of Justice, and to foster lawyer development (see "Good Governance" for the more complete study of external support provided for the improvement of Cambodia's legal institutions.)

For the improvement of economic infrastructure, Japan has been continuously extending assistance to Cambodia. At present, repair work of part of Route 6 and the Kompong Cham bridge building are in progress, and yen credit is also granted to the repair work of Sihanoukville harbor. These kinds of assistance for the improvement of economic infrastructure should constantly be extended to Cambodia, now and in the future. While other issues such as poverty alleviation are currently occupying the greater attention of the international aid agencies, Cambodia may expect more from Japan in terms of assisting in its economic infrastructure improvement, which will form the foundation of industrial development (see "Improvement of Social Overhead Capital" for the more complete study of infrastructure improvements).

With regard to improvement of the institutional capacity in administration, Japan has been dispatching experts to the Committee for the Rehabilitation and Development of Cambodia and the Ministry of Commerce. The contributions and achievements of such experts in the area of human resource development have been well regarded, and other economic related ministries are also requesting such experts. In response, Japan must consider expanding such assistance to Cambodia in the future.

In addition to this, the major ministries in charge of Cambodia's economic development and industrial promotion, namely the Cambodia Investment Board (CIB), the Ministry of Planning, the Ministry of Commerce, the Ministry of Mining and Energy, the Ministry of Economy and Finance, and the National Bank of Cambodia are asking Japan for intellectual support and other necessary assistance. For instance, the CIB has requested that the JETRO Investment Seminar make an appeal to Japanese companies, persuading them to set up their plants in Cambodia. According to our analysis, it is obvious that the CIB is currently short of talented

persons, especially those who can understand and judge the investment plan of private companies. In order to assist Cambodia in developing such faculties, Japan must focus its support on training (locally and in Japan) and on dispatching experts, which, are also in great demand. This also contributes enormously to the smooth increase in investment by the private companies, including Japanese.

With regard to the assistance to the Ministry of Planning, Japan used to dispatch experts in the past. In recent years, however, Japan has been focusing on holding a statistics related training, which has been accepted with gratitude by the Royal Government. At present, accumulation of economic related statistical data and drafting of Cambodia's Socioeconomic Development Plans are carried out with assistance from many international aid agencies. The Ministry of Planning, however, neither analyzes these statistical data nor puts them to practical use, which implies the necessity to foster talented persons who can draw up plans. In this sense, training (held within Japan and in Cambodia) and the dispatch of experts are considered most useful as assistance.

As to the Ministry of Commerce, the JICA experts and JETRO advisers have already been dispatched, and the Royal Government thinks highly of their contributions. Japan, at the same time, is expected to continue its assistance in the introduction of computers and office networks.

The Ministry of Mining and Energy needs to foster talented persons who can draw up a plan for promoting small- to medium-sized enterprises, the support to which is in great need but not coming much from the international aid agencies. Especially in terms of industrial development, both the management guidance to private companies and the market information are greatly in need.

For the Ministry of Economy and Finance, the Development Bank of Japan (DBJ), the Japan Center for International Finance (JCIF), et al. are currently providing local training on finance and corporate analysis. Such training is expected to continue for the years to come.

The NBC has been obtaining the support from Japan in the form of training similar to that for the Ministry of Economy and Finance. Cambodia, at present, is in the process of drastic monetary system reform, through which it aims to complete re-licensing of all the banks by November 2000. Because the NBC lacks the talent

for carrying out bank inspections that are required in the licensing, the Royal Government called on Japan to dispatch the necessary experts. As for the number of personal computers, the percentage of staff that own personal computers is still very low. An office network has not been established, and the NBC's information dispatching function is yet to be developed. These are the areas in which the Royal Government currently seeks support from Japan.

3-4-3 Development of the strategic industry

(1) Garment industry

The Cambodia Garment Training Center has been established under the leadership of the Japanese Ministry of Economy, Trade and Industry (the former Ministry of International Trade and Industry). At the Center, training is provided focusing on the education of garment factory workers, specifically for those at managerial positions. The training project is progressing favorably and has won local recognition; and as a result, the number of participants has been increasing. Expansion of the Center function so as to include the training for shoe manufacturing is also in demand. Garment industries are currently aware of the necessity to expand their businesses through such measures as expansion of the market, diversification of their products, and making inroads into the upper stream industries, all of which requires expert knowledge. In regard to this, it is considered effective to present a comprehensive program that includes the dispatch of garment and shoe experts (such as factory engineers, and wholesale and retail dealers), training, research on the states of the two industries, etc. It is also expected that the Senior Volunteer will participate actively in such a program. External support in the form of public loans by the International Cooperation Bank is also necessary in order to lure Japanese clothing companies to set up their plants in Cambodia.

(2) Industries of high domestic factor endowment

With regard to the Japanese support extended to Cambodia's food related industries, it is currently at the stage of technical cooperation for rice distribution system reform. Cambodia's agricultural products and pro-

cessed goods have greater export potential in the future. For the next stage of assistance, Japan should come up with down-to-earth plans, such as contributing in market information by reporting on the state of the canning industries in Japan.

As for the timber related industries, such support as sending engineers for setting the teeth of saws seems practical. At the same time, Japan should present down-to-earth plans such as organizing a research group of Japanese furniture experts and providing Cambodia with reports on Japan's market, such as the state of industries in Japan. It is expected that Japanese companies who will be setting up plants in Cambodia will be able to obtain Japanese public loans. Concerning possible assistance to tree planting business, both the dispatch of scholars and the provision of public loans for the tree planting expenses are expected to come forward.

(3) Tourist industries

It is important to carry out comprehensive research on Cambodia's tourist development. In addition to the development of infrastructures such as roads and airports, a great deal of effort should be made in order to make tourist spots more attractive and to persuade tourists to stay longer through the opening of museums for historical materials, etc. And for those Japanese companies that intend to build tourist related facilities in Cambodia, Japanese public loans should also be available.

(4) Assembly and processing industries

Increasing the foreign direct investment is a matter of great importance to Cambodia's assembly and processing industries. It is important, therefore, for Japan to carry out development research investigating the reason foreign assembly and processing companies (such as those of electrical products) have not yet set up plants in Cambodia. As a part of Japan's support to Cambodia in the years to come, Japan intends to carry out research projects such as the Comprehensive Development Plan of the Growth Corridor of Cambodia: the Metropolitan Area and Sihanoukville, and the Development Plan for the Border of Thailand and Cambodia. It is possible to include, as well, primary research on assembly and processing industries.

3-4-4 Developments of small-scale businesses

(1) One village one product campaign

In order to promote Cambodia's industrial development in provincial capitals as well as rural farm villages, and therewith alleviate poverty, it is indispensable to focus on the promotion of local industries such as handicrafts. Recently, Japan has been extending assistance to Cambodia in the form of intellectual support under the leadership of the Ministry of Economy, Trade and Industry (the former Ministry of International Trade and Industry), in which it promotes a One Village One Product Campaign. In concrete, through cooperation of JETRO, the Association For Overseas Technical Scholarship (AOTS), and Ohita prefecture of Japan, Japan has so far carried out the following technical support: a seminar in Cambodia; a training program held in Japan for the staff of the Chamber of Commerce and Industry of Phnom Penh, an exhibition, etc., all highly appreciated. These activities are expected to continue for the years to come.

The skills and the know-how of Cambodia's traditional handicraft products used to be handed down from generation to generation. Under the influence of the civil war, however, Cambodia's human resources, infrastructure, and distribution networks were severely damaged. The One Village One Product Campaign is a way to overcome the crisis through self-help with support from the administration. The campaign aims to improve technological standards of the provinces and promote their adaptation to a market economy by fostering local industries that produce well-known local products and therefore have a comparative advantage. One aspect of the One Village One Product Campaign is its aim to contribute to the improvement of the social standing of the weak such as disabled persons and women. Moreover, it demands direct benefit to the poor. The One Village One Product Campaign is also counted on as a measure to cope with the problem of increased unemployment resulting from the steady reduction in the number of career officers and civil servants that will continue for some years ahead.

In order to support Cambodia's One Village One Product Campaign hereafter, Japan is expected to continue, and expand, its intellectual support by holding training programs (both in Japan and in Cambodia) and

seminars, and opening exhibitions. Through these activities, Japan is also expected to transfer technologies, improve information distribution, and develop human resources, and therewith contribute to the development of local industries. The idea of announcing the success of the One Village One Product Campaign to encourage its use throughout the country is worth considering. First, a specific rural district as a model case of the Campaign is appointed, and its promising products are supported exceptionally to become a success case, and finally the model case is used for the promotion of the One Village One Product Campaign all over the country.

(2) Handicrafts

Cambodia's handicraft business faces various problems such as the following: i) low quality; ii) high production costs that renders the sales price high; iii) continuation of the business depends solely on the assistance given by the international aid agencies etc; iv) increasing numbers of substitutes for daily products; and v) less demand for souvenirs.

In order to cope with problems such as low quality and low productivity, technical guidance is necessary. Since Japan's standard in such traditional handicrafts is fairly high, especially for earthenware and silk cloths, it is considered effective for Japan to transfer the technology to Cambodia by dispatching its experts and holding training programs, which will also contribute to quality improvements and production cost cuts.

With regard to the issue of enlarging the market for handicraft products, strengthening of the marketing is indispensable. It is especially important for both the producers and the retailers of the handicrafts to have easy access to market information, and such environment should be developed. From this point of view, it is possible to organize groups of handicraftsmen and other persons concerned so as to enable a smooth distribution of information and to reduce the business costs.

In order to support the One Village One Product Campaign as well as the handicraft businesses, active participation of the Senior Volunteer and the Japan Overseas Cooperation Volunteer (JOCV), and the Japanese NGOs is necessary.

(3) Micro-finance

For the development of the small-scale enterprises, it is effective to expand the volume of micro-finance. The Royal Government of Cambodia, in fact, has established the Rural Development Bank (RDB) in order to promote the micro-finance, the foundation of which is still very weak but getting started along the right lines. Micro-finance is an area in which Cambodia fervently seeks Japanese assistance. As a matter of fact, the current state of the RDB requires the intellectual support through training programs. In addition, support for business planning and capital contribution is also being requested.

3-4-5 Promotion of the diffusion of information technology

With regard to the promotion of information technology diffusions in Cambodia, it is important to i) foster talented persons; ii) develop information infrastructures; and iii) improve information contents. Japan as well intends to consider its assistance to Cambodia along the same line (see "Improvement of Social Overhead Capital" for the details of the hardware aspects of the information infrastructure).

- (i) As a support measure for fostering talented persons, it is possible to send computer specialists to universities. As well, it is effective to hold a computer-training program for primary and secondary school teachers. Grassroots support will be considered in order to directly benefit the poor. To say the least, the supply of computer apparatus is indispensable.
- (ii) Regarding information infrastructure improvements, the establishment of an optical fiber telecommunications network between Phnom Penh and the provincial capitals should be supported. And between the provincial capitals and the rural farm villages, a wireless communications network should be established by setting up relay stations. As for the diffusion of portable telephones, it is considered appropriate to leave that to the private commercial enterprises. With regard to the improvement of the information infrastructure of the government agencies, both the supply of computer apparatus and the training of the staff are required. Many requests, as a matter of fact, have already

been received from the ministries and the departments. In response to such demands, the Center of International Cooperation for Computerization (CICC) of Japan has recently provided Cambodia's Ministry of Commerce with the necessary computers, etc. This kind of assistance, including support for establishing office networks, should continue for the years to come.

- (iii) As a measure to assist the improvement of information content, it is necessary for Japan to extend support to the creation of a home page for each ministry and to organize statistical data, and thereby enable the ministries to provide basic information. In addition, from the point of view of information distribution, Japan is expected to contribute in the form of dispatching Japanese missions to Cambodia, receiving Cambodian missions to Japan, holding seminars, and promoting the distribution of Cambodia related information within Japan.

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Section 3. Infrastructure Development

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Introduction

Infrastructure development involves a wide range of sectors including the living environment, transport and communications, disaster prevention and national land conservation, agriculture, forestry and fisheries, and energy production and supply. Discussing infrastructure per se is not always useful in some sectors such as agriculture, forestry and fisheries. Rather, discussing it as part of the overall policy for the sector in question is more appropriate at times.

Based on this recognition, this paper deals mainly with transport and communications infrastructure, or more specifically, roads, railways, ports, airports, telecommunications, and electric power supply. The paper also touches on infrastructure for disaster prevention and national land conservation, covering afforestation, flood control and shore protection, as well as parks and public housing. These types of infrastructure are discussed here only in general terms since the Cambodian government has not articulated its stance toward them, even though they constitute important components of the overall infrastructure.

Another important category of infrastructure, water supply and sewerage systems, is discussed in section 9. Environment in Part Two, Chapter 2, which considers the state of affairs in Cambodia.

Infrastructure is generally developed and managed by the public sector. In recent years, however, the number of cases in which the private sector develops and manages infrastructure has been increasing. Because such initiatives by the private sector are considered important for Cambodia, this report covers infrastructure development projects conducted on a BOT basis or under similar schemes.

1. The state of Cambodia's infrastructure

1-1 History of infrastructure development in Cambodia

The history of infrastructure in what is now Cambodia dates back to the Angkor era. The Angkor Empire

boasted a nationwide road network known as the Roads of the King.

Modern infrastructure development began under French rule. The port of Phnom Penh was built, and Phnom Penh and Saigon (now Ho Chi Minh City) were linked by a liner service. In the 1920s, construction work began for a railway linking Phnom Penh and the Thailand-Cambodia border via Battambang. A waterway linking the port of Phnom Penh and the central railroad station was constructed though it has already been reclaimed. The basic structure of Phnom Penh city was formed during this era.

Infrastructure development continued after independence, and by the time civil war erupted in 1970, Cambodia's infrastructure had already developed to virtually the same level that it is today. In the transport sector, the current trunk road network was already in place. A road that directly connected Phnom Penh with Kompong Som (now Sihanoukville) was already completed with the assistance of the United State. During the 1960s, a rail line called the "new line" that linked the two cities was opened. The port of Kompong Som port (now the port of Sihanoukville), a large-scale seaport, was constructed and started its operation. Pochentong Airport was constructed in the outskirts of the capital, and Phnom Penh was linked with Paris and Tokyo by Air France.

In the telecommunications sector, local telephone line networks were in place not in only Phnom Penh but also other major cities, and these local networks were linked to one another via long-distance telephone lines, which were open-wire lines.

In Phnom Penh, the sewerage system and pumping stations were in place and power lines were laid underground.

During the 1960s, there were plans to construct large-scale dams in Stung Treng along the Mekong River and its main tributaries for the purpose of irrigation and flood control. However, these plans were abandoned due to the civil war, except for the Prek Thnot Dam.

Despite limitations, before the civil war that broke out in 1970 Cambodia's infrastructure was comparable to that of neighboring countries, although it tended to be

Table 3-1 Expenditures on Infrastructure Development in the National Budget

(Unit: billion riels/percent)

	1994	1995	1996	1997	1998	1999	2000 (estimates)
Total expenditures	1002.0	1294.5	1464.1	1273.7	1569.1	1834.2	2301.0
Of which, total capital spending on infrastructure development	339.6	557.7	674.3	457.7	635.2	738.3	1036.0
Percentage of the GDP	5.5%	7.8%	8.2%	5.0%	6.0%	6.4%	8.3%
Foreign funds	256.8	454.2	567.0	341.6	509.5	504.2	700.0

Source: Compiled by the author based on the data from the Cambodian government

concentrated on the capital.

1-2 The state of Cambodia's infrastructure

The infrastructure developed during the 1960s was ravaged during the civil war. The human resources required for the development and management of this infrastructure were also mostly lost during the Pol Pot era. These effects of the civil war are still weighing heavily on Cambodia.

Another negative effect of the civil war is that Cambodia was left behind in terms of technological innovation. While Cambodia was at civil war, the world was experiencing technological innovation in transport and communications fields. By actively adopting such technological innovations, some Asian countries achieved remarkable levels of economic development. However, Cambodia was completely out of this process.

After peace was achieved, however, Cambodia launched an initiative to rehabilitate and reconstruct the country, as described below.

Table 3-1 shows the expenditure on infrastructure development in the national budget between 1994 and 2000. The percentage of spending on infrastructure development in relation to both total expenditures and to the GDP are high, and much of the funding for such expenditures comes from abroad.

The state of Cambodia's infrastructure can be summarized as follows:

- (i) In the transport sector, emergency repair works have almost been completed for arterial and major urban highways, and railroads. The minimum levels of international transport and domestic main transport have been established to meet immediate needs.
- (ii) The Cambodian government recognizes the need for disaster prevention and national land conservation, especially flood control, though it has taken

no measures for this purpose.

- (iii) In the telecommunications sector, the regular telephone line networks have been restored and satellite communications and cellular phones have been introduced in Phnom Penh, meeting the immediate needs of the country.
- (iv) The immediate need for electric power supply in Phnom Penh has been met.

The following sections describe the state of infrastructure development in each sector.

1-2-1 Roads

The state of development of major roads is shown in Table 3-2. It should be noted that most roads other than those listed in the table are unpaved, except in urban areas. For some of these roads transportation is impracticable, especially during the rainy season.

In Cambodia, there are 8,000 large vehicles including trucks and buses, 33,000 small vehicles, including autos and pickup trucks, and 152,000 motorcycles. The number of automobiles has remained at more or less the same level as that prior to the civil war, but the number of motorcycles has increased almost tenfold. Automobile inspection systems are virtually non-existent. Motorcycles with an engine displacement of less than 100 cc do not require a license to drive them.

Transportation services by bus and truck were once run by the state, but these services are now run by the private sector in cities and along some of the trunk roads.

Roads, automobiles, and road transport are under the jurisdiction of the Ministry of Public Works and Transport (MPWT).

1-2-2 Railways

The Royal Railways of Cambodia, or Chemins de Fer

Table 3-2 The State of Road Development

(As of December 2000)

National highway	The origin and destination of the highway and the transit points	Length	Summary
1.	Phnom Penh to the Vietnam - Cambodia border (via ferry crossing on the Mekong)	168 km	<ul style="list-style-type: none"> - Key international route linking Cambodia with Vietnam - Paved, with one or two lanes - The section between Phnom Penh and the Mekong ferry crossing was restored with ADB assistance. However, after the 2000 flood, this section was intentionally cut off to prevent flooding in Phnom Penh. Later, the cut-off section was connected with a temporary bridge, which has not yet been replaced with a new bridge. - Ferryboats, including new ones, have been donated by Denmark - The section of the Mekong ferry crossing and the Vietnam-Cambodia border, which is being improved to meet international standards with ADB assistance, has suffered from flooding.
2.	Phnom Penh to the Vietnam-Cambodia border (via Takeo)	126 km	<ul style="list-style-type: none"> - Partly paved, with one or two lanes - The section between Phnom Penh and Takeo has partly been restored with ADB assistance.
3.	Phnom Penh to National Highway 4 (via Kampot)	202 km	<ul style="list-style-type: none"> - Partly paved, with one lane - Partly restored with the assistance of ADB and the World Bank - Major bridges on the route have not been repaired or replaced.
4.	Phnom Penh to Sihanoukville	230 km	<ul style="list-style-type: none"> - Key distribution route linking the capital with the seaport - Paved, with two lanes; both the alignment and pavement are in good condition - The highway has been restored with the assistance of the US.
5.	Phnom Penh to the Thailand-Cambodia border (via Battambang and Sisophon)	407 km	<ul style="list-style-type: none"> - Key international distribution route linking Cambodia and Thailand - Paved, with one or two lanes - The highway has been generally restored with the assistance of ADB, Australia, etc. Yet, some sections have not been restored, including bridges. - The section between Sisophon and Thailand-Cambodia border has undergone emergency repair works with the assistance of Thailand. There is a plan to improve the section on a BOT basis.
6.	Phnom Penh to National Highway 5 (via Sukuun, Siem Reap)	396 km	<ul style="list-style-type: none"> - Key route connecting the capital and Angkor Wat - Paved, with one or two lanes - The section between Phnom Penh and Sukuun has been improved with Japan's assistance, except sections damaged by floods, which will be restored under a disaster relief program. - The section between Sukuun and Siem Reap is undergoing restoration work with the assistance of ADB and the World Bank. - The section in and near Siem Reap is undergoing improvement work with Japan's assistance. - There is a plan to improve the section between Siem Reap and National Highway 5 on a BOT basis.
7.	National Highway 6 to Laos-Cambodia border (via Kompong Cham, Kratie, Stung Treng)	460 km	<ul style="list-style-type: none"> - The section between National Highway 6 (Sukuun) and Kompong Cham has already been improved with Japan's assistance. This paved section has two lanes and is in good condition. - The bridge over the Mekong River near Kompong Cham is under construction with Japan's assistance. - The section beyond Kompong Cham is in an extremely bad condition.

Note: Regarding the national highways described as "paved" above, pavement on sections that have not yet been restored is only partly remaining.

Source: Data from Kaneko (1998)

Royaux du Cambodge (CFRC) in French, operates two lines with a total length of 650 kilometers. This is a one-meter gauge line, which is slightly narrower than the one used by the Japan Railways, except for the Shinkansen lines. This so-called meter gauge is common in Southeast Asia. The northern line, constructed between 1929 and 1943, connects Phnom Penh with Poipet on the Thailand-Cambodian border via Battambang. The 48 km section between the Thailand-

Cambodian border and Sisophon has been totally destroyed due to the civil war. The southern line, constructed between 1965 and 1969, links Phnom Penh and Sihanoukville.

Cambodia has conducted a minimum level of emergency repair work for these lines that were ruined by the civil war. However, since the rails remain in a poor state of repair, the maximum operating speed is 20 to 30 kilometers per hour. As signals and communications

systems are inadequate, the service consists of only one train a day on each line. Moreover, the number of railcars has been significantly reduced. The traffic volume is therefore much lower than pre-war levels, and the CFRC has long been in deficit.

The CFRC is a state-owned enterprise under the supervision of the Ministry of Public Works and Transport (MPWT). However, the CFRC is not an autonomous body.

1-2-3 Ports and inland waterways

Cambodia has two large international ports at Phnom Penh and Sihanoukville, two coastal ports at Kampot and Koh Kong, and four river ports at Kompong Cham, Kratie, Prey Veng, as well as Kompong Chhnang in the Tonle Sap. Cambodia has also navigable inland waterways with a total length of 1,800 kilometers. These waterways are used for passenger and freight traffic.

The port of Phnom Penh is a river port at the entry to the capital, 320 kilometers upstream from the mouth of the Mekong River. Its main facilities are a 300-meter pier restored with the assistance of Japan and two pontoons constructed with the assistance of the World Bank. According to 1997 figures, the port handles nearly 700,000 tons of freight. Major import items are oil, oil products and cement. Major export items are lumber and rubber. As the port of Phnom Penh is a river port, the water depth varies from season to season. The difference in water depth between the dry season and the wet season is almost ten meters. During the dry season, freight ships of up to 2,000 tons can enter the port from the mouth of the Mekong River. During the rainy season freight ships of up to 5,000 tons can do so. Maintenance dredging is carried out at the end of the rainy season.

The port of Sihanoukville is located on the Gulf of Siam, 200 kilometers from the capital. Its main facilities are a 250-meter pier with a water depth of ten to eleven meters and a 350-meter quay with a water depth of ten meters, or seven to eight meters as the effective water depth. According to 1997 figures, the port handled about 800,000 tons of freight. Half of the freight is container cargo, which amounts to about 60,000 TEUs. Behind the quay, it has a container yard and other facilities which are constructed with ADB assistance. However, the port is not equipped with container cranes. Instead, ship cranes are used for container

handling. The port is linked with Singapore and Thailand by regular shipping service. The pier is so run-down that it is of limited use. To cope with the increasing number of containers, the Cambodian government is now constructing a new container terminal with the assistance of Japan.

Ports other than the two above are equipped only with small pontoons and simple piers at most. Riverbanks are used for loading and unloading at many of these ports. The port of Koh Kong is used for border trade with Thailand as well as for domestic trade.

The depth of the Mekong River is about two meters as far as Kompong Cham during the dry season, and nearly two meters as far as Kratie upstream during the rainy season. Passenger and cargo boats can go upstream as long as the water depth is two meters or more. Along the river there are businesses producing lumber and rubber. They use cargo boats to bring out these products and bring in fuel and equipment. In addition, there are many ferry services provided for crossing the Mekong River.

The Tonle Sap River and Lake Tonle Sap are used mainly for passenger traffic. A high-speed passenger ship service is provided between Phnom Penh and Siem Reap.

In this way, inland water transport plays a crucial role in Cambodia, where land transport networks are underdeveloped. Yet there are no significant facilities for inland waterways, and maintenance work on waterways has been neglected.

The port of Phnom Penh and the port of Sihanoukville are administered by separate port authorities, which are state-owned enterprises under the supervision of the Minister of Public Works and Transport (MPWT). Each authority directly offers cargo handling services and its business performance is generally good. The Ministry of Public Works and Transport (MPWT) has no department directly dealing with port affairs.

1-2-4 Airports

Cambodia has ten airports, including Pochentong Airport and Siem Reap Airport, the gateway to Angkor Wat, which serve international flights.

Pochentong International Airport has a 3,000-meter runway and is linked with many parts of Asia by direct services. The number of takeoffs and landings is about 17,500 per year. However, the limitation on its facili-

ties makes it impossible for large aircraft to land. Thus, work to improve airport facilities is being carried out on a BOT basis through a joint enterprise between French and Malaysian corporations.

Siem Reap Airport has a 2,500-meter runway, and is used by domestic flights. Airline services connect Siem Reap with Bangkok, adding to domestic services. Airport facilities, including lights, have been improved with the assistance of ADB.

Other airports have attracted less development. Battambang Airport and Sihanoukville Airport have surface-dressed runways, with not in good condition, but the others have only dirt airstrips.

Air traffic control on routes over Cambodia is conducted from Bangkok. Only Pochentong Airport and Siem Reap Airport are controlled individually.

Airport construction was once under the jurisdiction of the civil aviation authority of the Prime Minister's office, but now it is under the jurisdiction of the Ministry of Public Works and Transport (MPWT).

1-2-5 Infrastructure for disaster prevention and national land conservation

More than half of the national land of Cambodia is occupied by the Mekong River basin. The country suffers from frequent flooding during the rainy season. The variation in water depth between the dry season and the wet season is large - some ten meters around Phnom Penh. In the Mekong Delta, the water overflows natural levees during the rainy season and floods up to three to four million hectares of land.

However, this flooding is beneficial to many Cambodians. Large areas of farmland are flooded every year, but this flooded farmland is used to grow rice and also provides good fishing grounds. During the rainy season, rural residents set up makeshift dwellings on dry land, or even on roads, and live in these for the season.

Phnom Penh is protected from flood damage by a double set of dikes; the inner dike and the outer dike. The capital has drainage facilities, including pumping stations. However, inadequate management and an increasing population have overwhelmed these facilities. To cope with the situation, Cambodia is bolstering its urban drainage capacity and flood control with ADB assistance. With the assistance of Japan, the country has just completed a feasibility study for an additional project for flood control.

The floods in 1996 and 2000 destroyed roads and disrupted train services. Kompong Cham was the hardest hit with the entire city being inundated.

The 2000 flood, which occurred during the rainy season, was said to be the worst in the past seven decades, leaving 130 people dead, adversely affecting 1.6 million people, and damaging 100,000 hectares of arable land. The physical infrastructure, including roads and bridges was damaged, although no accurate figures are available. A foreign agency reportedly said that the flood made it difficult to achieve the economic growth target of 5.5% for fiscal 2000.

Cambodia has no fully operational flood control system. Although hydrological observations have been conducted, except for some time during the civil war, extensive river improvement works have not been carried out, with the exception of embankment protection in the cities. It should be noted, however, that construction work for Prek Thnot Dam has been resumed. Construction work on the dam, designed for flood control, irrigation, and hydroelectric power generation, had been suspended during the civil war.

Some experts say that flood damage is on the rise due partly to excessive logging in recent years and inadequate afforestation.

Regarding the national coast, no particular problems have been reported, except for the loss of sand beaches on a very limited scale. This is partly due to the fact that the country's coastal areas are sparsely populated.

1-2-6 Telecommunications

Cambodia has been lagging far behind virtually every country in the world in terms of telecommunications capacity. When the civil war ended, there were only 3,000 telephone lines in Phnom Penh. Only short-wave radio with a limited capacity connected these lines with provincial cities. After the civil war, UNTAC introduced satellite communication systems to carry out its duties. These systems were donated to Cambodia for public use when the new government was established. Today, there are 130,000 telephone subscribers in Cambodia, including those for cellular phones of 100,000. Some 90% of them are in Phnom Penh. The telephone service is offered by the Ministry of Posts and Telecommunications (MPTC) and seven joint ventures between the MPTC and foreign businesses. The regular telephone line network in Phnom Penh has been signifi-

cantly improved with the assistance of Japan, as discussed below.

The satellite communications network system received from UNTAC (Palapa-B4 Satellite) now connects 21 provincial cities. The optic fiber trunk line, a 600 km line between the Thailand-Cambodia border and the Vietnam-Cambodia border via Phnom Penh, connects Phnom Penh to areas along the line as well as the neighboring countries. The optic fiber line was completed in 1999 with the assistance of Germany.

As for international communications, Cambodia is connected to other countries via the Intelsat satellite under a business corporation contract (BCC) with an Australian company. Internet access services were launched in 1997. Currently about 3,000 customers subscribe to this service. There are three Internet cafes in Phnom Penh.

1-2-7 Electric power supply

The electric power generation capacity of Cambodia has been increasing. In 1992, right after peace was achieved, the installed capacity stood at about 90,000 kW, of which 20,000 kW was effective output. As of 2000, the installed capacity totals 15.43 MW, of which 30% is thought to be standby capacity.

Here is the breakdown of the installed capacity. The C2 power plant has a total installed capacity of 50,000 kW. Of the 50,000 kW, 15,000 kW comes from the existing power generating unit whose steam turbines have recently been repaired and, the remaining 35,000 kW comes from another generating unit that a Malaysian independent power producer (IPP) has installed on the same premises. The C3 power plant has a total installed capacity of 16,300 kW. Of the 16,300 kW, 6,300 kW comes from the existing GM diesel generating unit, and the remaining 10,000 kW comes from the additional generating unit installed with the assistance of the World Bank in 1997. The C4 power plant has an installed capacity of 60,000 kW from a combined thermal power generating unit installed by Beacon Hill Associates, a US company; this unit has replaced the existing diesel generating unit provided by the former Soviet Union. The C5 power plant has an installed capacity of 10,000 kW from a diesel generating unit installed with the assistance of Japan. The neighboring C6 power plant has an installed capacity of 18,000 kW from a diesel generating unit installed with ADB assistance.

1-3 Assistance for infrastructure development in Cambodia

This section deals with international aid for infrastructure. For an overview of general international aid, see section 6. Trends in Assistance to Cambodia in Part Two, Chapter 1.

International aid to Cambodia became fully operational after 1993, when peace was achieved.

In the transport sector, the Asian Development Bank has been playing a central role among international agencies. The ADB supported the restoration of trunk roads, railways and the port of Sihanoukville, and the improvement of Siem Reap airport. The ADB also helped the Ministry of Public Works and Transport (MPWT) in building institutional capacity. In addition, ADB conducted a feasibility study for a project for road development between Phnom Penh and Ho Chi Minh City and supported work for the east section of the Mekong River. The World Bank, for its part, supported the restoration of the port of Phnom Penh and trunk roads. Other international agencies helped in the restoration of roads in the provinces.

Japan is the largest bilateral donor. Even before the civil war, Japan extended assistance for the construction of Chruoy Changvar Bridge, popularly known as the "Japan Bridge," that connects Phnom Penh and the opposite bank across the Tonle Sap River. Japan also offered buses and conducted a feasibility study for a port for lumber exports.

After the civil war, Japan launched an extensive range of development assistance. Firstly, Japan restored not only the Japan Bridge destroyed by the civil war but also National Highway 6A that linked the bridge with Kompong Cham. Secondly, Japan provided equipment and materials for the Road Construction Center (RCC) established to reinforce Cambodia's capacity to maintain and manage roads. Japan also sent experts to support the administration of the RCC. Thirdly, Japan carried out a restoration project for the port of Phnom Penh. As part of the project, Japan provided equipment and materials and set up beacons along the Mekong River adding to restoration of the port facilities. Fourthly, Japan provided assistance for improvement work to the sections of National Highway 6 and 7 that connected National Highway 6A (now National Highway 6). In this connection, Japan also extended assistance for the construction of a bridge across the Mekong

River linking these sections. This bridge is expected to be the first bridge across this river from the river mouth. Fifthly, Japan started to offer loan aid for a project to build a container terminal at the port of Sihanoukville after conducting a feasibility study of the project. This loan aid is still in place. Sixthly, Japan has extended assistance for a detailed design study for the restoration of the Siem Reap section of National Highway 6. Seventhly, Japan has conducted a development study to improve urban transport in Phnom Penh. Lastly, Japan has extended other forms of assistance, for example, organizing seminars, and dispatching experts and Japan Overseas Cooperation Volunteers.

Other bilateral donors have also provided assistance in the transport sector. The United States restored National Highway 4. Australia has helped Cambodia to restore road bridges. Denmark extended assistance in building and repairing ferries for use on the Mekong River. Other donors have offered technical assistance as well.

Regarding national land conservation, no particular assistance has been provided apart from the assistance described earlier.

In the telecommunications sector too, many donors and international agencies have been involved. UNDP and ITU provided technical assistance in the drafting of the master plan for a communications-related project between 1995 and 1996. France provided local telephone digital exchangers for 6,000 telephone lines in 1995. Germany assisted Cambodia in setting up a 600 km optic fiber trunk line between the Thailand-Cambodia border and the Vietnam-Cambodia border via Phnom Penh in 1999. Japan launched a project for developing telecommunications networks in Phnom Penh in 1996. The project was completed in 1998. This project set up three telephone exchanges, installed local telephone digital exchangers for 16,800 telephone lines, established an optic local network for a relay transmission network totaling 12 kilometers in length, created a subscriber cable network with a total length of about 260 kilometers, and installed subscriber radio systems in and around Phnom Penh. Through this project, telecommunications facilities and services in the capital have been significantly improved in both quality and quantity. For this project, Japan has also organized seminars and dispatched experts, among other activities.

In the electricity supply sector, rapid progress has been made with the assistance of Japan, the ADB, the

World Bank, and others. As discussed above, the currently installed capacity for Phnom Penh totals 15.43 MW. The World Bank's policy is that in Asia, electric power sources should be developed using private funds and that funds from the World Bank and ODA from donors should be diverted to the development of power grids. Under this policy, the World Bank announced a power sector development plan for Cambodia in 1998, covering the period until 2020. Japan, for its part, has provided diesel power generating units with a total capacity of 10,000 kW under grant aid in 1994. Japan then concentrated on a project for developing the power grid in and around Phnom Penh in coordination with an ADB-assisted project. The third phase of the project, the development of a power grid in the suburbs of the capital, has almost been completed. Thus, Japan has significantly contributed to the improvement in the power supply capacity in and around Phnom Penh. At the moment, Japan is conducting a feasibility study for a thermal power generation project in Sihanoukville in line with the World Bank's power sector development plan. Preliminary results of the study show that among other things, difficulty in securing fuel is an impediment to the project.

As discussed above, the private sector is also participating in infrastructure development in Cambodia. The most striking example is Pochentong Airport, for which expansion work, including its management, is being conducted on a BOT basis. In telecommunications, the private sector plays an important role in providing international communications services and cellular phone services. The private sector also has a significant role in electric power supply in the form of IPPs. In the transport sector, including roads, railways, ports and airports, some foreign businesses are showing interest in Cambodia. The Cambodian government seems willing to invite such businesses. However, details of such moves are not known. Progress in private participation is shown in Table 3-3 and Table 3-4.

2. Infrastructure development – problems and challenges

2-1 Issues on infrastructure development in general

Issues on infrastructure development, especially in the transport sector, are described below:

Table 3-3 Investment Approvals in Infrastructure Development

Year	Roads	Airport	Transport service	Dry ports	Telecommunications
1995	-	1	2 (airlines/bus)	-	1
1996	-	-	-	-	5
1997	-	-	-	-	-
1998	-	-	-	-	-
1999	1	-	-	1	2
2000 (Up to Sept.)	-	-	-	1	-

Note: The table excludes investments in warehouses only, and those in the construction of housing or hotels.

Source: Data from the Council for the Development of Cambodia (CDC)

Table 3-4 Candidate Projects for BOT Arrangements

Sector	Candidate projects	Remarks
Roads	National highways 3, 5A, 11, 21, 31, 33, 51	Including rest stations and service centers, possibly with bus stations, filling stations, repair shops, dry ports, border check-points etc.
Railways	Royal Railways of Cambodia lines (the whole lines or sections)	Investments are welcomed in CFRC lines as part of the Trans-Asia Railway which connects from Singapore to Kunming
Ports	River ports of Phnom Penh, Kompong Cham, and Kratie, plus small-scale moorings and repair shops along rivers	
	The port of Sihanoukville, including warehouses, bulk cargo terminals, etc.	
Airports	Purehabiharu	A group of Buddhist temples, which has considerable potential for tourism development, although access to them is poor.
	Koh Kong, Battambang, Stung Treng, Mondol Kiri, and Ratanak Kiri	
	Sihanoukville	These airport projects are now part of a larger BOT development program by Airston Sdn.Bhd.of Malaysia, but the company will abandon these projects. The development of these airports is expected to be reassigned to new BOT projects.
	Kompong Chhnang	Dragongold Sdn. Bhd. Of Malaysia has won the contract, but the contract is in dispute. The development of the air port is expected to come under a new BOT project.
Water supply	12 areas in the provinces	
Power supply	A few hydroelectric power plants and power grids connected to Thailand and Vietnam	

Note: News reports indicate that the Cambodian government gives top priority to candidate projects listed above under BOT arrangements. According to these reports, projects will not be subject to international bidding. Instead, the successful businesses will be chosen based on their proposals and subsequent negotiations.

Source: Data from CDC

- (i) Transport infrastructure is generally inadequate due to damage resulting from the civil war and lack of maintenance during the civil war.
- (ii) Transport infrastructure is so outdated that it cannot effectively cope with the transport demand of today. During the civil war, the world experienced rapid advancements in transport technology. However, Cambodia's infrastructure cannot cope with these advancements. After peace was achieved, the dilapidated transport infrastructure was restored, but not improved. Such infrastructure is totally inadequate to cope with modern levels of transport up to now, as seen in neighboring countries, and to support full-fledged economic development.
- (iii) Transport networks are inadequate to meet the need for the country's development and the international exchange of people, goods and services.
- (iv) Transport service operators cannot provide services that meet the requirements of users since their management system is inconsistent with a market economy.

- (v) Inadequate telecommunications networks hinder the appropriate operation and management of transport infrastructure.

As discussed above, the private sector is involved in infrastructure development in Cambodia. Pochentong Airport is now being improved on a BOT basis. BOT arrangements with the participation of foreign businesses are also planned for the development and management of roads, railways, and airports. The Cambodian government is considering inviting foreign private capital for the management of international ports in Cambodia. Communications services are provided jointly by the Ministry of Posts and Telecommunications and foreign businesses. Electric power is partly supplied by independent power generators (IPPs). Moreover, some foreign businesses plan to improve the infrastructure as part of their tourism development projects.

There is room for the private sector, especially for foreign private capital to play a part in infrastructure development in Cambodia. This is because the revenue the Cambodian government raises is not sufficient and aid from donors and international agencies is limited. Moreover, such aid may not only require a time-consuming decision-making process, but also create a financial burden on the part of the Cambodian government.

However, the Cambodian government should meet certain conditions if it wants to involve the private sector effectively for the sound development of Cambodia, given the fact that infrastructure development by nature is designed to serve the public and may not be so profitable for the private sector. Firstly, the Cambodian government should select development projects for the private sector in a systematic manner. Secondly, the Cambodian government should create a framework for selecting and supervising participating businesses and for managing the projects in question. Thirdly, the Cambodian government should enter into a contract with participating businesses that ensures transparency based on such a framework. Infrastructure development by a private business such as through a BOT scheme can be effective only on the firm basis mentioned above.

At the same time, coordination is needed between the activities of the private sector and aid through ODA. There are some cases in which a lack of appropriate control by the Cambodian government over the private sector's activities has resulted in a delay in the progress

of projects, high user charges, and skyrocketing land prices.

In sum, the Cambodian government needs to use its resources not only to attract foreign investment but also to reinforce the institutional framework if it wants to ensure that infrastructure development by foreign private capital contributes to the sound development of Cambodia. To this end, the Cambodian government needs to build institutional capacity in each sector as discussed later.

2-2 Issues on each sector

2-2-1 Roads

There are a number of problems concerning roads in Cambodia. Although the main national highways and urban trunk roads have been substantially restored, other roads remain in poor condition. Transportation on some of these roads is impracticable during the rainy season. Even restored roads, with some exceptions, are not suitable for heavy or high-speed traffic as repair work has generally been limited to restoring cracked and broken pavement of the existing roads. Nonetheless, these roads are used by vehicles carrying cargoes beyond their load capacity and large trailers whose design specifications are beyond the standards before the civil war. Along with poor maintenance, this has already resulted in "restored" roads being partly damaged.

Moreover, no action has been taken to cope with the increasing number of motorcycles, the number of which was far lower in the time before the civil war.

Although Cambodia's major trunk roads are designated as Asian Highways, they are not used for international traffic. This is because design standards are far lower than international standards and also a cross-border traffic control system is not being applied.

Even trunk roads are vulnerable to flooding in Cambodia, especially during the rainy season, partly due to nature of their routing. They cannot be used all year round without appropriate maintenance work. However, Cambodia lacks the organizations, systems and funds necessary to carry out such maintenance work.

Highways in local areas other than trunk national highways have not been improved. As a result, not all of the provincial capitals are connected by all-weather roads.

In addition, Cambodia has no systems to administrate

the transport services provided by buses, taxis and trucks. This makes problems for ensuring safety in these services.

2-2-2 Railways

Cambodia's railway services remain low in speed and volume as mentioned earlier. This is because restoration work conducted after the civil war was not aimed at full restoration, with damaged signals and communication systems left as they were. The axle load for the northern line is 13 tons, unchanged from the 1920s when the line was constructed. Even if the line is fully restored, it will not be able to compete with other modes of transportation as it is.

As discussed later, railways in Cambodia are expected to be part of the Asian railway network through linkage with the railway network in Thailand and Vietnam. To this end, it is necessary to link Sisophon with Poipet, and Phnom Penh with the Vietnam-Cambodia border.

Railways were once the predominant mode of transportation. However, road transportation now plays a central role. To be competitive with this mode of transportation, railways are required make use of their advantageous features and meet the needs of the users. However, the Royal Railways of Cambodia may not be managed in a way that will achieve this.

2-2-3 Ports and inland waterways

Even international ports in Cambodia have a number of problems. Firstly, their use is greatly limited by the inadequate management of port facilities, lack of water depth, and strength of the piers. Secondly, the ports cannot accommodate large container vessels because they have not fully responded to the shift in general cargo transport to container transport; only parts of the existing facilities have been converted to handle container cargoes. Thirdly, the utilization rate of restored facilities has not necessarily increased since navigation along the international river and the procedure for crossing national borders takes time and money. Therefore, these international ports are required to streamline management and operations, including the various procedures involved.

Passenger and cargo handling at coastal ports and inland ports except for international ports and along in-

land waterways is inadequate in terms of efficiency and safety due to a lack of the necessary facilities. As discussed earlier, even major inland waterways are not kept in good condition, posing a safety problem. Lake Tonle Sap is becoming shallower due to sedimentation, which is another safety problem.

There are other problems not directly connected with infrastructure. Cambodia has no established systems for the inspection and registration of vessels and the qualification of officers in accordance with international standards. There have been some cases in which a vessel flying the Cambodian flag called at a port in other countries and got into trouble due to the lack of such systems. Another problem is the lack of a search and rescue system.

2-2-4 Airports

Pochentong Airport has many problems when it comes to accepting Boeing 747 aircraft and other large airplanes commonly used for international flights. The length of the runway is adequate, but it is also inadequate in terms of strength and width. In addition to inadequate maintenance, the runway lacks a parallel taxiway, and other essential facilities and equipment. The airport terminal is also inadequate. Other airports have similar problems with the lack of facilities and proper maintenance.

The air traffic control over Cambodia is conducted from Bangkok.

2-2-5 Infrastructure for disaster prevention and parks

Phnom Penh and other major cities, as well as main transport networks, have problems in that they are vulnerable to flooding. There are no other serious problems at the moment as far as current agriculture and daily life is concerned.

Many parks and open spaces were once constructed in urban areas according to city planning. They are still in general use today. The problem is that they are generally in a poor state of maintenance, except for parks serving as tourist attractions and some kinds of monuments.

2-2-6 Telecommunications

Problems in the telecommunications sector include insufficient transmission capacity, a delay in the modernization of infrastructure, and the lack of human and financial resources. In addition, telecommunications facilities involve a variety of types and standards, posing a problem in terms of maintenance, management and efficiency.

Communication conditions have significantly improved in Phnom Penh with the restoration of regular telephone line networks and the wider use of cellular phones. On the other hand, disparities in access to the telecommunications infrastructure between the capital and the provinces are widening.

Cellular phones have played a significant role in improving communication conditions within a short period of time. On the negative side, they are extremely expensive and too business-oriented.

As discussed in section 2. Creating the Environment for Economic Development, this situation poses a major problem given the fact that the development of information infrastructure is crucial for industrial development and institutional capacity building of the government. It also constitutes a major hindrance to the management of transport infrastructure.

2-2-7 Electric power supply

Supply and demand for electric power are recovering. The generating costs are high because Cambodia depends on diesel power generation. The price of power purchased from IPPs is 15 yen per kilowatt. When the distribution costs are added, the total cost amounts to 30 yen per kilowatt. This translates into high power charges, which in turn may hinder Cambodia's economic development.

Presently, there is an issue of how to handle hydroelectric power projects launched before the civil war, the Prek Thnot development project and Kiriromu hydroelectric power project, both of which were in the construction phase, and the Kamchai hydroelectric project, for which the detailed study was completed. Some experts are calling for the construction of dams at Khone Falls, Stung Treng, Sanbohru, and Sesan along the Mekong River. However, it is difficult to construct such dams in light of the requirements for environmental conservation.

3. Direction of infrastructure development

3-1 Basic concepts

Infrastructure development in this case is primarily designed to contribute to socioeconomic development in Cambodia. According to the first five-year Socioeconomic Development Plan for 1996-2000, Cambodia's general policy on transport infrastructure sets out the following objectives:

- (i) To establish a transport network aimed at securing national integration and maintaining law and order, as the top priority after the civil war.
- (ii) To secure transport networks and national land conservation for the development of the provinces, especially rural areas. The provinces, which account for most of the national land and requirements for improvement in the living standards of local farmers, are the key to Cambodia's stability and development.
- (iii) To form a transport network and gateways designed to foster export-related industries, and to improve living conditions in urban areas for the subsequent overall economic development of Cambodia.
- (iv) To form a transport network and gateways designed to develop tourism, an efficient industry in terms of earning foreign currency and creating jobs; and to develop infrastructure to make use of tourist attractions, including parks and beaches.
- (v) To develop a transport network and gateways that make use of Cambodia's geographical advantage at the center of Indochina, and to enable Cambodia to serve as the region's hub by promoting economic development that takes advantage of its location.

The buildup of the information infrastructure aimed at promoting industries and strengthening institutional capacity has recently emerged as a new pillar of overall infrastructure development. Above all, the development of telecommunications infrastructure is indispensable as it constitutes the linchpin of this information infrastructure buildup. The five-year telecommunications expansion plan for 1999-2003, which was formulated in 1999, sets forth a number of objectives including the buildup of telephone facilities not only in Phnom Penh but also the provinces, the modernization of telecommunications facilities in general, and the formation of domestic,

long-distance transmission networks using optic fiber cables or a digital microwave radio system. According to the five-year plan, the number of telephone units will increase from about 100,000 in 1999 to around 260,000 in 2003, and some 400,000 by 2009.

Cambodia needs to address the immediate need for restoration and reconstruction in both the transport and telecommunications sectors. However, at the same time, the country needs to move on to explore the next stage of development. This is because work for restoration and reconstruction alone is insufficient in both quality and quantity for bringing the development of Cambodia to the next stage. For the next three to five years, Cambodia needs to formulate a long-term master plan while striving to complete the remaining work for restoration and reconstruction. During this transitional period, Cambodia needs to lay the groundwork for the implementation of such a master plan by, for example, building up the necessary administration systems and human resources and creating a mechanism by which the achievements made under the plan will rapidly extend into the private sector.

The national land conservation sector requires special attention because it is different from other sectors in a number of ways. Firstly, the available technological data and knowledge is limited. Secondly, land conservation has a huge impact on the environment, society and the economy. Thirdly, it greatly affects neighboring countries. Last but not least, nationwide land conservation requires huge investment and a long-term perspective. Therefore, Cambodia first needs to conduct basic studies to enable it to form a feasible policy and make the policy work in practice.

3-2 Work to meet the immediate needs for rehabilitation and reconstruction

Much work has been carried out for the rehabilitation of Cambodia with the assistance of international agencies and donors, as discussed above. In some cases, however, such work should meet not only the immediate needs for rehabilitation, but also the longer-term needs for the country's development from the very outset. Taking this into account, the direction that the rehabilitation and reconstruction work should take is discussed below. The target year on rehabilitation and reconstruction is difficult to determine exactly because infrastructure development needs time for preparation

such as surveys, design and legal procedures and also construction work. Therefore the following are works that are immediately required. It should be noted that restoration and reconstruction must be carried out taking into account the capacity of Cambodia.

3-2-1 Roads

Cambodia needs to restore trunk roads that are crucial to the country's economic development within the transitional period of three to five years, including:

- Trunk roads linking the Thai border and the Vietnamese border via Battambang or Siem Reap and Phnom Penh,
- Trunk roads linking Phnom Penh with Kompong Cham and Sihanoukville,
- Urban trunk roads in Phnom Penh, and,
- The arterial road network around Phnom Penh.

Cambodia needs to set up the capacity to maintain these roads as practicable for transportation even during the rainy season. Of these roads, those crucial for international traffic need to be upgraded, or newly constructed as necessary, to meet international standards, as seen in the Phnom Penh-Ho Chi Minh City Highway Project.

As for provincial roads, Cambodia needs to link all provincial capitals with one another by all-weather roads as a top priority. Yet, as traffic is relatively low on these roads, improvement work on this period should be economically efficient and such improved roads should be easy to maintain. Other roads need to be restored as necessary.

3-2-2 Railways

Priority should be given to the south line, which can be competitive with other modes of transportation in carrying oil, cement, containers, and other large-volume freight. Cambodia needs to take a number of actions to improve the south line, including repairing and reinforcing sections that have been left unattended during the restoration work, linking the line with freight shipping facilities and dry ports, restoring switches to allow for daily service at least, and repairing signals and communications systems.

The north line also needs restoration work. Cambodia needs to restore the 48 km section between Sisophon and Poipet, so that international transport between Thai-

land and Cambodia requires transshipment only at the Thai border.

3-2-3 Ports and inland waterways

Cambodia needs to expedite the ongoing construction work of the container terminal at the international port of Sihanoukville and to promote the use of the terminal after it is completed.

Also, Cambodia needs to improve other coastal ports, inland ports and inland waterways as such improvement work will produce quick results. The improvement work includes building small-scale mooring facilities and dredging as necessary. In addition, Cambodia needs to ensure that inland waterways are maintained and managed properly.

3-2-4 Airports

Cambodia needs to expedite the ongoing BOT project to accommodate large airplanes. To this end, Cambodia needs to review the progress in the project and consider amending it if necessary to make it possible for large airplanes to land on the airport even on a temporary operation basis.

Regarding Siem Reap airport, Cambodia needs to take measures necessary to accommodate international tourists according to plan. Now Cambodia is developing telecommunications networks, paving the way for communication in such an air traffic control system. In addition to airport improvement, Cambodia needs to take the measures required to establish an air traffic control system covering both the airspace over the airport and the air routes, including building relevant facilities

3-2-5 National land conservation, etc.

Cambodia needs to take the following measures:

- To complete urban drainage systems and flood controls as necessary, and
- To repair and maintain parks and open spaces as the case may be, and if possible, work together with the private sector for this purpose.

3-2-6 Telecommunications

Cambodia needs to create new telecommunications systems rather than restore or rehabilitate the existing

systems, as Cambodia saw its telecommunications infrastructure ravaged and become outdated during the civil war.

As such, Cambodia needs to take the following actions to meet the immediate needs in this sector:

- To install more than 30,000 new telephone lines in Phnom Penh,
- To install over 50,000 such lines in the provinces, so that even villages will have one or more telephones,
- To develop long-distance transmission networks using optic fiber cables or a digital microwave radio system,
- To create a radio network covering the coastal areas and the Mekong Basin, and
- To establish a regional telecommunications network connecting with Thailand, Laos, and Vietnam.

3-2-7 Electric power supply

Securing power to meet the needs in Phnom Penh and lowering electricity charges are some of the immediate challenges Cambodia faces today. To address these challenges, Cambodia needs to set up a power line between Sihanoukville and Phnom Penh. Moreover, Cambodia needs to construct a medium-scale thermal power plant in Sihanoukville, for which a feasibility study is being conducted by the Japan International Cooperation Agency (JICA). Meanwhile, the World Bank is suggesting setting up a power line between Takaev and the Vietnamese border that would be linked to the above-mentioned power line on the assumption that Cambodia buys power from the O Mon Thermal Power Plant in Vietnam. However, this suggestion should be studied more in terms of economic efficiency and other factors.

3-3 Mid- to long-term work for infrastructure development

As discussed in 3-1, Cambodia is in a transitional period between the rehabilitation/reconstruction phase and the development phase. To embark on the development phase, Cambodia is now drafting the second Socioeconomic Development Plan. General policy on infrastructure will be spelled out in this new five-year plan. At the moment, a long-term master plan for infrastructure development for ten to 15 years has not been

formulated, although such a plan is necessary as infrastructure development takes time and money. Taking these circumstances into account, the direction for infrastructure development is discussed below from a mid- to long-term perspective.

Before discussing it, however, it should be noted that this mid- to long-term concept assumes that there will be encouraging prospects for achieving the objectives spelled out in 3-1. Though quantitative analysis and forecasts on socio economic conditions have not been carried out the following are reasonable assumptions:

- Agriculture and rural areas will achieve stable development.
- Seven growth poles - Phnom Penh, Sihanoukville, Kompong Chhnang, Battambang, Siem Reap, Kompong Cham, and Rotanak Kiri - will see the development of tourism and other industries as well as an increase in their population, and they will be more closely related to one another.
- The need for urban development in cities other than Phnom Penh will grow.
- Cambodia will strengthen relations with neighboring countries and other countries at large while taking advantage of its location in Indochina.

It should also be noted that Cambodia needs to do the following:

- To make its development activities consistent with national and local development plans,
- To set priorities for its development activities, and
- To consider participation of the private sector as necessary.

3-3-1 Roads

Cambodia needs to take the following actions concerning the main national highways to meet the mid- to long-term needs:

- To cope with increasing traffic volume,
- To upgrade national highways crucial for economic development and international traffic to meet international standards,
- To construct bypasses and/or alternative routes rather than to renovate the existing roads if their sections have problems related to their alignment, or if they are vulnerable to flooding or passing major city areas,
- To repair or rebuild large-scale bridges that have been left in a bad state of repair, and

- To construct bridges to replace ferry services at, for example, Prek Kdam on National Highway 1.

Regarding urban roads, Cambodia needs to give priority to major roads to form the key structure of the city and those crucial for tourism and industries.

As for provincial roads, Cambodia needs to give priority to roads with increasing traffic, those connecting provincial capitals with other provincial capitals, and those crucial to the overall development of the local areas in question.

3-3-2 Railways

Cambodia's railways need overall modernization to meet the mid- to long-term needs. This is necessary if Cambodia wants to use them as a key transportation mode. To this end, Cambodia needs first to study the comparative advantage of railways in the country in relation to road transport. If such a study proves that the potential demand will make railways economically feasible, then Cambodia needs to modernize the rolling stock, signals, communications systems and other facilities and boost their operating speed and transport capacity. As far as the north line is concerned, these actions should be taken with a view to exploring the possibility of through train services in conjunction with the State Railway of Thailand.

The insufficient transport capacity of Cambodia's railways is the result of the inadequate restoration work after peace was achieved. Roadbeds have been left as they were before the civil war. Large-scale bridges have also been left unattended even though they have structural problems. The transport capacity of the north line has remained at the level of the 1930s, with the result that the line can cope only with local transport needs.

Currently, the concept of a Trans-Asia Railway is being studied. If Cambodia wants to put this concept into practice, the country will have to restore the Thai-border section of the north line and construct a railway between Phnom Penh and the Vietnamese border. To realize the concept for the railway, it has to be ensured that it will be economically efficient, technical problems will be solved, and coordination will be ensured with the other countries concerned.

In any case, the mid- to long-term direction for railway development in Cambodia should be charted in the comprehensive transportation plan as discussed later.

3-3-3 Ports and inland waterways

Cambodia needs to take the following actions to meet the mid- to long-term needs. Firstly, Cambodia needs to improve the port of Sihanoukville. To this end, the country needs to restore the pier for general cargoes and renovate the terminal for bulk cargoes based on the results of a survey that has been completed. Cambodia also needs to expand the container terminal based on the trends in its use.

Secondly, Cambodia needs to improve the port of Phnom Penh. To this end, the country may have to build a new terminal depending on the progress of development projects in the inland areas and improvement of cross-border procedures. In this connection, Cambodia needs to study the possibility of the construction of a new wharf on the main stream of the Mekong River.

Thirdly, Cambodia needs to improve the existing coastal ports, inland ports, and inland waterways or construct such facilities anew to cope with the growing demand.

Fourthly, Cambodia needs to address the sedimentation and other problems in Lake Tonle Sap.

3-3-4 Airports

Cambodia needs to take the following actions to meet the mid- to long-term needs:

- To improve facilities at both Pochentong and Siem Reap airports to cope with the growing demand for passenger transport and increasingly larger aircraft; and to modernize navigational aids necessary to improve safety,
- To improve Battambang and Sihanoukville airports if sufficient demand is anticipated,
- To make airports in the provinces accessible for regular flights by paving the airstrips and taking other necessary measures, and
- To establish an air traffic control system.

3-3-5 National land conservation, etc.

Cambodia needs to take the following actions to meet the mid- to long-term needs:

- To reinforce flood control measures, including embankment protection for cities to allow for urbanization as a result of the development of industries and tourism,

- To construct facilities necessary to ensure that key infrastructure will be protected,
- To improve the existing parks and open spaces and, if necessary, construction such facilities anew, in order to protect ancient monuments and develop tourism, or as part of new urban development, and
- To explore the possibility of constructing public housing as a measure to cope with the potential increase in the urban population.

3-3-6 Telecommunications

As discussed earlier, a significant increase in demand for telecommunications infrastructure is anticipated. Therefore, Cambodia needs to upgrade and update telecommunications facilities in both the capital and the provinces after achieving the goal of meeting immediate needs as shown in 3-2.

3-3-7 Electric power supply

The World Bank report mentioned earlier anticipates a rapid increase in power demand in Cambodia. In addition to the suggestion mentioned in 3-2, the World Bank is now suggesting hydroelectric power projects along National Highways 3 and 4, and in the mountainous area of Krabang.

Another project being contemplated is a Thai-Cambodian joint hydroelectric project on the Thai-border area of the Cardamomes Mountain range to the east. This project is expected to provide economically efficient power.

Now that the supply and demand situation for electricity has more or less stabilized, at issue are the stabilization of power charges and electrification in the provinces.

Securing stable electric power resources in the long term is the key to the stabilization of power charges.

Regarding electrification in the provinces, there has been no proper survey carried out yet. The state-run utility Electricite du Cambodge (EDC) anticipates a significant increase in overall power demand. EDC says that demand in the provinces is extremely low compared with that in Phnom Penh. However, there is still a need to consider electrification in the provinces, including the use of energy locally available, as improving the living standards in rural areas and boosting agricultural production are crucial for the country's development.

3-4 Policy measures necessary for infrastructure development

3-4-1 Transport infrastructure

Transport infrastructure development requires the following policy measures. These are long-term policy measures. Quick results are not expected. Cambodia needs to set priorities for policy measures from the following perspectives, though quick results may not be expected:

- The policy measures should promote the ongoing restoration work; and
- The policy measures are essential for the mid- to long-term initiatives.

(1) Formulating a comprehensive transportation plan

Cambodia is now moving from the stage of rehabilitation and reconstruction to the next stage of full-fledged development. In this transitional period, the country needs to both formulate a comprehensive transportation plan consistent with the five-year Socioeconomic Development Plan and other plans and to carry out programs based on this transportation plan. This is necessary if Cambodia wants to develop its transport infrastructure both efficiently and effectively. At the same time, Cambodia needs to improve coordination among different modes of transportation. Table 3-5 shows a possible structure for such a comprehensive transportation plan.

It is essential to set out the framework of a comprehensive transportation plan before drafting a mode-specific plan. It is also essential for the Cambodian government as a whole to authorize such a comprehensive plan to make it practical. In addition, such a plan needs to consider key international transport as well as domestic transport, as Cambodia is located in the center of Indochina.

(2) Establishing traffic regulations

Explicit traffic regulations are the key to appropriate development, management and use of the transport infrastructure. Table 3-6 shows the scope of such traffic regulations.

The Cambodian government is making efforts to

Table 3-5 Comprehensive Transportation Plan for Cambodia (main items)

Part A: Overview of the plan
I. Basic concepts of the plan
II. Current transportation situation in Cambodia
III. Basic policy of the plan
Part B: Transportation demand forecast
I. Transportation demand forecasting technique
II. Estimates of the socioeconomic framework
III. Macroeconomic demand forecast
IV. Mode-specific demand forecast
Part C: Mode-specific transport planning
C1. Roads and road transport planning
I. Road planning
II. Road transport management policy
II-1. Transportation management
II-2. Policy on road transport business
C2. Railways
C3. Ports and inland waterway planning and water transportation policy
I. Ports and inland waterway planning
II. Policy on water transportation management
C4. Airport planning
C5. Special agendas for transportation planning

Source: Kaneko (1998)

establish traffic regulations, yet it needs to set priorities according to the need and urgency.

(3) Reorganizing and reinforcing the government structure

Reorganizing and reinforcing the government structure is urgently required for the appropriate development, management, and use of the transport infrastructure. The following four points are matters of great urgency.

- Cambodia needs to reinforce the planning department so that its capacity will be built up through the drawing up of basic policies and plans, working out administration systems and regulations, and managing and disclosing information. To this end, the country needs to develop human resources.
- Cambodia needs to build up the government's capacity to maintain and manage the transport infrastructure. The government needs to secure equipment and materials, develop human resources and improve technical capacity concerning the transport facilities that it maintains, manages, and operates on its own. Currently, inadequate communi-

Table 3-6 Scope of Traffic Regulations

Administrative items	Subitems
Institutions	Administration of public infrastructure; administration of transport and traffic; administration related to the means of transportation; administration of transportation management
Infrastructure facilities	Planning; development; maintenance and management; operation
Transport service	License; business administration and management
Means of transportation	Registration; technical standards; maintenance and inspection
Transportation management	Traffic safety rules; license and education; traffic control

Source: Kaneko(1998)

cations systems hamper the government's activities for maintenance, management and operation of transportation infrastructure. However, as restoration and construction work for telecommunications facilities progresses, Cambodia needs to take advantage of this progress and improve such communications systems by, for example, creating the necessary telecommunications networks for transportation infrastructure. This action may be part of the Cambodian government's initiative in developing the information infrastructure.

- (iii) Cambodia needs to reinforce management capacity on the part of state-owned enterprises. To this end, the country needs to restructure them and develop human resources so that these enterprises will be able to be financially self-sufficient. Cambodia needs to set up a small but competent body within the Ministry of Public Works and Transport (MPWT) to deal with such restructuring.
- (iv) Cambodia needs to build up institutional capacity to supervise transport services provided by the private sector. Such supervision includes ensuring competition, regulating charges, and strengthening safety. Cambodia also needs to develop human resources for this purpose.

(4) Securing sufficient funds for maintenance

Cambodia needs to secure sufficient funds for maintenance from user charges, taxes and other sources.

(5) Promoting privatization in an appropriate manner and establishing the framework for privatization

Cambodia needs to promote privatization in the transport sector as many of its transport services should be provided by the private sector. At the same time, the

country needs to guarantee the appropriate activities of private businesses by establishing the necessary systems and strengthening government functions. In addition, Cambodia needs to promote the participation of the private sector in the development or management of infrastructure on a BOT basis or under other arrangements. The country therefore needs to spell out the criteria and procedures for such participation.

(6) Improving coordination with neighboring countries for the smooth operation of international traffic

International traffic with neighboring countries is expected to increase in volume. However, there are many impediments to crossing the borders. As such, Cambodia needs to improve coordination with neighboring countries to promote the smooth operation of international traffic. This requires Cambodia to conclude agreements on traffic arrangements with them and take other necessary measures.

(7) Establishing appropriate technical standards

Cambodia substantially depends on international support for its infrastructure development. However, technical standards applied to the construction and use of transport facilities vary from donor to donor. This may hamper the maintenance and use of such facilities in the future. This necessitates the establishment of basic technical standards by Cambodia.

3-4-2 Infrastructure for national land conservation, etc.

Cambodia needs to conduct fact-finding studies and work out basic policies regarding the infrastructure for

national land conservation, etc., based on the results of such studies. The country also needs to make arrangements for these studies within the government and to develop appropriate human resources. In doing so, Cambodia needs to improve coordination with other organizations concerned to ensure an efficient and effective response.

3-4-3 Telecommunications infrastructure

Telecommunications infrastructure development requires similar policy measures to those for transport infrastructure development as described in (1) to (7) above. In addition, the following points are important.

(i) Operational efficiency

The Ministry of Posts and Telecommunications (MPTC) plans to change the form of organization for state-owned enterprises under its management to that of public corporations within the year 2000. With this new form of organization and a new management method, the MPTC aims to promote operational efficiency for such corporations. This will be difficult for these public corporations, as they need to achieve the seemingly incompatible objectives of keeping user charges low and offering services in less profitable rural areas, while rapidly modernizing and expanding services.

(ii) Human resources development

There is an urgent need for Cambodia to develop the human resources required to maintain and manage the rapidly expanding telecommunications networks.

(iii) Review of the master plan

Cambodia needs to review the master plan for possible adjustments to the long-term objectives amid rapid changes in technologies and the state of affairs in Cambodia.

3-4-4 Infrastructure for electric power supply

Electric power in Cambodia has been supplied more like emergency power units. Cambodia now needs to formulate a long-term plan for electric power supply to secure stable power resources and electrify rural areas.

The role of the private sector in developing electric power resources should not be overemphasized, as the World Bank suggests. The World Bank's suggestion may be appropriate for Bangkok and other key major cities in Southeast Asia where the electric power market is well developed, but not so for Cambodia. In fact, the high cost of purchasing electric power from IPPs is hampering demand in Phnom Penh. Cambodia thus needs to use public funds for the development of power resources across the country. At the same time, Cambodia needs to study how to use public funds appropriately.

4. Direction of Japan's assistance

4-1 Basic policy

Section 3 above discusses actions and policy measures for infrastructure development in Cambodia. They may be carried out by the Cambodians themselves, international agencies and donors including Japan, or the private sector.

Japan, for its part, should concentrate on projects that will produce explicit results in order to make the most of Japan's aid--Japanese taxpayers' valuable resources--for infrastructure development in Cambodia and to ensure that its impact is recognized by Cambodians. Japan should also contribute to the development of human resources in Cambodia through technology transfer and other means, in addition to the development of the physical infrastructure.

Japan's assistance is currently limited to the southern part of Cambodia and the major cities and their surrounding areas. The following discussion assumes that Japan's assistance then will be extended to almost all parts of the country after security is restored.

(1) Assistance to meet the immediate needs for rehabilitation and reconstruction

This kind of assistance for infrastructure development is being conducted within the framework of international agencies and donors. Japan should concentrate on projects that produce immediate results while maintaining coordination with the donor community.

Small-scale restoration projects or those in remote areas may be conducted by the Cambodians themselves using machinery and equipment provided as part of

Japan's assistance programs to build maintenance and management capacity on the part of the Cambodians. These programs are discussed below.

Restoration work should be conducted with a view to the long-term use of such restored facilities. If funds are limited, it may be necessary to concentrate on the most effective projects. In addition, it may be necessary to use the facilities when restoration work has been partly completed.

As maintenance and management capacity in Cambodia is limited for now, it is necessary to ensure that such limited capacity does not reduce the impact of development projects through the prudent selection of projects, designs and construction methods.

(2) Mid- to long-term assistance for infrastructure development

In its long-term assistance, Japan is concerned with projects that are expected to play a key role in Cambodia's socioeconomic development, rather than with projects that basically just involve restoration. In the future, Japan should place more emphasis on projects that are considered strategically important in Cambodia's socioeconomic development, based on mid- to long-term plans such as a comprehensive transportation plan. Japan should also emphasize projects that are expected to contribute to Cambodia's socioeconomic development by strengthening coordination with the other countries of Indochina in cooperation with relevant organizations.

The private sector is expected to play a greater role in infrastructure development under BOT or similar arrangements. Japan should work together with the private sector in cases where private participation may contribute to achieving better results of projects assisted by Japan's aid.

Japan should maintain coordination among projects for regional development, those for industrial development covering agriculture, forestry, and fisheries, those for tourism development, and those for urban development, so that the impact of assistance will be felt in a wide range of sectors. In addition, Japan should ensure that its assistance projects will constitute a model for future development projects conducted by the Cambodians themselves.

4-2 Capacity building for developing and managing the infrastructure

Capacity building for the Cambodian government in developing, maintaining, managing, and restoring the infrastructure is important both for smoothly implementing Japan's assistance programs in relation to the basic policy spelled out in 4-1 and for making these programs effective. Therefore, Japan needs to extend assistance designed to promote such capacity building. The following three areas deserve special attention.

(1) Assistance for building capacity for establishing systems, formulating plans, etc.

As preconditions for infrastructure development, systems for maintaining and managing this infrastructure need to be established. Moreover laws need to be established to define who has what authority, and the responsibility for these activities. Based on the defined authority and responsibility, development plans can be formulated. Authority and responsibility is to be officially defined within Cambodia's legal system. Thus, Japan needs to focus on strengthening the policy planning capacity of the competent government offices.

(2) Assistance for building capacity to maintain and manage the infrastructure

Infrastructure facilities, including those built with Japan's assistance, should be maintained and managed by the Cambodian government itself in future. This requires the development of human resources as a matter of urgency. Japan should assist Cambodia in building operational capacity concerning technology and management. Japan should also assist Cambodia in acquiring the necessary equipment and materials in line with Cambodia's initiatives in this field. In addition, Japan should assist Cambodia in building up capacity for managing state-owned enterprises and other public entities in the market economy as far as these corporations run their business on a self-supporting, autonomous basis.

(3) Assistance for building the capacity of the Cambodian government to administrate private businesses

The Cambodian government needs to deal appropriately with initiatives by the private sector in developing and managing infrastructure under BOT or similar arrangements as privatization is progressing in the transport service sector. More specifically, the Cambodian government needs to build up its capacity to appropriately cope with technical, managerial and institutional problems in connection with privatization. Japan should assist the Cambodian government in building up its management capacity.

4-3 Assistance in formulating master plans, technical standards, etc.

If Japan wants to support infrastructure development efficiently based on the basic policy described in 4-1 above, official master plans, such as a comprehensive transportation plan, are essential. Such master plans are necessary to carry out a variety of means of assistance provided by international agencies and donors efficiently and effectively, and in maintaining and making use of the outcomes of such assistance. At the same time, technical standards are necessary to invite the private sector to participate in infrastructure development. Formulating these master plans and technical standards requires considerable experience. Japan should therefore provide assistance in this field, in addition to the assistance for capacity building as discussed in 4-2 above.

4-4 Objectives and strategies of Japan's assistance

Japan's mid- to long-term assistance in infrastructure development should be based on master plans such as a comprehensive transportation plan as discussed earlier. This subsection indicates the items Japan that should address in its assistance programs over the next three to five years while taking such master plans into account.

Regarding the overall transport sector, Japan is urgently required to assist Cambodia in formulating a comprehensive transportation plan. At the same time, Japan should provide assistance to promptly devise programs for capacity building for the Cambodian govern-

ment regarding overall transport administration as shown in subsection 4-2 above. After the projects that Japan should assist have been identified based on these programs, Japan should devise a number of packages of schemes for technical assistance. The details for each sector are shown below.

(1) Roads and road transportation

The major national highways play an important role in the Cambodian economy. Bearing this in mind, Japan should firstly address the following sections of national highways:

- (i) Sections from which sufficient returns will be obtained at an early stage if Japan works together with other donors and international agencies.
- (ii) Sections on which emergency repair work has been conducted, but which have been damaged by natural disasters and are in urgent need of fresh repair work.

Secondly, Japan should address the state of existing large bridges left unattended under the restoration program for national highways; these bridges are expected to constitute a bottleneck for national highway traffic. Japan should conduct technical studies and identify those in urgent need of replacing. Then Japan should assist in replacing these bridges. Thirdly, Japan should address the state of sections of national highways where there is heavy traffic that are also crucial in terms of international traffic. Japan could, if possible, construct bridges or bypasses to alleviate heavy traffic in cooperation with other donors and international agencies. Due to the large amount of investment that will be required, it may be necessary to extend loan aid if this proves feasible.

Japan has already launched an assistance program for building up Cambodia's capacity to maintain and manage roads. In the future, Japan should continue and reinforce the program as the proper maintenance and management of roads is crucial.

Japan should also address urban transport in Phnom Penh. Based on the results of an ongoing study, Japan should provide assistance not only for the physical infrastructure but also for traffic control, public transport development, and other aspects.

(2) Railways

Japan should, in principle, devise specific assistance programs for railways based on the policies to be set out in a comprehensive transportation plan. Nonetheless, Japan should provide assistance for the Phnom Penh-Sihanoukville section of the south line, for which there is a good prospect of quick results, to meet immediate needs, after checking the feasibility of such assistance from the economic and technical points of view. In doing so, Japan should work together with major shippers such as oil companies and the port authorities. In addition, Japan should assist the Royal Railways of Cambodia (CFRC) in building up its capacity to maintain, operate, and manage the railways, and also to build up capacity to operate and maintain signals and communications systems to be introduced in the future by themselves. Then the next logical step is to restore, or more precisely, construct the section between Sisophon with Poipet. The direction for the construction of this section will be given in a comprehensive transportation plan.

(3) Ports and inland waterways

Japan should expedite the ongoing construction work of the container terminal at the port of Sihanoukville and promote the use of the terminal after it is completed. In addition, Japan should provide assistance in capacity building for efficient management of the terminal.

As for inland ports and inland waterways, Japan should provide assistance where quick results are expected. Japan should also assist in capacity building for maintenance and management so that the Cambodians will be able to carry out surveys, maintenance dredging, and other necessary measures.

(4) Airports

Work to improve airport facilities is being conducted by the private sector and international agencies and donors. If Cambodia asks Japan to provide additional assistance, Japan should study the necessity and other factors before responding to such a request.

Regarding air traffic control, Japan should assist Cambodia in building up its capacity and in setting up air traffic control systems that cover the airspace over airports and possibly the air routes as well. Japan

should consider extending loan aid if this proves feasible.

(5) National land conservation

Japan should assist Cambodia in:

- Developing urban drainage systems and flood controls that are urgently needed,
- Assessing the current conditions,
- Conducting surveys on the economy in general and related technologies and administrative systems for formulating a basic policy based on such assessment, and
- Building up Cambodia's capacity to conduct the activities above.

(6) Telecommunications

Japan should assist Cambodia in:

- Further upgrading and modernizing facilities in Phnom Penh based on previous assistance,
- Providing standard telephone services and automatic long-distance telephone services to the middle regions of Cambodia--Sihanoukville, Kampot, Takaev, Kandal, the suburbs of Phnom Penh, and Kompong Cham--which are expected to play a more important role in the country's development when connected with Phnom Penh by higher capacity telephone lines, and
- Further building up the management capacity of the Cambodian government mainly through human resources development.

(7) Electric power supply

Japan is expected to give priority to the development of electric power resources in the capital with a view to stabilizing user charges. In addition, Japan needs to consider providing assistance for the electrification of the provinces across the country if security is guaranteed. Electrification of the provinces is important in narrowing the gap between the capital and the provinces.

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Section 4. Improvement of Health Care

Hidechika AKASHI

1. Analysis of the present conditions

1-2 The present situation of health care

1-1 Background

In the Pol Pot era of the 1970s, the highly educated became the targets of a massacre, and in the following period of forced labor Cambodia lost a lot of doctors to the point where only about 40 remained. This resulted in a shortage of capable personnel, decreased professional competency due to the weakening of education and training systems, and a lowering of ethical standards. In the period of communism and the subsequent events following the Pol Pot era, physicians received inadequate training in an effort to increase the quantity rather than the quality of medical personnel. Full-scale aid was resumed in the UNTAC era but stagnated when aid agencies were forced to withdraw upon the outbreak of an armed conflict in 1997. It gradually resumed once again with the recovery of public peace, and is presently expanding. Since the general elections of 1993, the Cambodian People's Party had monopolized the main posts at and below ministerial level in the Ministry of Health, but following the general election of 1998, the FUNCINPEC Party came to occupy the post of Minister and one of the two posts of Secretary of State.

1-2-1 Overview

According to the Development Assistance Committee (DAC) indicators, the Cambodian health indicators, including the maternal mortality rate (MMR) of 473, under 5 mortality rate (U5MR) of 163, infant mortality rate (IMR) of 104 and average life expectancy at birth (overall) of 53, show lower standards compared to the neighboring countries of Thailand and Vietnam.¹ (Table 4-1)

Regarding diseases, infectious rather than adult diseases still constitute the major health issue. For example, the main diagnoses for outpatients of all ages are, in order of incidence, acute respiratory infection (18%), diarrhea (11%), malaria (4%), fevers from other causes (22%), and others (42%). The hospitalized patients suffer from malaria (13%), tuberculosis (10%), acute respiratory infection (8.8%), diarrhea (4%), traffic accidents (3.8%), obstetric and gynecological diseases (3.5%), dengue hemorrhagic fever (3%), and others (51.5%). Other prevalent diseases, depending on the region, include dysentery, cholera (1,723 cases nationwide in 1998, mainly in Banteay Mean Chey, Kampong Cham and Phnom Penh), meningitis and typhoid.²

Table 4-1 Health Indicators

Indicator	Cambodia	Vietnam	Thailand	Laos	Japan
Average life expectancy at birth	53	68	69	53	80
Average life expectancy at birth of females (ratio to males: %)	106	108	109	106	108
Infant mortality rate (1960)	146	147	103	155	31
Infant mortality rate (1998)	104	31	30	96	4
Under-5 mortality rate (1960)	217	219	148	235	40
Under-5 mortality rate (1998)	163	42	37	116	4
Maternal mortality rate	470	160	44	650	8
Crude death rate (1970)	19	15	10	23	7
Crude death rate (1998)	13	7	7	13	8
Crude birth rate (1970)	42	38	39	44	19
Crude birth rate (1998)	34	22	17	39	10
Total fertility rate	4.6	2.6	1.7	5.7	1.4
Annual rate of population growth (%)	2.7	1.9	1.0	2.7	0.8

Source: UNICEF (2000)

¹ UNICEF (2000)

² Ministry of Health (1999b)

1-2-2 Infectious diseases

The number of malaria outpatients recorded nationwide in one year was 123,873, of which 20,148 were hospitalized and 652 died (according to an estimate by the expert Professor Sato of the National Malaria Center, however, the number of affected patients reached 200,000), mainly in the mountainous regions of provinces such as Siem Reab, Kampot, Rotanak Kiri and Kampong Spueu.³ Reports show that 96 percent of these cases are caused by the tropical malaria parasite, *Plasmodium falciparum*. Near the Thailand border in the province of Siem Reab, 60% of the residents were found positive for the malaria protozoan in blood tests. Dengue fever is common in the rainy season of July to September, in the regions of Bat Dambang, Banteay Mean Chey and Kampong Chhnang, while epidemics were experienced recently in 1995 and 1998.⁴

Regarding parasitic diseases, 65% of the primary and secondary school students in Phnom Penh City tested positive for roundworm eggs. Moreover, schistosomiasis is reportedly common in the province of Stung Treang bordering Laos, and Kracheh. The parasite is believed to be *Schistosoma mekongi*. Filariasis is also seen on the border of Laos in the form of scrotal edema.⁵

1-2-3 Tuberculosis

The total number of tuberculosis-infected individuals is 63,000 (ratio per population of 100,000: 539) for tuberculosis, 28,000 (likewise: 241) for smear-positive tuberculosis, and 10,500 (likewise: 90) for tuberculosis deaths. The number of newly registered infected individuals in 1999 was 19,266 (likewise: 165) for tuberculosis, 15,744 (likewise: 136) for new registrations of smear-positive tuberculosis, and 792 for registrations of recurring smear-positive tuberculosis, with a 56% rate for smear-positive patient discovery. These statistics are rated the worst among the Asian countries where tuberculosis is common. The 5% (1992) annual risk of infection (ARI) was also one of the highest worldwide. These figures are partly the result of the large number

of patients left untreated due to the civil war who were forced to live communally. Moreover, as the incidence of tuberculosis complications accompanying HIV has also risen recently, a future explosive increase is predicted in HIV-infected patients, the incidence of which spread in the 1990s. An annual total of over one thousand new patients has been reported in the regions of Kandal, Kampong Cham, Siem Reab, Kampong Spueu, Prey Veang and Takaev (1998). As a control measure, a treatment program called Direct Observed Treatment Short-course (DOTS) is being implemented, where hospitalized treatment under observation is required for the initial two months. Free of charge diagnosis by smear microscopy, free treatment and free food aid from the World Food Programme (WFP) have brought about highly favorable results of a 91.5% rate of recovery from tuberculosis.⁶ On the other hand, the reported cases nationwide of leprosy number 11,426, and of these, the number who completed MDT treatment is 2,634.

1-2-4 HIV/AIDS and sexually transmitted diseases

HIV/AIDS is spreading rapidly, at an explosive rate since 1992, with the cumulative number of HIV-infected individuals totaling 154,316 by the end of 1998, and AIDS patients totaling 18,612. The affected age group is mainly the late teens to the 20's. HIV positive rates are estimated at 2.4% for married women, 4% for blood donors and expectant and nursing mothers, 6.2% for police officers, 12.2% for hospitalized patients, and 42.6% for direct Commercial Sex Workers (CSWs). The main route of transmission is believed to be through heterosexual intercourse, while there is no data regarding homosexual transmission.⁷ (Box 4-1)

1-2-5 Health conditions of children

The infant mortality rate (IMR) is 104 and the under-five mortality rate (U5MR) is 163. The main diagnoses for child outpatients under 15 years of age are acute respiratory infection, diarrhea and malaria, while hospital-

³ Ministry of Health (1999b)

⁴ Ministry of Health (1999b), Sato, K. (1999)

⁵ Sato, K. (1999)

⁶ Onozaki, I. (2000), Mori, T (1994)

⁷ UNAIDS (1999) UNAIDS (2000)

Box 4-1 AIDS Control Measures for Residents

Local residents tend to judge AIDS from its appearance, thus a household found to have an AIDS patient is often socially ostracized. The patients are rejected from burial in the village cemetery after death, which is cruel punishment for residents who pray to die in peace in the afterworld. There are known cases of patients who, after receiving positive blood test results, sought help from Buddhist priests or traditional healers, or recovered (were found to be negative in the blood test) through prayer and other means. The actual reason for this phenomenon is not known, but as it is conceivable that testing accuracy in Cambodia is low, especially in private practice laboratories the results lack credibility. It cannot be denied, however, that the temples and traditional healers are helping in the emotional care of the patients and their families.

Other sexually transmitted diseases include gonorrhea (infected adults over the age of 15: 3%, infected CSWs: 35.0%), chlamydia (4% and 22.4% likewise), syphilis (4% and 14.0% likewise) and trichomoniasis (*Trichomonas*) (unknown and 5.4% likewise) (Source: HIV/AIDS in Cambodia). Moreover, blood donor infection statistics include 7.5% positive for S antigen of hepatitis B, 3.0% positive for hepatitis C, and 3.7% for syphilis (Reference 2: Ministry of Health Annual Report 1999). There have been no reported incidences of wild strains of polio in recent years, and eradication has been announced as of 2000.

Box 4-2 Growth Process of Newborn Infants

Typically, newborns grow in step with the standard growth curve for the first six months, after which they fall below the normal curve with the onset of the weaning period using rice soup. They experience diarrhea with complications such as acute respiratory infections, maintain their underdeveloped state, often suffering from measles, and eventually die.

ized children suffer from dengue hemorrhagic fever, measles, meningitis, diarrhea, dysentery, acute respiratory infection, malaria, traffic accidents, and landmine accidents. The causes of death include diarrhea, acute respiratory infection, dengue fever, diseases preventable by immunization, protein-energy malnutrition, and micronutrient deficiency.⁸ (Box 4-2)

1-2-6 Health conditions of expectant and nursing mothers

The maternal mortality rate (MMR) is 473, with hemorrhaging, infection, and eclampsia constituting the three main causes of death. These figures may be due to the fact that, in the rural areas, nearly 90% of childbirths are given at home, while only 3% of births are given at health facilities such as hospitals and health centers. In addition, delivery is assisted in most cases by members of the family or traditional birth attendants

Box 4-3 Customs Related to Childbirth and the Health of Expectant and Nursing Mothers

Especially in the rural areas, post-delivery care customs such as cutting the umbilical cord with a newly split bamboo stick (may cause tetanus of the newborn), not checking the mother for residual placenta (also true for midwife-attended births, and may cause postpartum hemorrhage), warming the mother with a fire (may cause burns), and not changing the mother's garments to maintain sanitary conditions (may cause puerperal fever) continue to be practiced. In such regions, the means of transportation and communication are inadequate, and even where transfer is possible, there are no immediate control measures for bleeding since a blood bank system has not been established. Moreover, in cases of miscarriages and abortions, the procedure followed by TBAs is not appropriate (for example, it is said that pieces of wood are used for curettage of the uterus, often piercing the delicate tissue) thus contributing to increased infections.

(TBA), with only 31% of childbirths attended by health care personnel. The proportion of expectant mothers who take advantage of antenatal care (ANC) is also low at a national average of 29.6%.⁹ (Box 4-3)

Meanwhile, in Cambodia there is a shortage of drugs such as magnesium sulfate for the prevention and treatment of toxemia of pregnancy and eclampsia, and the

⁸ Ministry of Health (1999b)

⁹ UNICEF (2000), Ministry of Health (1999b), NMCHC (1996)

physicians are not knowledgeable in their methods of use. The total fertility rate is 4.6 and the annual population increase is 2.7%. Data for birth control and family planning are relatively well organized as the donors are concentrating their efforts in these areas. The contraception usage rate is 13% (UNICEF data: Ministry of Health data indicates 9.7%), with the methods, in order of popularity, of injections (60.8%), oral contraceptives (28.2%), condoms (10.6%), and IUDs (0.4%).

1-2-7 Nutrition

Poor nutritional conditions are a major problem. There is no nationwide data regarding the rate of low birth weight infants (approximately 7.5%¹⁰ at the National Maternal and Child Health Center of Cambodia), while statistics are 52% for underweight children under the age of 5, 56% for stunting, and 13% for wasting. The percentage of malnourished women (BMI < 18.5 kg/m²) is 28.5%. The rate of night blindness (vitamin A deficiency) is 3.6% for children aged 2 to 5 and 10% for pregnant women, while the prevalence of goiter (iodine deficiency) is 12% for students aged 8 to 12, and reaching a rate of 30% or higher of severe cases among students in particular provinces (Siem Reab, Rotanak Kiri, Banteay Mean Chey and Svay Rieng). The incidence of anemia (including deficiencies of iron, vitamin B₁₂, and folic acid) is high at 82% for children under the age of 5, 69% for women of childbearing age, and 74% for pregnant women.¹¹ 76.4% of mothers do not give their newborns colostrum, and 56.7% commence breastfeeding from the second day after this secretion. Weaning is started from 0 to 5 months in 45.5% of the cases, and from 6 to 11 months in 38.9%. The type of baby food used is rice soup with added salt for 69.3%, and the same with added sugar for 15%. The calorie intake for adults ranges from 1,716 to 1,979 kcal, with constituents of approximately 80% carbohydrates, 9% protein and 11% fat. Sources of energy include rice (100%), palm sugar/sugar cane (56.6%), lard/vegetable oil (54.6%) and corn/wheat (34.9%). Sources of animal protein include prahok (fermented fish)/dried fish/fish pickled in salt (58.4%), fresh fish (52.6%), frogs/crabs/clams/ prawns/birds (40.7%), beef/pork/chicken/duck

Box 4-4 Diet in the Rural Villages

The typical diet of the rural population consists mainly of rice, with fish such as sardines (mainly river fish) pickled in salt and prahok, with some soup.

(21.5%), and eggs (20.1%). Sources of vitamins and minerals include green vegetables (70.8%), other vegetables (54.3%), citrus fruit (23.7%), pumpkins/carrots (14.8%), papayas/mangos (8.9%), and bananas (8.4%), but these vary with the seasons.¹² (Box 4-4)

1-2-8 Injuries

The two main causes of injuries are traffic accidents, an annual 5,839 of reported cases and increasing, and landmine accidents, 663 cases and decreasing. The conceivable causes of traffic accidents are the increase in traffic, not obeying traffic rules, many people riding a single motorcycle, without helmets. While the removal operations of landmines are in progress, many accidents still occur, mainly in the regions of, in order of frequency, Banteay Mean Chey, Bat Dambang, Kampong Chhnang and Kampong Cham.¹³

1-2-9 Mental disorders

Part of the population suffers from mental disorders most likely caused by the death of many family and friends or by their own dangerous experiences under Pol Pot domination. According to studies, the war experience did not end after the Pol Pot era but increased in the period of forced labor for forest tree felling in 1985. The effects of such mental conditions of the people are apparent, for example, in the easy acceptance of violence, weak interpersonal relationships and easy loss of emotional stability indicating deep disturbance. The large difference in the population of men and women following the massacre also led to a weakening of social status of women. The psychiatrists were presumably all killed in the Pol Pot era, resulting in a shortage of competent mental care professionals. The need for mental care was also neglected in periods to follow. Statistics for this area are scarce, limited to only a few

¹⁰ National Maternal and Child Health Center of Cambodia of Cambodia (1997-2000)

¹¹ FAO (1999)

¹² UNICEF (1994)

¹³ Ministry of Health (1999b)

Box 4-5 Food Sanitation Conditions

The report of a study carried out by the Pasteur Institute in 1997 revealed bacteria such as dysentery, typhoid and *E. coli* detected in a bacterial test of a street stall ice cream shop in the city of Phnom Penh. In addition, from August to November 1998, in the province of Kandal, there was a reported case of group health disorders from a local alcoholic brew, diagnosed to be caused by the admixture of methyl alcohol.

survey results. According to these survey results, the incidence of post-traumatic stress disorder (PTSD) is 28.4% (1 to 3% in international standards), the rate for life-long suffering from major depression is 13% (internationally 5 to 12%), while reliable statistics are not available for other disorders. The majority of sufferers remain untreated and unsupported even at present.¹⁴

An element characterizing the psychosocial situation in Cambodia is the fact that 36% of the population lost family members or possessions in the war and massacres. The people still talk of sporadic violent experiences (torture, landmine accidents, capture in prison, and witnessing violence) encountered up to the present day. 18% of all women are widows due to war or other causes, or are divorced. Over half of the women have experienced migration. 14% of households have a disabled member. Other evident problems include illiteracy (17.5%), domestic violence (experienced by 19% of married women), disease, and perception disorders (19% complain of thinking and concentration disabilities, or confusion).¹⁵

1-2-10 Sanitation

Although a water supply system exists in the city of Phnom Penh, it is not sanitary, and the population generally purchases clean bottled water for drinking. In the regional districts, water is obtained from wells (71.7%), ponds (27%), canals (0.9%) and rivers (0.2%), or rain-water is collected and stored in jars. The proportion of the population with access to safe drinking water is low at 30% nationwide (53% for urban areas, 25% for rural areas).¹⁶

Meanwhile, the proportion of the population with access to adequate sanitary facilities is 19% nationwide (57% for urban areas, 9% for rural areas).¹⁷ Especially

in the rural areas, 93.7% of the population do not possess toilets¹⁸ thus generally relieve themselves in the bushes. Even medical facilities rarely have a sewage system, and resort to dumping human waste in the rivers. Garbage is collected by trucks in the city of Phnom Penh, but is often scavenged beforehand by other residents. There are hardly any appropriate incinerators for medical facilities, thus the disposal of medical wastes in Phnom Penh also relies on the general garbage collection system. Garbage is often seen scattered on the ground in local districts.

Regarding food sanitation, some laboratories or aid groups sporadically perform tests, but there does not appear to be an established system for management and testing. (Box 4-5)

1-3 Government action**1-3-1 General**

The emphasis in health care still lies in quantity, but there seems to be a gradual tendency towards raising the quality. The policy of the Ministry of Health for 1999 to 2003 focuses on investment in the following four fields.

(i) Strengthening the health system

The specific actions of strengthening health management and capacity for plan implementation, augmentation of basic health services, training of human resources, establishment of control measures against infectious diseases, and reform of medical drug management are to be carried out.

(ii) Integration of the existing programs, especially in operational district health centers

This includes measures against tuberculosis, malaria/dengue hemorrhagic fever/ schistosomiasis,

¹⁴ Tebayashi (2000), Tebayashi (1999)

¹⁵ Tebayashi (2000), Psychiatric Outpatient Division of the Sihanouk Hospital/ University of Oslo survey and a Mental Health NGO of the Netherlands

¹⁶ UNICEF (1994)

¹⁷ UNICEF (2000)

¹⁸ UNICEF (1994)

Box 4-6 Health Care Seeking Behavior of Villagers

The typical health care seeking behavior of villagers consists of purchased medication from the village pharmacy, and sometimes use of the traditional healer. In addition, if required, physicians, nurses or midwives are called on to make visits, which can cost a considerable amount, reaching 20 dollars in some cases. This, however, covers several visits. The patients who do not recover using the means above then visit the hospital.

and AIDS/ sexually transmitted diseases, immunization programs, health programs for women and children, and leprosy eradication.

(iii) Measures against newly developed problems

The priorities include reinforcement of expertise in the fields of ear nose and throat/oral hygiene/mental health, the development of health education, prevention of cancer, prevention of blindness, and reinforcement of national laboratories for supervising the food and drug administration.

(iv) Reinforcement of the competency of medical technology applications in national and provincial hospitals, and expanding blood transfusion services to referral hospitals nationwide.¹⁹**(1) Organizational structure of the Ministry of Health**

The system within the Ministry of Health was reformed in 1998, and presently consists of the Senior Minister and Minister of Health, Secretaries of State, Under Secretaries of State, Directorate Generals, and their respective subordinate departments (Figure 4-1). Formerly, the national system consisted of tertiary medical facilities such as national general hospitals and specialized hospitals in the capital of Phnom Penh, the secondary facilities of provincial and district hospitals in the provinces and districts respectively, and the primary facilities of health centers below them, supplemented by traditional healers including traditional birth attendants performing medical practices unofficially. The health sector reform was implemented in 1996, and the number of required health centers was established at approximately one per 10,000 people. An *operational district* was established to oversee 10 to 15 health centers integrating several of the administrative districts in some cases. The Operational District Health Office thus exercises jurisdiction over the operational districts,

while the central hospital in each operational district serves as the *referral hospital* (equivalent to the former district hospital). In addition, the upper level provincial hospital serves also as the referral hospital of the operational districts under its jurisdiction. In the plan of 1996, the required numbers were established as 67 for referral hospitals, 935 for health centers, and 8 for national hospitals.²⁰

(2) Standards of the medical facilities

The number of beds nationwide is low at 6,516 (approximately 57 beds per population of 100,000), while the percentage of occupied beds is 48.76%. The average period of hospitalization is 4.75 days.²¹

The hospitalization facilities of health centers are usually limited to two beds. Many health centers have recently been rebuilt, making them cleaner than their supervising district level referral hospitals. However, as not all the health centers have yet been built as planned, some are still absent while others are old and decrepit. The personnel in the health centers usually consists of the Head (a medical assistant or nurse) supervising six or so staff members for pediatrics, ANC, immunization and administration.

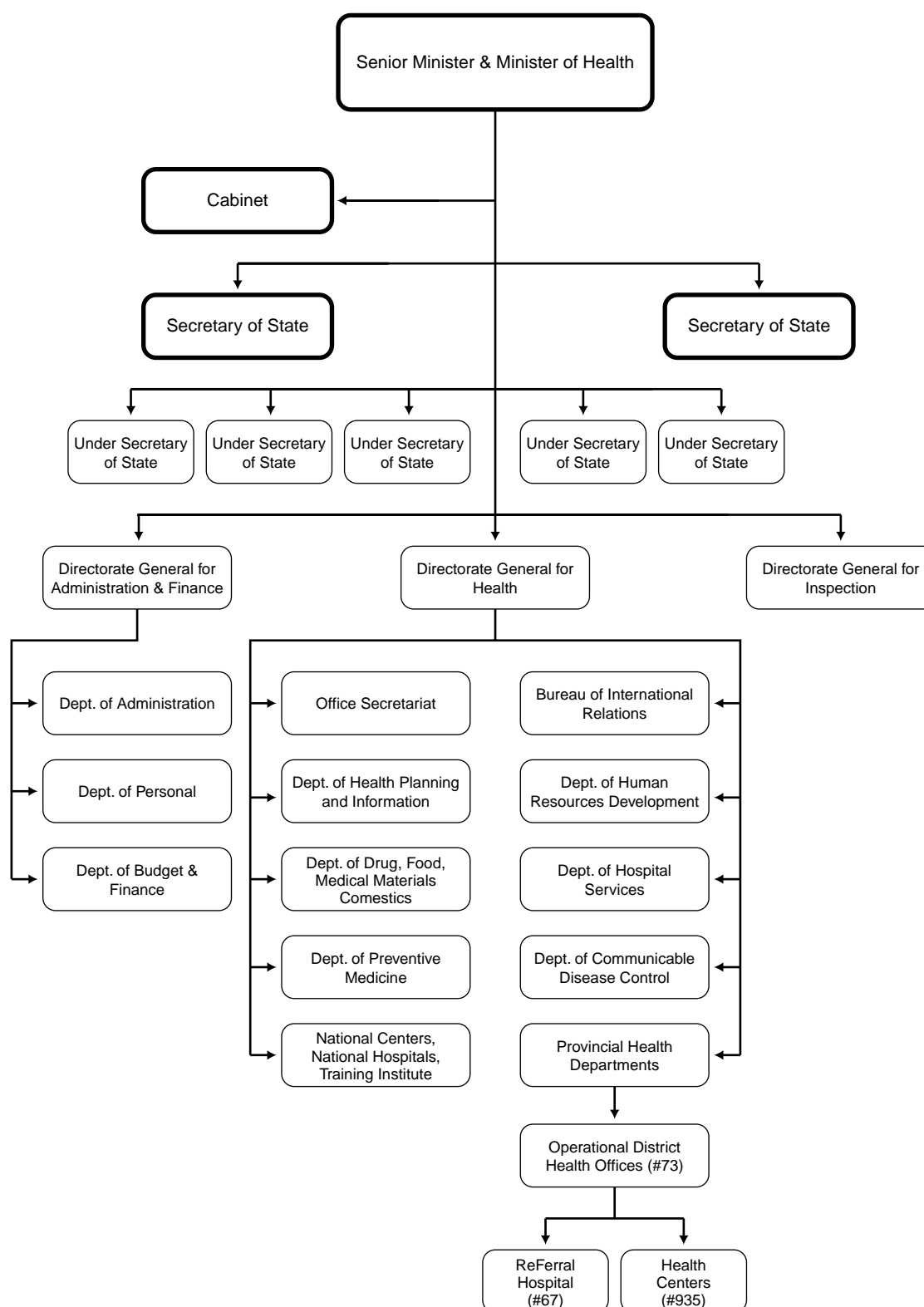
The district level referral hospitals usually have about 50 beds but no operating room, and use electricity supplied by a generator. Tests and treatments requiring electricity are generally not performed. Except for the tuberculosis wards where the patients can receive medication and rice free of charge, hospitalized patients are rare. The general tendency seems to be for patients to first of all consult the health center, then if unsuccessful, skip the district level referral hospital and go directly to the provincial hospital, or in the provinces around Phnom Penh, directly consult a tertiary national hospital or private hospital. (Box 4-6)

Provincial hospitals are generally designed in pavil-

¹⁹ Ministry of Health (1999a)

²⁰ Ministry of Health (1999a)

²¹ Ministry of Health (1999b)

Figure 4-1 Organizational Structure of the Ministry of Health

Source: Department of Planning and Health Information (1999)

Box 4-7 Conditions in the Regional Hospitals

A preset budget of 1,000 riels per patient is supposedly expended to cover meal provisions but as this amount is inadequate, only two nutritionally inadequate meals of rice and soup are provided. There is usually a traditional cooking stove on the premises where the patient's family is able to cook. The majority of beds are wooden, with sticks standing erect in the four corners to support a mosquito net under which the patient sleeps. Often family members sleep over in the hospital with the patient, but reportedly go home in cases where the hospital is considered dangerous.

ion form, where the wards are interspersed throughout a large hospital lot, and a health center is provided in the form of an outpatient division. These hospitals usually have operating rooms, X-ray facilities, clinical laboratory test facilities for blood, malaria, urine and stool, and ultrasound equipment, but no automatic blood cell counters or biochemical test equipment. Often there is a binocular microscope installed through tuberculosis aid. X-ray machines are of a simple design, for simple roentgenography only. The refrigerators are apparently mainly kerosene types. Oxygen tanks for medical use are transported from Phnom Penh, but as this often requires time, either electric oxygen supply units (oxygen concentrators) or oxygen tanks distributed by the Ministry of Health or the JICA Maternal and Child Health Project are used. As provincial hospitals generally do not have central distribution systems for medical gases, the gas tanks are brought directly into the operating rooms and wards. Water is supplied by pump from a well, and electricity is generally taken from the municipal supply combined with electric generator supply. The electrical wiring is overloaded and does not conform to design standards. Facility standards differ between hospitals. Hospitals receiving assistance from donors have high-level machinery and management capabilities, and in addition may have a field of specialty especially supported by a donor that is of a higher standard than the hospitals in Phnom Penh (the ophthalmology department at the Kampong Chhnang Provincial Hospital, for example). Regarding administration, most provincial hospitals do not possess an independent nursing department, and have a poor or no equipment and facilities management department.

Many of the provincial hospitals, district level referral hospitals and health centers are extremely old and worn out, occasionally with leaky roofs. Renovation and repair work financed by aid is presently being carried out.

Although some of the tertiary hospitals such as the

Calmette Hospital and the Kuntha Bopha Hospital established in Phnom Penh and Siem Reab by donors have incorporated biochemical automatic analyzers, biochemical tests are generally not performed. There are only two known CT scanners in Cambodia, while laparoscopy and dialysis are not provided. Moreover, the number of facilities capable of using endoscopes and respirators is limited.

Currently, advisory guidelines called Minimum Packages of Activity (MPA) for the health centers, and Complementary Packages of Activity (CPA) for the referral hospitals have been set, which establish the activities to be performed by the medical facilities at each level. (Box 4-7)

(3) Quality of medical care**1) Competency of physicians**

Many of the doctors possess no understanding of anatomy, physiology or pathology, and seem to be performing specialized tasks such as examinations and surgery without this basic medical knowledge. For example, ultrasonography is performed vaguely without any understanding of anatomy or the equipment mechanism, and chest X-rays are diagnosed using guesswork without a basic knowledge such as the silhouette sign. Further, lymphadenectomy for cancer is not performed for reasons such as lack of experience or the danger of long hours of anesthesia. In large hospitals, anesthesia is performed using a combination of oxygen and gaseous anesthetics such as enflurane, but not nitrous oxide. In provincial hospitals, anesthesia using oxygen with only ketamine (ketalar) is also often encountered.

2) Nursing and midwifery

"Nursing" of the patient is often the responsibility of the patient's family, while the task of the nursing staff

tends to be limited to nursing procedures. Some of the nursing staff who, for example, are unable to take blood pressure measurements, not only lack basic medical training and the various required specialized training but also lack basic education such as reading, writing and arithmetic. For these reasons, the patient charts (records of vital signs) are often inadequate, and the tasks of urine output checks and transferring of nursing information at meetings are performed poorly.

3) Clinical laboratory tests

The technical level of clinical laboratory tests is low. There is no national reference laboratory, and only the Pasteur Institute, established with support from France, and the National Institute of Public Health, aided by Germany, perform tests with relatively good accuracy. Moreover, with the exception of smear microscopy for tuberculosis, no quality control (QC) is undertaken. The National Institute of Public Health is reportedly recently considering the incorporation of a quality control system. Tests generally performed at the secondary medical facilities include blood counts, malaria, sputum examination of tuberculosis, and urine and stool tests, while those possessing blood banks perform syphilis, hepatitis B and HIV tests in addition. Serologic tests, however, are not necessarily performed even in the tertiary hospitals in Phnom Penh. Therefore, PCR and chromatography are obviously beyond their capabilities. The surgical specimens are never observed closely or sketched following surgery, and nor checked pathologically for precise diagnosis. Cytology is also not performed. Pathological examination is performed only in the pathology department in medical school.

4) Radiation

There is no qualification for the execution of X-ray examinations, thus nurses take the photographs by imitating the procedures of others, without any basic understanding of radiation or anatomy. For example, some staff are afraid to enter the room after taking X-ray photographs, believing that radiation remains in the room. On the other hand, carelessly and without warning, some take portable X-ray photographs with other per-

sons nearby. X-rays in the secondary medical facilities are limited to simple roentgenography, while some tertiary facilities also perform contrast examinations. However, double contrast methods for upper gastrointestinal fluoroscopy and barium enema examination are not performed (not known), nor are hysterosalpingography or angiography procedures. Radiotherapy for cancer has not yet been introduced, while chemotherapy is recently being tested through trial and error by certain physicians at the Sihanouk Hospital, for example.

(4) Various systems of health care

1) Immunization

The Expanded Program on Immunization (EPI) in Cambodia was initiated in 1986 in Phnom Penh and the province of Kandal, and extended to all provinces in 1988. Fifteen provinces (Kampong Cham, Prey Veang, Kandal, Phnom Penh, Svay Rieng, Kampong Chhnang, Kampong Spueu, Takaev, Pousat, Bat Dambang, Banteay Mean Chey, Siem Reab, Kampong Thum, Kampot, and Kaeb) were selected for priority coverage, and in 1997, the coverage target was set at 80%. In the UNICEF data for 2000, the rate of tetanus immunization was 31% for expectant mothers, and the immunization coverage figures were 76% for tuberculosis, 64% for DPT, 64% for polio and 63% for measles.²² Peaking in 1995, coverage is now on the decline with the outbreak of armed conflict in 1997 (Figure 4-2). The Central EPI Committee is responsible for immunization activities, with JICA and UNICEF providing aid in various areas such as supervision, training, printing of documents, and logistics including vaccines and cold chain equipment.²³

2) Infectious disease control measures

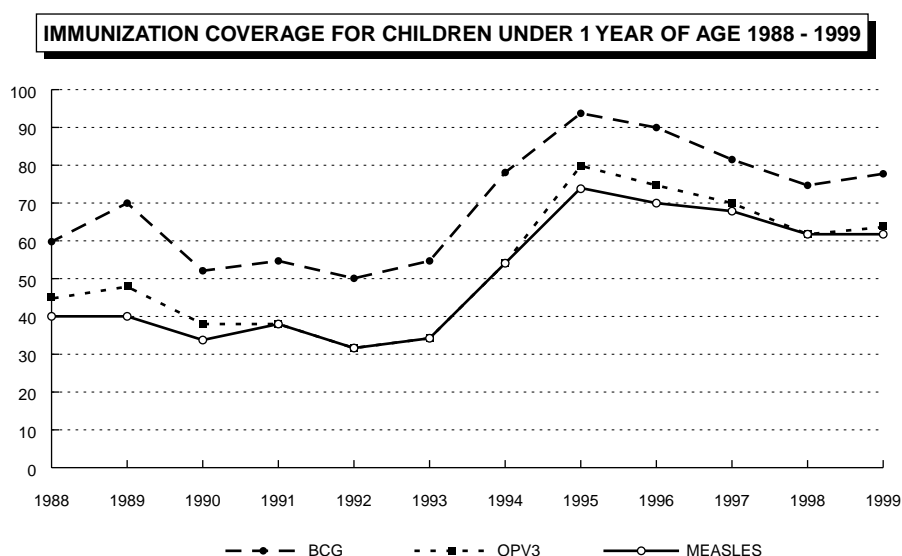
The National Tuberculosis Center currently under reconstruction as of 2000 by JICA grant aid is the main force in implementing nationwide treatment of tuberculosis based on the National Tuberculosis Program (NTP), by establishing tuberculosis wards and performing diagnosis within over 140 public hospitals, with the cooperation of WHO, WFP, and JICA, as well as through exchanges with MSF and other NGO groups.²⁴

²² UNICEF (2000)

²³ Ministry of Health (1999d)

²⁴ Onozaki (2000)

Figure 4-2 Immunization Coverage



Data: Ministry of Health (1999b)

The National AIDS Program was established in 1993, the National AIDS Plan 1993-1998 in 1993 and the National Strategic Plan 1998-2000 in 1998. The National Center for HIV/AIDS Dermatology and STD (NCHADS) was established in 1998 to function as the nucleus of all activity. In addition, in January 1999, the National AIDS Authority was established, thereby incorporating the entire government, including the various Ministries of Health, Interior, Women's and Veteran's Affairs, Defense, Education, Regional Development, Tourism, Information, Culture, Religion and Planning, as well as provincial governments in its activities. Control measures on a provincial level are executed mainly by the Provincial AIDS Committees Secretariats. Sentinel group surveillance was initiated in nine provinces in 1995 and extended to eighteen provinces in 1996, conducted on the four groups of CSW, the military, police, and expectant and nursing mothers. The activities, centering on home based care (HBC), include the activities of a prevention division (covering the issues of surveillance and control of sexually transmitted diseases (STD), condoms, safe blood transfusions, as well as education in schools and for the individuals in the commercial sex industry, the military and to youths, and also AIDS education in prisons), and those of a treatment division for counseling and clinical laboratory tests. The divisions within NCHADS include program management, a multi-section unit, STD control, STD/dermatology clinic, AIDS care, and IEC unit. Policy plans

regarding mother-to-child transmission and counseling are proposed mainly by NCHADS to the Ministry of Health, with the extensive involvement of international organizations (WHO, UNICEF, UNAIDS) and bilateral aid organizations (Japan and France). The National Maternal and Child Health Center of Cambodia, Calmette Hospital and Bat Dambang Provincial Hospital are central forces in designing a comprehensive medical prevention service system. Currently, breastfeeding is generally recommended due to inadequate access to safe drinking water. Meanwhile, data regarding sexually transmitted diseases is limited to those obtained from the 21 facilities, due to the absence of compulsory testing of high risk groups (except the 100% condom prevalence campaign in Sihanoukville) and of screening at medical examinations of expectant and nursing mothers.²⁵

Malaria control is implemented mainly by the National Malaria Center (renovation work completed in 1998 with funds from the World Bank), in accordance with the Roll Back Malaria campaign of WHO likewise for dengue fever. Activities include mosquito extermination, distribution of mosquito nets, and informative campaigning, with advisors from WHO and JICA.

3) Emergency medical care

An ambulance dispatch service aided by France, with state-of-the-art ambulances, is based in Calmette Hospi-

²⁵ UNAIDS (1999), UNAIDS (2000)

tal in Phnom Penh, but there is no national emergency system. Generally, what is referred to as an ambulance is a (van type) vehicle having space in the rear for installing a bedstead. Otherwise, wooden omnibus taxis pulled by motorcycles are chartered for transporting patients. In rural areas where road conditions are poor, the patient is carried on foot in a stretcher to a road where such transportation methods are available. As the telephone system coverage is only partial in Cambodia and only a small percentage of the population have cell phones, the general public has no means of calling an ambulance. In addition, there is no means, such as radio, for communication between the ambulance and medical facilities or between medical facilities. Patients are typically brought directly into the hospital without warning or information, and in some cases, problems occur such as the medical care providers demanding payment from the patient's family before commencing treatment, causing the patient to die. There are no physicians specializing in emergency care.

4) Blood transfusion system

There is a National Blood Transfusion Center in Phnom Penh, and 12 centers in the provinces.²⁶ As there is no existing blood bank network nor a blood collection/ distribution system, the blood transfusion center within each hospital collects its own blood. The volumes of blood stock vary between hospitals. For example, the Takaev Provincial Hospital, which has a mobile blood collecting team, stocks 20 packs or more constantly, while the National Blood Transfusion Center and many hospitals only have a stock of several packs. Blood component transfusions are not yet common as the separation of concentrated red cells and plasma started in 2000. In the present system, a patient requiring transfusion must bring a family member to the transfusion center where he or she is able to receive blood in return for the family member donating blood. Often, blood is sold on pretext of being a family member. Moreover, depending on the transfusion facility or the particular personnel in charge, money may be demanded from the patient's family to receive blood. Due to these conditions, there is an overall shortage of the total volume of blood. Transfusion is generally carried out if

possible, even if ABO blood types are not matched exactly. For example, type O blood is transfused to other blood type patients. The blood for transfusion is usually tested for syphilis, HIV, hepatitis B, hepatitis C and malaria, but some facilities are known to omit the test for hepatitis C as the reagent is expensive.

5) Medical check-up

Medical check-up of expectant and nursing mothers and newborn infants is gradually becoming acknowledged mainly among urban residents, but generally as long as the mother feels she is healthy, she is not willing to pay money for a medical check. Cancer screening is not available as pathological testing and cytodiagnosis are usually not performed. The concept of medical check is not yet generally accepted.

6) Mental health

There is no clear national mental health policy at present, and no personnel particularly in charge of this area. The only fixed psychiatric treatment facilities are the Preah Bat Norodom Sihanouk Hospital in Phnom Penh, the Bat Dambang Provincial Hospital, and the Child Psychiatry Outpatient Division in the Kandal Provincial Hospital, with visiting rounds available in the provinces of Kampong Spueu and Kampong Cham. These services are provided mainly by NGO and international organizations. Psychiatrists are currently being educated with aid from the University of Oslo.²⁷

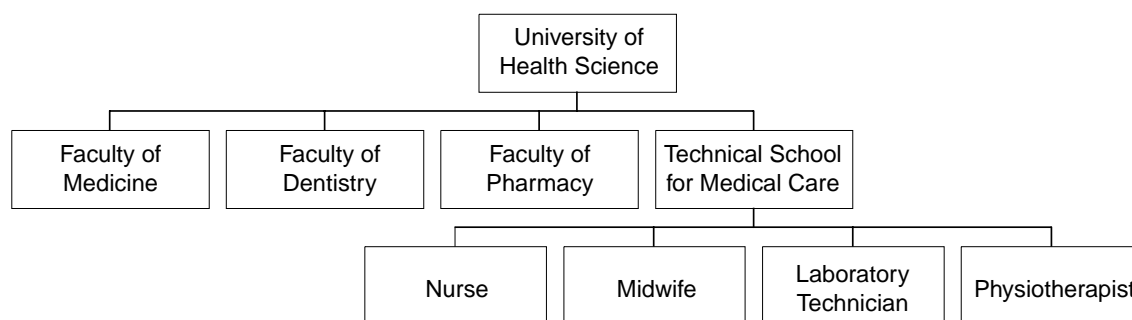
7) Private sector

Small-scale private medical facilities are increasing rapidly and randomly. The number of clinics and laboratory facilities registered in 1998 reached 330, with a total of only 395 beds. The employed personnel are often workers from the public health sector. Many of the roughly 2000 existing pharmacies do not have Ministry of Health approval. Meanwhile, various traditional healers including traditional birth attendants (TBAs) practice in the villages, incorporating spiritual and herbal treatments.²⁸

²⁶ Unknown (1999)

²⁷ Tebayashi (2000)

²⁸ Ibid., (1999a)

Figure 4-3 Faculty System at the University of Health Science

Source: Compiled by the author, based on independent interviews

8) Nutrition

UNICEF-supported Vitamin A supplementation and the sale of iodized salt is evident.

1-3-2 Personnel

The existing medical qualifications in Cambodia include Medical Doctor, Medical Assistant, Secondary Nurse, Secondary Midwife, Primary Nurse, Primary Midwife, Pharmacist and Pharmacy Assistant. In actual practice, however, the professional boundaries are not clear, with secondary nurses working in pharmacies, pharmacists working in clinical laboratories, and medical assistants, secondary nurses, secondary midwives or pharmacists working as clerks. As education in the field of health care continues to be conducted in French even following independence from France, the majority of the medical language is French or English, with very few technical terms in the Khmer language.

The medical education system consists of faculties of medicine, pharmacy and dentistry, and a technical school for medical care to train nurses, midwives, laboratory technicians and physiotherapists. There are also four regional nursing schools in the regional areas. There are no specialized training programs or qualifications for radiology technicians or dieticians (Figure 4-3). The figures regarding the number of medical professionals are 0.41 physicians per population of 1,000, and the ratio of nursing staff to doctors is 3.0, and these bear favorable comparison with neighboring countries, while the issues of appropriate distribution and quality still remain.²⁹

For these reasons, formerly, medical doctors were

trained over a 7-year course while medical assistants required a 5-year course, but presently, the training of medical assistants is limited to that for military personnel. The number of students accepted to medical school was also reduced from the former number of several hundred to one to two hundred per grade. Dissection training is not conducted in the medical school, while clinical training is also inadequate. As there is no university hospital, practical clinical training is conducted at the city hospitals, however, without prior discussion of what content the medical school expects to provide. As bedside teaching is not functioning appropriately, the practical clinical training is in fact impractical, and education relies on lectures, in addition student attendance is not monitored. Furthermore, the ethical standards and awareness of the medical care providers is generally low, reflected in the lack of determination in pursuing the cause of death, prioritizing money over life, or not recognizing the necessity of securing patient privacy and ensuring informed consent.

The training for nurses, which formerly consisted of a 2-year program for primary nurses (or midwives) and a 3-year program for secondary nurses or midwives, was changed to the present system of a 3-year course for secondary nurses with an additional year for a secondary midwifery qualification. However, as the number of candidates to become midwives decreased due to the length of the training program, the two courses are currently to be combined once more into a 3-year course (common for the first two years, then branching in the third year). Generally, only women are midwives, while nurses include a large number of men in addition. The qualifications are not obtained through national examinations, but are received upon graduation, however,

²⁹ Ibid.

even though cheating during exams is apparently common. Some anesthetic nurses, or nurses who have received anesthesia training, are more knowledgeable regarding anesthesia techniques than anesthetic doctors.

The faculty of dentistry is a 5-year course with only a low number of 30 trainees. The overall standard of dental care in Cambodia is low, with treatments limited to tooth extraction, cavity treatment using amalgam, and preparation of dentures. Besides the odontologist, there is also the traditional dentist, trained through an apprenticeship system. These traditional dentists formerly performed tooth extraction and cavity treatment, but recently their task has become limited to making dentures. In addition, some NGOs conduct training for some primary nurses to develop professionals called dental nurses. Dental hygiene education has recently begun in the schools as well.³⁰

Regarding laboratory technicians, some of those educated formerly are competent. However, nurses who have not officially been educated in clinical laboratory testing also work at the laboratories, thus do not understand the basic techniques such as methods of dilution or quality control. The chief of the clinical laboratory is generally a pharmacist.

1-3-3 Supplies

(1) Drugs and medical supplies

Cambodia does not have the capacity to manufacture drugs and vaccines. Therefore, procurement of the required medicinal drugs and basic sanitation materials used in public hospitals is regulated and planned by the Essential Drug Division of the Ministry of Health. The drugs and supplies are then ordered and purchased by the Procurement Section, and stored, controlled, and distributed by a division called the Central Medical Store (CMS). Those provided by assisting countries are also usually collected in CMS for nationwide distribution. UNICEF dispatches an advisor to CMS, but orders are presently monopolized by SOKIMEX. The quantity and quality of the purchased drugs and supplies are often inadequate. There are frequent shortages of required drugs, or the delivery of drugs close to the expiry date or of poor quality. CMS, in an effort to avoid responsibility, often distributes excess drugs nearing the expiry

date to facilities not requiring them. As the shortage of drugs is apparent, especially in the rural areas, there is the undeniable possibility of a leakage of stock somewhere along the distribution route from the central to regional centers. Meanwhile, drugs and supplies entering Cambodia from bordering countries are often sold in the street pharmacies, and some leakage from the national stock also seems to find its way to these pharmacies. Therefore, cases have been known of a certain drug disappearing nationwide, or a bogus antimalarial drug spreading in the market. Essential drugs are provided free of charge in public hospitals, while other drugs must be purchased by patients at the pharmacy.

(2) Medical equipment/facilities

While there are no medical equipment maintenance centers operated on a national level, the Cambodia Red Cross (an ancillary organization of the Ministry of Health) workshop, formerly aided by AusAID (Australia), is technically capable of performing the repair of medical equipment although the technical level is declining following the termination of aid. The maintenance management capabilities of the various medical facilities are all low, and even in the provincial hospitals, many donated items of medical equipment are left without being repaired. The majority of individuals trained in medical equipment maintenance seek employment in the private enterprises providing higher incomes, unfortunately leaving few competent technicians to work in the Ministry of Health. In addition, the majority of staff believe that equipment management is the task of repairing broken equipment, and do not conceive of the idea of managing and maintaining the equipment well to avoid failures. Thus, there are no maintenance management systems within the Ministry of Health or the individual medical institutions. For example, as facilities and equipment are generally not registered, the person in charge usually administers the key to the room containing the equipment. Moreover, consumables are often not changed in an attempt to save expenses, even when they reach the end of their period of use and lose their effectiveness. In some cases, the purchase and maintenance of equipment parts is managed by the two or three newly opened private agency offices, but the standards of these services are not yet high. Facility

³⁰ Ikeda (2000)

Table 4-2 Health Budget and Related Statistics

	1994	1995	1996	1997	1998	1999
Population ¹	9,937,151	10,195,517	10,460,600	10,732,576	11,011,623	11,297,925
Nominal GDP (in million US\$)	\$ 2,384.7	\$ 2,923.3	\$ 3,121.5	\$ 3,033.3	\$ 3,102.9 ²	\$ 3,600.0 ²
Nominal GDP per capita (in US\$)	\$ 239.98	\$ 286.72	\$ 298.41	\$ 282.63	\$ 281.78	\$ 318.64
Total national budget (plan) (in million US\$) ³	\$ 248.0	\$ 369.8	\$ 375.3	\$ 336.2	\$ 298.4	\$ 327.2
Exchange rate US\$/Riel ⁴	2,571	2,463	2,643	3,000	3,500 ²	3,500 ²
Health budget in million US\$ (recurrent costs)	\$ 14.96	\$ 14.85	\$ 22.85	\$ 20.25	\$ 17.82	\$ 20.68
Health budget per capita in US\$ (recurrent costs)	\$ 1.51	\$ 1.46	\$ 2.18	\$ 1.89	\$ 1.62	\$ 1.83
% of nominal GDP (in US\$)	0.63%	0.51%	0.73%	0.67%	0.57%	0.57%
% of total government budget	6.0%	4.0%	6.1%	6.0%	6.0%	6.3%
Marginal propensity to budget for health ⁵	n/a	-0.02%	4.0%	[3.0%]	-3.5%	0.6%
Consumer price index (Riel) (1994=100)	100.00	103.37	110.76	119.34	130.99 ⁶	135.99 ⁶
Consumer price index for medical care (1994=100)	100.00	113.09	114.20	123.21	153.15 ⁶	

Note 1 Baseline of the population estimates is the 1995 Health Coverage Plan with an assumed annual increase rate of 2.8%

2 MoEF estimate

3 Budget funds planned to be distributed by the National Treasury Including repayments of domestic and foreign loans. Excluded is all externally financed capital expenditure (project aid).

4 MoEF exchange rates (annual average).

5 Increase in the national health budget as percentage of increase in nominal GDP (in US\$ terms): dHB/dY.

6 Average January-May 1998.

Source: Ministry of Health (1998)

management is of a similar level. Procurement of parts is a difficult task, and a contract together with advance payment is generally required except where the donor is mediating, especially in purchasing expensive equipment or parts, since the nation has no credibility. Furthermore, the transportation charges often exceed the cost of the parts.

1-3-4 Finance

The budget of the Ministry of Health constitutes 7.0% of the national budget (1999), and 0.6% of the GDP. However, there is a notable inconsistency and time lag between the budget and its actual execution (especially at the provincial level, the executed budget constitutes only 30-50% of the budget approved in the assembly). After complaints from the MSF in 1999, budget execution was hastened. The budget expenditure amounts to 1.83 US dollars (1999) per capita, a figure that is as low as in other developing countries (the WB set 12 US dollars as the target). The breakdown shows approximately 20% spent for personnel costs, 35% for operational fees, and 40% for drugs and medical supplies expenditure. The cost of facilities and medical equipment has been financed as lump sum payments by the Ministry of Finance since 1997 (Tables 4-2 and 4-

3).³¹ As of 2000, budget execution is partially and gradually being handed over to the regional health offices, and this attempt is still in the trial phase. Consultation fees were formerly free officially, but in practice, the patients paid the medical care providers directly. Thus, these paid fees varied between patients, and poor patients had to spend what little money they had. Further, as the hospital office workers had no means of access to this extra income, they had a low incentive to work. In 1997, a consultation fees system was implemented in a pilot facility. However, as the salaries are low, the staff work only during the mornings, then earn money by private means in the afternoons. In the middle of 1999, a 30% raise was approved for public officials salaries, which is nevertheless low at 15 dollars a month. Thus the tendency for personnel to demand money directly from patients to supplement their low incomes still remains, leading to problems such as emergency patients being refused treatment until the fees are paid in advance. There is as yet no insurance system.

1-3-5 Information

Medical information such as numbers of personnel, birth spacing, EPI-related statistical information and basic disease statistics seem to be conveyed from the dis-

³¹ Ministry of Health (1999c), Ministry of Health (1998)

Table 4-3 Health Budget Summary

Budget Chapter	Description	1994 Budget Plan	1995 Budget Plan	1996 Budget Plan	1997 Budget Plan	1998 Budget Plan	1999 Budget
10	Salaries	10,635	10,560	11,985	11,065	12,160	13,200.00
11	Operating costs excluding drugs	17,794	16,764	23,228	23,931	21,496	29,200
11	Drugs & medical supplies	9,685	8,361	22,422	23,069	25,260	25,500
13	Special Programme Agreement (ADD)	-	-	2,040	2,040	2,640	3,000
31	Social-allowances	346	255	615	640	808	812
32	Transfers to International organizations ¹	-	640	110	centralized in MoEF	centralized in MoEF	300
Sub-to	Recurrent Expenditure (Plan)	38,460	36,580	60,400	60,745	62,364	72,012
50.1	Investment (construction & equipment)	4,000	3,900	11,600	centralized in MoEF	centralized in MoEF	centralized in MoEF
50.2	Counterpart contributions to loans	-	250	625	centralized in MoEF	centralized in MoEF	centralized in MoEF
Sub-to	Capital Expenditure (Plan)	4,000	4,150	12,225	centralized in MoEF	centralized in MoEF	centralized in MoEF
TOTAL	National Health Budget	42,460	40,730	72,625	60,745	62,364	72,012
51	Project aid ²	3,900	21,400	49,500	92,715	106,675	N/A

Note 1 Annual regular budget contributions (paid to international organizations).

2 Excluding externally financed capital expenditure.

3 MoEF projections of all external assistance (loans, grants) to the public health sector including UN, ADB, WB and bilaterals

Source: Ministry of Health (1998)

trict or province to the national level, although they are not always accurate. The data especially related to donor-aided programs are relatively well organized, while the registration of basic information related to population trends such as birth and death certificates, and medical statistics that determine disease structure, are not organized. Furthermore, although this information is collected for the Ministry of Health, it is doubtful whether it is utilized for regional problem-solving measures or planning.

1-4 Trends in aid provision

The Ministry of Health is currently in the midst of discussions including with donors regarding the phased implementation and the target year for completion of the Sector Wide Approach (SWAP). In the CoCom of September 2000, the target implementation commencement date was officially set as July 2002. Many donors basically agree to the concept of running the various projects and programs in collaboration instead of on an individual basis. However, some donors, including JICA, are being prudent regarding the idea of establishing a basket fund for common use. According to the plan, preparations within the Ministry of Health, formu-

lation of the master plan, and discussions with the World Bank should currently (as of September 2000) be in progress.³²

1-4-1 International organizations

The United Nations organizations are engaged in various activities, for example, the World Health Organization (WHO) in health center reform and health financing, management of the personnel division in the Ministry of Health, education of nurses, and malaria control, UNICEF in the issues of EPI, nutrition and CMS, UNFPA in birth spacing and reproductive health, the World Bank in tuberculosis control and SWAP, etc., and the Asian Development Bank in the construction of new health centers and renovation of referral hospitals.

1-4-2 Bilateral aid

France has close ties with Cambodia in the form of bilateral aid, through French cooperation with the medical schools and Calmette Hospital (emergency general hospital), and also with the Pasteur Institute, which corresponds to an NGO. However, the number of staff dispatched to the medical school is only two, an insuffi-

³² Ministry of Health (2000b)

cient number to strengthen medical education as a whole.

The United States has frozen direct aid to the Cambodian government following the armed conflict of July 1997 and limits its aid to indirect means through NGOs (many, including RACHA, RHAC and WV) but covers diverse issues. It is reportedly considering resuming aid to the government soon. However, there are several problems such as headhunting by the US of many of the capable individuals from other governmental organizations through the NGOs.

Germany is engaged in the construction of the National Institute of Public Health and advisor dispatch and training provision for strengthening regional health management in cooperation with the Mahidol University in Thailand. In addition, it is planning to send a medical equipment advisor to the Ministry of Health.

Australia was previously involved in infection control at the former National Maternal and Child Health Center and in the implementation of a medical equipment maintenance project at the Cambodia Red Cross, but is presently providing aid to the National Health Promotion Center and rehabilitation departments in some provincial hospitals. Unfortunately, the National Health Promotion Center is not yet capable of the planning or production of health promotion materials, nor has it adjusted its coordination of informative campaigns, and currently limits its activities to collecting information on the outcomes yielded by other agencies.

Switzerland seems to be giving extensive support to an NGO that runs the Kuntha Bopha Hospital (free consultations, and staff salaries provided by the NGO). This NGO is reported to be recently requesting partial coverage of administrative expenses from the Ministry of Health, who, however, in the present financial situation, finds difficulty in paying any amount exceeding 300 million yen (over 700 million yen is spent in expenses for the three hospitals in Kuntha Bopha).

The EU is apparently providing aid for syphilis control, maternal and child health care, and malaria control, while Norway is providing aid for psychiatric treatment. In addition, England has apparently recently become involved as well.

Japan is engaged in diverse aid activities through JICA, including the implementation of the maternal and child health project and the tuberculosis project. It is

also providing grant aid for the construction of the National Maternal and Child Health Center of Cambodia and the Tuberculosis Center, as well as contributing medical equipment to several hospitals, providing vaccines through UNICEF and providing emergency drugs for dengue fever. In addition, it is supporting the health centers through grassroots grant assistance from the Japanese Embassy, and a mental health NGO is introducing group counseling techniques for social workers through the JICA Development and Welfare Support Scheme.

1-4-3 NGO

Numerous organizations are active as NGOs. Many of the NGOs in the field of health care (99 organizations) belong to a liaison organization called MEDICAM whose head is a member of the CoCom of the Ministry of Health.³³ These NGOs cover a diverse range of activities. The fields listed in the MEDICAM directory include AIDS (prevention, patient care), advocacy, advice to management teams, blindness prevention/ophthalmology, building construction, community health, CPA, drug management, EPI, first aid, health care within prisons, health education/promotion, health training, human resources development, Integrated Management of Childhood Illness (IMCI), clinical laboratory testing, leprosy control, malaria/dengue fever control, mental health, maternal and child health, MPA, nutrition/food aid, oral hygiene, reproductive health, safe motherhood, schistosomiasis/ parasite control, sexually transmitted disease control, support to the private sector, surgery, user fees, traditional birth attendants, traditional remedies, tuberculosis control, village health volunteer, and water/sanitation. Generally, NGOs are active in the rural areas, often as far as the district-level hospitals. On the other hand, NGOs are often seen in the main organizations. For example, a one-man NGO from Switzerland is stationed in the Kuntha Bopha Pediatrics Hospital, the Swiss Red Cross is in charge of hospital management at the Takaev Provincial Hospital, World Vision, which has been receiving aid from the US is stationed in the National Pediatric Hospital, MSF is involved in the Technical School for Medical Care to train laboratory technicians, and ICRC was active in the National Blood Transfusion

³³ MEDICAM (2000)

Center and later the Italian Red Cross was. Among Japanese NGOs, SHARE (Kampong Cham), JOCS (Takaev), 24-hour Television (Kandal) and the Association for Aid and Relief, Japan (AAR) (Siem Reab) are involved in carrying out local health measures. In addition, the AAR is engaged in rehabilitation in Phnom Penh, Friends without Borders in a project following the construction of the pediatrics hospital in Siem Reab, FIDR in the pediatrics surgery department of the National Pediatric Hospital, and the Japanese Red Cross is stationed (although currently withdrawing) in the district level hospital in Phnom Penh City.

1-4-4 Cooperation/coordination

The aid organizations mentioned above, including NGO representatives, gather at a monthly aid coordination meeting with the Ministry of Health called the CoCom. Subordinate to the CoCom is an advisory organization called the Sub-CoCom, which covers the diverse issues of health ethics, oral hygiene, medical equipment, blindness prevention, blood safety, capacity development, surgery, and maternal and child health. In addition, members from each aid organization are cooperating as a Working Group in addressing AIDS, nursing education, tuberculosis and HIV issues.³⁴

2. Identifying the main issues and problems

The Ministry of Health functions relatively well compared to the other ministries, although it is still weak and without fundamental designs for policies concerning education, qualifications, blood transfusions, emergency care and vital statistics (possibly due to problems within the Ministry of Planning). In addition, there are no practical guidelines for the salary system, especially to deal with the low level of pay. Furthermore, work regulations are undeveloped. These problems are more evident in regional areas, and the magnitude of these problems differs between the provinces. Furthermore, besides the clear task of reestablishing the organizations and systems in order for them to properly function, great difficulty is expected in the elimination of reported complications such as inappropriate drug purchasing and corruption among staff.

Among the various aid activities, some have adverse

effects, such as those in which the aid providers are subjected to dangerous situations when they try to reduce corruption for instance, those that put Cambodia in a totally dependent state (e.g. the personnel salaries at the Kuntha Bopha Hospital are financed entirely by NGOs), or those that threaten existing organizations or functions that are relatively appropriate. For example, there have been reported instances of the headhunting of capable personnel from existing organizations (e.g. headhunting of National Tuberculosis Center staff by an NGO aided by USAID), or establishing a facility similar to an existing one, thereby depriving the latter of its patients (e.g. as the Kuntha Bopha Hospital performs unnecessarily expensive treatment for free, the National Pediatric Hospital is suffering the effects). Other aid activities take the form of putting resources into one particular department of a provincial hospital instead into the hospital as a whole. In this case, the particular department receiving their salaries from the donor (e.g. MCH clinics at the provincial hospitals aided by EU and UNFPA) may be sound, while the provincial hospital as a whole does not function. This department, however, may be expected to stop functioning once the donor withdraws. This type of aid has a high risk of increasing dependency on aid.

Part of the responsibility for these problems lies in the aid receivers themselves. They tend, for example, to have inadequate basic and specialized education, with weak planning and proposal capabilities and a strong sense of perverted equality and jealousy, and are mainly concerned with securing an income to live on rather than promoting their nation.

3. Direction of development

Although Cambodia is presently in the process of transferring the discretion in executing the budget in part to the regional governments to encourage the development of regional governing capacity, the central government itself is not yet adequately competent. Therefore, a developmental direction from a long-term perspective, unaffected by immediate conditions, is required. This includes strengthening the administrative and management capabilities of the central government, as well as promoting next-generation and regional human resources development, organizing the fundamen-

³⁴ Ministry of Health (2000)

tal national systems, and reestablishing them as a whole.

4. Direction of Japan's assistance

The form of aid is currently undergoing a transition from an emergency phase to a developmental phase. Most countries are strongly inclined to contribute to fields where direct results can be expected in the indicators, and stay away from steady, step by step activities. In addition, often new organizations are established where one already exists, on the grounds that it does not function. However, it is a fact that there are some extremely competent leaders within Cambodian organizations, although insufficient in number, thus cooperation should take a form that will fully develop the capabilities, enthusiasm, and self-confidence of such individuals. The existing organizations and systems that are appropriate should be strengthened functionally, without creating other new ones. Moreover, even in periods when there is an apparent lack of progress, somebody must forge ahead. There are several areas of potentially effective aid that do not overlap with the interests of other aid providers. Aid in developing human resources is especially difficult at the beginning and does not show immediate results but holds promise for the future. Some donors tend to simply present guidelines and recommendations, thus leaving the Ministry of Health confused as to the actual process of implementation. Therefore, aid that resolves problems in cooperation with the Cambodian people is essential. The specific fields are outlined below.

4-1 Strengthening of central government functions

This includes the establishment of work regulations, reform of the salary system, and improvement in planning capabilities.

4-2 Establishing national systems

- (i) Implementing a registration system for birth and death certificates (may possibly require prior incorporation of resident cards)
- (ii) Establishment of national examinations and implementation of a system of licenses for medical professionals
- (iii) Establishing a blood transfusion system including

blood donation

Formerly, the ICRC and Italian Red Cross intervened in the National Blood Bank. They are presently engaged in activities to secure safe blood, in relation to AIDS. It is not decided whether the Japanese Red Cross, which constitutes the main organization for Japanese aid, will be involved.

- (iv) Establishing an emergency system
France has implemented part of the system in Phnom Penh.
- (v) Establishing a National Reference Laboratory and systematizing quality control
France is providing aid to the Pasteur Institute, GTZ to the National Institute of Public Health, and Japan to the National Maternal and Child Health Center of Cambodia, each on an individual basis.
- (vi) Establishing a national workshop for medical equipment and facilities management, and constructing an equipment management network
Formerly, AusAID was involved with the Cambodian Red Cross. Currently, GTZ is planning to dispatch experts to the Ministry of Health. Japan is responsible for the National Maternal and Child Health Center of Cambodia, and provides free advisory services.
- (vii) Others
Other areas include the strengthening of food sanitation administration, establishment of waste disposal including medical wastes, water supply, sewage and raw sewage disposal systems.

4-3 Human resources development

- (i) Strengthening medical education including education within the medical school as well as clinical training
The current involvement by France is not sufficient.
- (ii) Reinforcement of technical schools for medical care for nurses, laboratory technicians and physiotherapists
WHO is presently involved as an advisor, but does not support work on a practical level. MSF was formerly involved but is presently in the process of withdrawing.
- (iii) Development of other paramedics such as radiology technicians and dietitians or nutritionists
- (iv) Development of comedics such as social workers

and psychologists

- (v) Re-education/training of local personnel
Many organizations are involved, including Japan, USAID, WHO, UNICEF and UNFPA.
- (vi) Strengthening medical care professional ethics

4-4 Reinforcement of regional areas

- (i) Strengthening the administrative and management capacities of provincial health departments
Consultants of WHO and UNICEF are stationed in some provinces as advisors.
- (ii) Strengthening the administrative and management capacities of provincial hospitals
Japan is conducting hospital management seminars.
- (iii) Raising the clinical standards of provincial hospitals
- (iv) Clarification regarding the role of referral hospitals, and reinforcement of their functions
NGOs are present in some areas.
- (v) Expansion of the outreach activities of health centers
- (vi) Cooperation between government aid and NGOs in regional areas

4-5 Strengthening of education and information activities

This includes activities such as promoting school health education (such as hygiene and AIDS) and medical check-up campaigns for expectant and nursing mothers and children.

4-6 Other individual operations

- (i) Disease control projects
Tuberculosis: Currently in progress. WPRO sets it as a high priority item
Malaria: Priority of WHO headquarters
- (ii) Field-specific projects
Maternal and child health care: Currently in progress.
Mental health: Support in planning and implementing basic mental health policies, in cooperation with PHC.
- (iii) Projects in the form of facility aid
The "Hospital of Japan": This request was report-

edly presented by Prime Minister Hun Sen to former Japanese Prime Minister Obuchi during his visit to Cambodia in 2000. If a new hospital is built according to this request, there is a risk of deterioration in the existing medical facilities, as in the case of Kuntha Bopha Hospital. If a new hospital is not to be built, then an existing one, such as Sihanouk Hospital could be supported and strengthened instead, but this gives rise to the issue of the distribution of roles between Sihanouk Hospital and the Calmette Hospital aided by France.

(iv) Emergency aid

Natural disasters: Such as floods

Diseases: Such as dengue fever (hemorrhagic fever)

4-7 Summary

In terms of short-term aid, EPI and tuberculosis control can be expected to achieve results. As these projects cannot be executed independently by Cambodia at present, they must be undertaken through Japanese or other donor aid.

Among mid- to long-term aid, the strengthening of central government functions and the establishment of national systems should be the priority. Existing systems and facilities that are appropriate should be augmented functionally, so as to avoid unnecessary competition between new and existing facilities. Furthermore, aid in a form in which makes it possible for funds and supplies to be wrongfully diverted should be strictly avoided, and thorough monitoring should be implemented.

Human resource development is essential to long-term aid. Although it may seem a tedious process, this type of aid is essential to future independent development. The Cambodian people must be made aware of this fact so as to encourage a commitment by Cambodia as well.

Meanwhile, in the light of the experience of Japanese schemes, in countries such Cambodia with scarce human resources, equipment and facility engineers tend to lack basic education. Therefore, in cases of either grant aid or the supply of equipment and materials, it is difficult for the receivers to understand and learn operation procedures, maintenance and repair through a short-term training program. The training should not be lim-

ited to a program prior to delivery, but should include an additional program following delivery, and a follow-up scheme for the facilities and equipment not only for the first year of use after donation but on a more frequent and long-term basis. Further consideration must be given to measures for procuring various types of facilities and equipment parts in small quantities as a package, and the difficulties in procurement due to the lack of credibility of the nation. In project type technical collaboration, progress cannot be expected to proceed at the pace of other moderately developed nations, as a longer period of time is required to achieve the same outcome. The schemes should therefore be designed flexibly. As in the case of social security issues, methods in which several schemes are combined and coordinated to strengthen a certain field must be considered. Moreover, as there is evidence that some contributions are not effective, thorough monitoring is required and, where necessary, the conditions of use and the situation regarding target achievements need to be fully examined and monitored year by year so that measures such as extending the contributions over several years can be employed.

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Attachment: Social Security Issues³⁵

1-1 Background

It is estimated that formerly, an informal social security system consisting of mutual support within the family or community, or patronage of the village chief had been the general form of social security. However, the Pol Pot era resulted in the breakdown of such informal systems and customs, which were replaced by more formal means or systems assisted by external support such as aid.

1-2 The social security situation

Nearly 40% of the Cambodian population is at or below the poverty line. There are no pension or medical insurance systems, thus presently only some of the socially vulnerable are eligible to receive any benefits. The target groups include the extremely poor (natural disaster victims, street people), children (orphans and street children), women (victims of forced prostitution and domestic violence), the disabled, and the unemployed, while issues of the aged are not serious. Making the problems more complicated are issues such as trafficking in women and children, the prevalence of AIDS and drug abuse, and discrimination against the disabled and AIDS patients.³⁶

According to surveys, a large 2 to 3% of the total population is estimated to be physically disabled, due to various factors such as the recent war and conflicts, international isolation, the collapse of numerous basic services, destruction of national infrastructure, countless landmine accidents, insufficient basic medical services, shortage of safe food, and the large proportion of the population in poverty. Regarding orphans, in some cases children who are blood relatives and those related in law or children with no relations are taken in and raised. In addition, there are public facilities equivalent to orphanages, where these children are not only accommodated, but arrangements made for adoption by for-

eigners. There are also several NGO organizations that accommodate and educate street children.

Meanwhile, approximately 600 to 800 women and children migrate back from Thailand monthly. As there are no resources or systems to meet the needs of these people, they are often re-trafficked. Other recognized problems include the absence of a system or resources to support orphans over the age of 18 to work in society, the rapidly emerging issue of orphans affected by HIV/AIDS, and the lack of trained staff in the districts.³⁷

1-3 Government action

The Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation (MOSALVY) oversees welfare and labor issues. It consists mainly of a Social Welfare and Youth Office, Labor and Vocational Training Office, General Affairs and Finances Office, and a Supervising Office. Its main objectives are poverty relief and human resources development. The activities of 1999 are listed below.³⁸

- Physical care of orphans at governmental centers
- Establishment of a committee for assessing and monitoring the needs and problems of street people
- Establishment of an inter-ministry committee for addressing issues of the elderly
- Assessment and counseling of poor women and widows
- Assessment of women and children victims of trafficking
- Prevention workshops for trafficking
- Protection and monitoring of young women from brothels in Phnom Penh and the provinces
- Education of prostitutes and referrals for medical care
- Establishment of a prevention committee for HIV/AIDS
- Public HIV/AIDS education to the police, military,

³⁵ The report on social security issues are based mainly on information provided by an expert, Tamio Hayashi (social welfare administration advisor), who has been dispatched to the Ministry of Social Welfare, Labor, and Veterans.

³⁶ Hayashi (2000)

³⁷ MOSALVY (2000)

³⁸ MOSALVY (2000)

and students

- Attendance in workshops on the sexual abuse of children and women in Cambodia
- Promoting awareness regarding the basic human rights of children
- Monitoring of rehabilitation services for the disabled
- Development of a community-based rehabilitation program
- Rehabilitation and vocational training for young criminal offenders
- Aid to victims of hardship such as food shortages
- Implementation of a social security plan
- Preparation of a draft for adoption regulations
- Training for direct service providers in the provinces

In the meantime, regional and local offices of MOSALVY have been established at the provincial and commune level, and other ministries, such as the Ministry of Women's and Veteran's Affairs, are also involved in many issues. However, the budget of MOSALVY for example was a mere 1.1% of the national budget, the majority of which was used for personnel expenses and pensions for public officials, leaving only a small amount for the welfare services budget. The opportunity for donor assistance is thus very great, as orphanages, rehabilitation centers for the disabled, and vocational training facilities are established through the co-operation of the UN and NGOs.³⁹ There are numerous programs for the physically disabled among activities for the socially vulnerable (the situation regarding the mentally disabled is as mentioned in Section 4 Improvement of Health Care). The Cambodian government has signed the Proclamation on the Full Participation and Equity of People with Disabilities in the Asian and Pacific Region (ESCAP), and established the Disability Action Council (DAC) in 1997, mainly promoted by MOSALVY. Members of the Ministry of Education, Ministry of Health, NGOs, and international NGOs are included in the DAC Executive Board, whose main objective is to ensure coordination among the various organizations.⁴⁰

1-4 Directions for future aid

- (i) Promoting the establishment of a foundation that promotes economic development, and implementation of well-coordinated measures to assist the socially vulnerable
- (ii) Re-examination of priority areas
Of the Japanese aid activities to Cambodia, those related to support of the socially vulnerable are limited to the "removal of landmines and support to landmine victims". Therefore, the object of aid could be extended to the socially vulnerable as a whole including landmine victims, and to vocational training facilities that can contribute to social development, including advisory support.
- (iii) Transition in the priority from NGO-centered activities to human resource development
Activities that will raise the management and administrative capabilities of the government with regard to human resource development, with a nationwide perspective, are desirable.
- (iv) Examination of an administrative expenses assistance system (cost reductions)
Coverage of administrative expenses cannot be expected from the national budget for the time being with regard to the establishment of facilities provided through grant aid.
- (v) Establishment of a scheme for a comprehensive welfare support including JICA support and grassroots grant assistance from the Japanese Embassy (employing policy advisors)

³⁹ Hayashi (2000)

⁴⁰ DAC-Secretariat (1999)

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Section 5. Human Resource Development

Mitsuru WAKABAYASHI

Norio KATO

1. Analysis of the current situation

1-1 Background

Modern education was introduced in Cambodia between 1955 and 1969 under the Prince Sihanouk regime, following the example of the education system of France, Cambodia's former suzerain. Amid growing nationalism, a movement to teach in Khmer gained ground and Cambodia's education system took shape during this period. The Sihanouk government spread education across the country. To secure a sufficient number of schools, the government encouraged the use of Buddhist schools as schools for general education and the establishment of private schools. As a result, the gross school enrollment rate increased to about 82% in 1965.

The Pol Pot regime between 1975 and 1979 changed all that. The regime rejected the education system itself, and the system was destroyed. For example, at least 75% of schoolteachers were lost. Textbooks and curriculums developed between the 1960s and the early 1970s were discarded. Schools were also used as substitute detention camps or prisons for holding anti-Pol Pot elements.¹ Such extensive destruction has been a great hindrance to the subsequent efforts to restore the education system in Cambodia.

On September 27, 1979, after the collapse of the Pol Pot regime, schools were reopened under a new government. People's expectations for the resumption of education services were high, as they had been deprived of the opportunity for education under the Pol Pot regime. This translated into a rapid quantitative expansion in education. For example, primary school enrollment jumped from 510,000 in 1979 to 910,000 in 1980. In 1985, the gross enrollment rate was about 101% with the net enrollment rate at about 82%. The new government assigned literate people who had survived the Pol Pot regime as schoolteachers in order to respond to people's eager demand for education. However, the fact that the rapid quantitative expansion in education was achieved at the expense of the quality of education has

been a factor in the high dropout and repetition rates up to the present.

Another major challenge was to set up schools to achieve a quantitative expansion in primary education. Cambodia needed to open about 2,000 new primary schools to cope with an upsurge in the number of applicants for enrollment, although the schools buildings had not actually been destroyed under the Pol Pot regime. To meet this demand, Cambodia built primary schools with the participation of local residents—a traditional form of setting up schools—in many parts of the country. However, the number of such schools built was limited due to the economic conditions of local communities. Classes were held in the open air or at community centers or other facilities in villages where classrooms were in short supply. The construction of schools that depended on the participation of local residents gained ground in the late 1980s, when development assistance was offered chiefly by NGOs. Many Japanese NGOs also participated in such assistance. This school construction movement gained momentum in the 1990s, supported by funds from NGOs and other donors.

Opportunities for secondary or higher education were limited to a small number of Cambodians, since this education had been traditionally regarded as a privilege of the elite. Above all, higher education was open only to a fixed number of students in the planned economy under the socialist regime. Every year, each government ministry submitted the number of new recruits it needed as candidates for administrators and engineers. Based on these figures, the quota for higher education was established. Thus, those who had completed higher education were guaranteed posts as high-ranking officials. During the 1980s, assistance in this sector came mainly from the Soviet Union and, to a lesser extent, from East European countries. The Russian language was used for secondary or higher education, and teaching materials and research equipment were provided by the Soviet Union. Instructors and students at higher educational institutions in Cambodia were sent to the Soviet Union, East European countries, and Vietnam as trainees. In the 1990s, however, the donor countries

¹ Reiff (1981).

changed from Eastern to Western nations as the market economy was introduced to Cambodia. The language of instruction also changed from Russian to English. Teaching materials and equipment therefore became obsolete under the Western-oriented education system, and Cambodia was required to introduce new materials and equipment.

1-2 Cambodia's education system today

1-2-1 Education policy

Cambodia now needs human resources that can contribute to the ongoing process of the country's reconstruction and the transition to a market economy. For the country's reconstruction, Cambodia needs to provide every citizen with basic knowledge and skills. To ensure a smooth transition to a market economy, Cambodia needs to develop human resources with specialized and advanced knowledge and skills besides the development of a medium-level capacity. Under the Pol Pot regime, the country largely lost its human resources with middle or higher levels of capability.

The Education Investment Framework 1995-2000, prepared in 1995, cites universal access to primary education and reinforcement of (lower) secondary education as priority agendas. The framework sets out the following five items as goals for primary education:

- (i) To extend the period of primary education by one year, establishing a 6-3-3 system—six years for elementary school, and three years each for lower and upper secondary schools,
- (ii) To increase the net primary enrollment rate to 90%,
- (iii) To close the gender gap,
- (iv) To reduce the repetition rate to around 10%, and
- (v) To ensure that at least 85% of pupils complete six years of primary education.

As goals for (lower) secondary education, the framework sets forth the following three items:

- (i) To increase the net lower secondary enrollment rate to 85%,
- (ii) To increase the proportion of female students to 45%, and
- (iii) To increase the percentage of third-grade lower secondary students who pass the lower secondary completion examination to 65%.

To achieve these goals, an implementation plan has

been formulated. The plan aims to:

- (i) Upgrade the quality of basic education,
- (ii) Ensure equal access to basic education, and
- (iii) Reinforce the education planning capacity and management.

In relation to donors, the implementation plan intends to:

- Raise awareness of the need for educational development in Cambodia in a bid to attract development assistance in general and obtain donor support for specific projects, and
- Promote coordination and adjustment among donors in implementing educational development projects.

The implementation plan serves as the basis for the ongoing education program. At the moment, an education investment plan for 2000 onward is being drafted.

Earlier, the Cambodian Ministry of Education, Youth and Sport (MoEYS) set out more specific goals for educational development to be achieved by 2000 in response to the appeal by the World Conference on Education for All (EFA) in 1990. As a follow-up report, the MoEYS recently published "Education For All: Country Report 2000," reviewing the achievements for EFA. The report examined the gap between the target and the performance for each indicator as shown in Table 5-1.

This table highlights huge gaps in expenditure on education. For example, the percentage of educational expenditure to GDP is far below the target of 2.5% (or 10% on a per capita basis) even though this target has been set below the international standard of about 3% (or about 15% on a per capita basis). This indicates the need to boost educational investment even further. The percentage of expenditure for primary education to the total expenditure on education is 85%, far above the international standard of around 50%. This means that most of the educational expenditure is allocated to primary education with secondary and higher education receiving only a small proportion of 15%. A review of the budget allocation is urgently needed if Cambodia wants to expand secondary and higher education.

1-2-2 Educational administrative system

The Ministry of Education, Youth and Sport (MoEYS) has education offices in 23 provinces. Each education office serves as an agency for educational administration in its province. Each province, depending

Table 5-1 Educational Indicators and Targets in the Education For All: Country Report 2000

Indicator/item	Performance			Target
	1990/91	1996/97	1998/99	2000
Pre-school education				
1) Gross enrollment rate		5.4	5.8	7.0
2) Percentage of new entrants		8.4	9.2	10.0
Primary education				
1) Gross intake rate		113	103.3	106
2) Net intake rate		69.4	62.4	70.0
3) Gross enrollment rate		94.5	89.7	95.0
4) Net enrollment rate		84.7	78.3	86.0
5) Current educational expenditures as a percentage of GDP	1.1	0.8	0.9	2.5
6) Current educational expenditures as a percentage of GDP per capita	8.2	4.9	5.2	10.0
7) Current expenditures on primary education as a percentage of total education expenditure		70.8	89.9	85.0
8) Percentage of primary education teachers who graduated from teacher training school*			90.7	91.0
9) Percentage of primary education teachers certified to teach*			95.2	96.0
10) Pupil-teacher ratio		44	48	40
11) Repetition rate		27.7	24.9	10.0
12) Graduation rate (of Grade 1 entrants)		50.7	45.2	55.0
Learning achievements and outcomes				
1) Percentage of the 4th graders who attained basic learning competencies		70.0	71.9	75.0
2) Literacy rate for the 15-25 age bracket	60.0	71.5	75.0	76.0
Adult literacy rate				
1) Literacy rate of the population aged 15 years or older	57.7	65.9	68.0	85.0
2) Ratio of the female literary rate to male literacy rate				
2-1) 15-24 years of age	0.6	0.7	0.8	0.9
2-2) 15 years of age or older	0.5	0.7	0.7	1.0

* Teacher's licenses include those granted after receiving a short training course or those renewed during the reconstruction period of the 1980s.

Source: Ministry of Education, Youth and Sport (2000)

on its size, has a department in charge modeled after the structure of the MoEYS.

The National Programme to Rehabilitate and Develop Cambodia (NPRD) published in 1994 sets out a guideline for bolstering the capacity and functioning of the central government required for the nation's reconstruction. In the guideline, the MoEYS lists the following items as the objectives of administrative reform:

- (i) Reform for a more efficient administrative machinery,
- (ii) Strengthening of each competent department,
- (iii) Human resources development,
- (iv) Efficient distribution and control of personnel, and
- (v) Defining the roles and responsibilities of the central and local government.

Under the NPRD, the MoEYS has taken the following actions:

- (i) Transferring a surplus of personnel totaling about 1,000 at the central government level to schools short of teachers and to provinces where educational administrators are in short supply,

- (ii) Organizational reform within the MoEYS, and
- (iii) Offering training to educational administrators at the central and provincial levels.

Since the organizational reform of the MoEYS in 1998, the function of monitoring and assessing educational projects has been strengthened.

1-2-3 The current situation and problems at each level of education

(1) Basic education

The period of primary education was extended by one year in accordance with the Education Investment Framework in 1996. As a result, a 6-3-3 system like the Japanese system—six years for elementary school, and three years each for the lower and upper secondary schools—was established.

The gross enrollment rate at the primary education level was rather high—some 94% in the 1997 school year as shown in Table 5-1. The net enrollment rate, on

Table 5-2 Promotion, Repetition and Dropout Rates by Grade at Primary Schools

School year	Enrollments (out of 1,000 pupils)			Promotion rate (%)			Repetition rate (%)			Dropout rate (%)		
	Grade 1	Grade 3	Grade 5	Grade 1	Grade 3	Grade 5	Grade 1	Grade 3	Grade 5	Grade 1	Grade 3	Grade 5
1992/93	544.6	254.8	137.6	49.2	66.0	63.0	41.9	22.8	18.1	8.9	11.2	19.9
1993/94	619.6	270.6	162.7	49.4	64.9	45.6	40.4	23.1	36.7	10.2	12.0	17.7
1994/95	596.9	280.6	198.0	51.9	64.5	43.1	42.2	22.1	29.8	5.9	13.4	27.1
1995/96	638.4	311.6	200.3	50.0	68.0	55.8	42.7	21.5	25.0	7.3	10.5	19.2
1996/97	678.9	331.1	150.0	46.9	65.9	71.3	41.2	19.2	7.5	11.9	14.9	21.2
1997/98	666.7	335.3	183.2	48.4	67.4	76.3	40.9	18.5	7.5	10.7	14.1	16.2
1998/99	681.0	349.7	200.8									

Source: UNESCO (2000)

Table 5-3 Gross Enrollment Rate by Level of Education (1997)

	Male	Female	Total
Primary	94.5	86.4	94.5
Lower secondary	38.2	22.7	30.5
Upper secondary	9.4	5.0	7.2

Source: Ministry of Education, Youth and Sport (1997)

the other hand, remained low as in the 1980s—at about 78% in 1998.

As has long been pointed out, high numbers of dropouts and repetition rates constitute another problem. Table 5-2 shows that the dropout rates for primary school grades ranged from 10% to 15% and the repetition rate for the first grade remained at about 40%. However, the repetition rate for the fifth grade decreased as the graduation examination for fifth graders (then the final grade at primary school) was abolished in the 1996 school year.

The gross enrollment rate for 1997 is about 30% for lower secondary education and only 7% or so for upper secondary education as shown in Table 5-3. This highlights a substantial gap between the performance and the target set by the Education Investment Framework. Access to secondary education, especially upper secondary education, is limited, suggesting that it is still regarded as education for the elite. As shown in Table 5-4, the enrollment rate for primary education in Cambodia is roughly on a par with that in its Asian neighbors. However, Cambodia's enrollment rate for both lower and upper secondary education is the lowest among the Asian countries, highlighting the need to expand secondary education.

In 1996, a new curriculum was introduced for pupils and students who entered schools as first graders in 1996 or later. Under the new curriculum, revised textbooks were distributed. The Ministry of Education,

Table 5-4 Enrollment Rates for Primary and Secondary Education in Asian Countries

Country	Primary education		Secondary education
	Gross enrollment rate	Net enrollment rate	Gross enrollment rate
Brunei	110	91	78
Cambodia	95*	85*	19*
China	118	99	67
India	100		49
Indonesia	114	97	48
Laos	110	60**	25
Malaysia	91	91	57
Myanmar	103		30
Nepal	110		37
Pakistan	74		
The Philippines	116	100	79
Sri Lanka	113		75
Thailand	87		55
Vietnam	101	78***	47

Source: UNESCO Statistical Yearbook 1998, except for those marked with one or more asterisks as shown below:

* MoEYS (1997)

** The World Bank (1995)

*** Prescott (1997)

Youth and Sport did all it could to distribute on loan one or two textbooks per pupil. In 1997, the ministry launched propagation seminars designed to communicate to teachers the objectives of the new curriculum and the revision of textbooks, together with new teaching methods. These seminars were held on the basis that they would create a ripple effect. At the primary school level, a cluster school system is being implemented across the country. The idea is to group a few schools into one cluster so that teachers can use limited teaching materials efficiently and share their experience for better lessons through improved teaching methods, among other means, and for better school management. Cambodia is considering introducing this approach in

lower secondary schools.

Teacher training is provided at the following teacher training institutions at three levels. Provincial Teacher Training Centers (PTTCs) in 17 major provinces train primary school teachers. Regional Teacher Training Centers (RTTCs) in the six educational regions into which the country is divided, train lower secondary school teachers. Graduates from upper secondary schools are qualified to take a two-year course at PTTCs and RTTCs. The Faculty of Pedagogy (FOP) trains graduates of Phnom Penh University to be upper secondary teachers in a one-year course.

The problem is the low quality of teacher training. Because there is no clear policy for teacher training, curriculums and teaching materials for this purpose are underdeveloped. In addition, the qualifications and recruiting criteria for trainers at these teacher-training institutions are not clearly defined. Cambodia therefore needs to improve teacher-training curriculums and set up definite criteria for teacher's licenses. Cambodia also needs to improve teacher-training facilities and upgrade the teacher-training centers to teacher-training colleges.

According to MoEYS statistics for 1998, the number of primary school pupils per teacher is about 48, while the number of lower secondary students is around 17. The situation is particularly serious at primary schools in urban areas; the number of pupils per teacher is as many as 87. These schools have no choice but to hold double or triple sessions. Because primary schools are in short supply, the number of pupils per teacher may reach 50 against the year 2000 target of 40 as shown in Table 5-1. To rectify the situation, Cambodia has been recently diverting some of the newly graduates of the Faculty of Pedagogy to primary schools. The number of these new teachers is rather more than required at the upper level schools.

During the 1990s, more than 1,200 schools were renovated or newly constructed with the assistance of NGOs, the World Bank, individuals, including Prime Minister Hun Sen, and other organizations.² For security reasons, these schools have concentrated on cities including Phnom Penh and their surrounding areas and on the plains where there are no security problems. Therefore, a substantial number of schools in rural areas are thought to be in need of renovation or replacement.

According to MoEYS statistics for 1998, some 600 schools remain partially destroyed.

(2) Vocational and technical training

Vocational and technical training falls under the jurisdiction of a number of ministries. Although the MoEYS's main task is to manage public education or compulsory education, it has jurisdiction over vocational and technical training, non-formal education, and higher education as well. The Ministry of Social Welfare, the Ministry of Women's and Veteran's Affairs, and other ministries also manage or supervise vocational training and non-formal education. Ministries other than the MoEYS offer vocational training courses with periods of less than one year.

According to the MoEYS statistics for 1998, there are 24 public vocational training institutions with a total enrollment of about 5,300 under the jurisdiction of the MoEYS and other ministries. In addition to these institutions, many others are operated by NGOs and the private sector. Vocational training institutions train refugees and displaced persons, landmine victims, the physically disabled, and the illiterate to support themselves. In recent years, computer schools, English schools, business schools and other types of schools have been set up in Phnom Penh and other cities. These schools offer Cambodians opportunities to acquire qualifications for working in private businesses or donor-related development projects.

Technical training courses are offered at Phnom Penh Institute of Technology. The courses are lecture-oriented because teaching materials and equipment are in short supply.

Vocational and technical courses offered by private schools vary in content and level. This is partly because there are no criteria for setting up private schools. They are therefore easy to establish if there are enough funds to do so. In 1997, the National Training Board was set up with the aim of maintaining the quality of vocational training institutions, including private ones, at a certain level and improving the quality of vocational and technical training in Cambodia. The Board is set to formulate development plans concerning vocational and technical training.

² MoEYS, PMMU Database, 1996.

Table 5-5 List of Higher Educational Institutions

	Name	Competent ministry
1	Royal University of Phnom Penh	MoEYS
2	Faculty of Pedagogy	MoEYS
3	Faculty of Commerce	MoEYS
4	Faculty of Medicine	MoEYS
5	Faculty of Law and Economics	MoEYS
6	Cambodia Institute of Technology	MoEYS
7	Royal College of Agriculture	Ministry of Agriculture
8	Royal College of Arts	Ministry of Culture
9	Maharish Bedick University	MoEYS (private university)

Source: Prepared by the author

(3) Higher education

According to the MoEYS statistics for 1998, there are nine higher educational institutions, including Phnom Penh Institute of Technology in Cambodia with a total enrollment of about 9,000 (see Table 5-5). These institutions were originally faculties of the Royal University of Phnom Penh. However, after the fall of the Pol Pot regime, these faculties were restructured as independent entities. These independent institutions are therefore called Faculties of Phnom Penh University. With the exception of the Faculty of Medicine, Royal College of Agriculture, and Royal College of Arts, these institutions are under the jurisdiction of the MoEYS. Yet all the MoEYS does is to maintain coordination among the institutions and supervise their management. The details of the courses each institution offers are up to the ministry concerned. These institutions are expected to gain more autonomy from the MoEYS. They may even change their names.

Higher education reform is underway with the establishment of the National Higher Education Task Force in 1996. To meet the social needs associated with the transition to a market economy, the task force has come up with recommendations on the reform of the university system and subjects taught, languages of instruction and language education, as well as the reform of financial and management systems. Based on these recommendations, a national action plan has been drawn up.

The task force is now drafting a plan for making universities more self-sufficient. Traditionally, higher educational institutions have been in a financial bind, with limited allocations from the national budget and with no operating revenue because there are no tuition fees. As

a result, teaching staff are forced to exist on low pay and the research facilities are in a bad state of repair. This, in turn, leads to a low quality of education provision, forming a vicious circle. In a bid to acquire revenue, some institutions offer fee-paying courses to outsiders. They are now looking to collect tuition fees from students.

1-2-4 Donor assistance by educational sector

Table 5-6 is a list of donors by educational sub-sector as of 1997. The table shows that donors are involved in almost every sub-sector. Generally speaking, EU, USAID and UNICEF specialize in primary education, putting particular emphasis on curriculum development and teacher training. Overall, many donors, including NGOs, extend assistance to the primary education sector. The World Bank has assisted with the construction of schools, totaling about 600 to date, through its social funds. ILO and GTZ address the sector of vocational and technical education, among other areas. ADB assists Cambodia in formulating an education investment plan and a master plan. Through such technical assistance, ILO, GTZ and ADB address Cambodia's education administration and other sectors and try to play a catalytic role in the sectors concerned.

On the other hand, many NGOs offer assistance in the construction of schools, improvement in education services, and literacy and vocational education aimed at alleviating poverty. These NGOs often work with UNICEF and other donors. UNICEF, for its part, assists Cambodia mainly in improving the Education Management Information System (EMIS) and the cluster school system at the primary education level, and in developing curriculums. ADB covers the whole process of textbook development, including printing, binding and distributing textbooks. EU extends assistance in renovating and building teacher training schools.

Japan also extends assistance in the education sector. JICA has dispatched experts to Cambodia for strengthening education management and education for girls. In 2000, JICA launched small-scale programs of project-type technical assistance. No other donors are extending assistance in these sectors, especially in improving science and mathematics education at the secondary level. JICA's assistance is expected to expand in these sectors. Japanese NGOs, for their part, are developing

Table 5-6 Donor Assistance

		Pre-school education	Primary education	Lower secondary education	Upper secondary education	Higher education	Vocational and technical education	Non-formal education
Education administration	Education policy/management	UNESCO/UNDP/ADB/EU/JICA/USAID/DFID/WB						
	Financial capacity building	AusAID						
System improvement	Improvement in the quality and quantity of educational information	EU/UNICEF/ADB						
	Reform of the exam system	AusAID						
Improvement in education services	Teacher training	NGOs	USAID/UNICEF/EU/NGOs	DFID/NGOs • France	JICA/NGOs	NGOs • AusAID/France	ADB/France/GTZ/ILO/UNDP/NGOs	NGOs • UNESCO/ADB/GTZ/
	Improvement in curriculums		UNICEF/UNESCO/UNFPA/NGOs	UNFPA/NGOs		WB/AusAID/NGOs	GTZ/ILO/UNDP/NGOs	ILO/UNDP/UNICEF
	Development of textbooks and teaching materials	NGOs	ADB/NGOs	ADB/France/EU/DFID	ADB/DFID/France	NGOs	GTZ/ILO/UNDP/NGOs	
Educational infrastructure	Renovation and construction of schools	NGOs	WB/Japan/EU/NGOs	WB/ADB/EU/NGOs	ADB	ADB/France	ADB/France/GTZ/ILO/UNDP/NGOs	

Source: Prepared by the author

and implementing their assistance projects in a variety of sectors, including school construction, preschool education, school health, and vocational training. They are committed to community participation in conducting their projects. For example, they try to approach temples and communities directly.

2. Major development agendas and problems

2-1 Problems and agendas for education administration

2-1-1 Limitations to formulating and implementing education plans under the centralized regime

The Cambodian government, with the MoEYS at its center, has already formulated various education plans. Yet most of these are comprehensive plans at the national level. The government has not conducted specific micro planning at the provincial or lower levels. To assess the educational needs for each school and each province, the Cambodian government conducted school mapping in 1996 with EU assistance. However, the government has not yet formulated education plans at the provincial or district levels based on the results of

this school mapping. Partly because of this, educational needs at the local level have not been reflected in education policies at the central level, and there has been no specific implementation planning at the provincial or lower levels. In addition, educational programs are said to be inefficient as they are being implemented on a top-down basis.

2-1-2 Politics and the education administration system

Although political confrontation in Cambodia has eased in recent years, the FUNCINPEC Party and the Cambodian People's Party share similar posts within the MoEYS. Therefore, duplication and confusion often occurs within the ministry, resulting in inefficient education administration. For efficient education administration, the MoEYS needs highly skilled staff specializing in education administration who are not swayed by political considerations. To meet this need, donors have to give priority to training specialized staff and counterparts in their education development projects.

The need to build up specialized capacity of the administrative staff is not limited to the education sector. The lack of specialized capacity is common to all political and administrative sectors. This constitutes the ba-

Table 5-7 Regional Disparities in the Enrollment Rate

		Primary school		Lower secondary school		Upper secondary school	
		Gross enrollment rate	Net enrollment rate	Gross enrollment rate	Net enrollment rate	Gross enrollment rate	Net enrollment rate
Urban areas	Total	99.5	84.6	45.7	28.1	24.8	18.2
	Female	94.1	81.0	35.6	24.3	18.1	14.3
Rural areas	Total	93.9	82.6	18.7	11.5	3.5	2.6
	Female	87.6	77.8	12.0	8.2	1.9	1.6
Remote areas	Total	50.6	45.5	0.8	0.4	0	0
	Female	46.3	42.1	0.5	0.3	0	0
All areas	Total	89.7	78.3	23.0	14.2	8.7	6.4
	Female	83.9	74.1	16.1	11.1	6.0	4.8

Source: Ministry of Education, Youth and Sports (1998)

sis for improper and slow decision-making, misconduct, and corruption in these sectors. Therefore, it should be emphasized that training personnel to acquire specialized skills in every administrative sector is the first step to good governance and institution building. This is particularly important for the education sector, which requires personnel with a wide range of specialized skills, including, teachers, principals, school inspectors, teacher-training staff, and education administrators.

2-1-3 Declining ethics of teachers and other employees

A majority of civil servants in the education sector have a side job to supplement their low pay, which averages about 25 dollars per month. Yet a decline in their ethical conduct has been pointed out as follows:

- (i) Some teachers, too busy with their side job, neglect their duties at school and fail to teach classes as regulated.
- (ii) Some teachers offer supplementary lessons for a fee in addition to regular classes, giving rise to disparities between children who can afford such a fee and those who cannot. This, in turn, leads to a situation where only those children who take such supplementary lessons are allowed to pass promotion exams.
- (iii) Those teachers who offer such supplementary lessons tend to neglect their regular duties.

It is also pointed out that the daily rate of pay and other forms of compensatory pay to participants in education projects are contributing to a decline in ethical conduct and sense of project ownership on the part of employees at the MoEYS. Many employees work half the day at the MoEYS and spend the rest of the day on

their side job since their salary is too low to support their families. If they are required to perform a full-time duty or participate in a full-time seminar for a donor-assisted project, they tend to press the donor to compensate them with daily pay or other forms of compensatory pay. In fact, such a practice has become the norm. Therefore, after the period of assistance is over, these projects are not sustained in many cases.

2-2 Problems with primary education

2-2-1 Regional disparities

Table 5-7 shows the disparities in the enrollment rate between urban, rural, and remote areas. According to the table, the disparity between urban and rural areas is small at the primary school level, but large at the levels of lower and upper secondary schools. Access to secondary education is extremely limited in remote areas. Such regional disparities in the enrollment rate arise for the following reason. Because lower and upper secondary schools are concentrated in the urban areas of each province, would-be students in rural areas have to board at the homes of relatives or temples near their schools. Therefore, only children whose families can afford such boarding facilities have access to secondary education. In addition, parents are reluctant to let their daughters leave the home because girls play an important role in household work. As a result, the enrollment rate for girls at the secondary level is substantially lower than that for boys.

Another major reason for regional disparities is that the absolute number of lower and secondary schools is small in the first place in remote areas such as border areas and mountainous regions. For example, the num-

ber of pupils per teacher in the 1998 school year was 60.5 in remote areas compared with 45.1 in urban areas and 48.2 in rural areas, highlighting the regional disparity due to the lack of schools in remote areas. The MoEYS has been dispatching teachers to these areas to alleviate the disparity, but this action has not produced the expected results. These dispatched teachers tend to quit before their term expires. They cannot use Khmer as the language of instruction in, for example, the mountainous region bordering Vietnam where ethnic minorities live. In addition, they often have difficulty in adapting to the lifestyle and customs in such remote areas.

2-2-2 High dropout and repetition rates

The following problems have been pointed out as the cause of the high dropout and repetition rates in Cambodia's primary education:

- (i) Not all primary schools provide education up to the sixth grade in many parts of the country. In fact, at about half of the primary schools in Cambodia, pupils can receive education only until they become third graders or fourth graders. After that, they are regarded as non-attendees or dropouts.
- (ii) Because subjects are not adequately or appropriately taught at each grade, many pupils cannot move on to the next grade.
- (iii) Some preschool children prematurely enter primary schools with their elder siblings as first graders. Unable to follow classes, they tend to repeat the first grade.
- (iv) Some parents cannot keep paying education expenses until their children reach the upper grades.
- (v) Some parents do not let their children go to school because they are an important part of the work force.
- (vi) Many parents cannot afford to pay unofficial tuition fees to teachers as described in the previous subsection.

The extent to which the above causes are relevant varies greatly from region to region. As a result, there is a significant regional disparity in the dropout rate. For example, the dropout rate in the 1997 school year was 9.2% in urban areas, 15.2% in rural areas, and 26.2% in remote areas. Some of the reasons for this are detailed below.

Table 5-8 Proportion of Primary Schools Providing Education up to Various Grades

School type	Proportion of all primary schools
Schools providing up to Grade 1	7.2
Schools providing up to Grade 2	13
Schools providing up to Grade 3	11.2
Schools providing up to Grade 4	8.2
Schools providing up to Grade 5	8.6
Schools providing up to Grade 6	51.7

Source: MoEYS (2000)

Table 5-9 Changes in the Numbers of Pupils and Primary Schools

School year	Enrollment	Number of primary schools
1990/91	1.32	4665
1991/92	1.37	4555
1992/93	1.47	4539
1993/94	1.62	4693
1994/95	1.71	4744
1995/96	1.81	4845
1996/97	1.92	4899
1997/98	2.01	5026
1998/99	2.09	5156

Note: Enrollment is given in millions of pupils.

Source: UNESCO (2000)

(1) Lack of a complete primary school course or schools that cover 1st through 6th grade

Table 5-8 shows the percentages of six types of primary schools to all primary schools. Complete schools, that is, schools having first-grade classes up to sixth-grade classes, account for only about 52% of the total. That means that about half of the primary schools in Cambodia do not have sixth-grade classes. Pupils at such schools have to change to a complete school if they want to move on to the upper grade. Complete schools tend to be located in urban areas, meaning that pupils have to travel longer distances and pay more for travel expenses to go to such schools. This constitutes a factor in dropping out of school.

(2) Insufficient number of schools

Table 5-9 shows the increase in the number of pupils and primary schools since 1990. While the number of pupils increased nearly twofold between 1990 and 1998, from about 1.3 million to some 2.1 million, the number of primary schools rose by only 500 or slightly over

10% during the same period, from around 4,600 to about 5,100. According to the 1997 census, about 30% villages do not have schools, constituting a barrier to increasing the net enrollment rate to 100%.

(3) Problems with curriculums and textbooks

Both the dropout rate and the repetition rate have not shown any signs of improvement even after the MoEYS introduced a new curriculum in 1996 and launched promotion seminars for teachers concerning the distribution and use of new textbooks. This implies that the new curriculum has had little impact in practice. In fact, many cases have been reported in which the new curriculum and textbooks are disregarded in classes and teachers teach classes with self-prepared notes as before.

The following reasons have been given for the poor performance of the new curriculum:

- Lack of a clear reform policy and strong leadership in formulating the new curriculum and developing new textbooks. This has resulted in a weakness in continuity and the interrelationship between the curriculum and the textbooks as well as inconsistency in the series of subjects.
- The number of pages of the textbooks or the number of items in them has not been reduced sufficiently to avoid excessive teaching contents.
- Although the MoEYS has launched promotion seminars to achieve a ripple effect, the highlights and objectives of the new curriculum, as well as the new guidance on teaching, including how to use the new textbooks, have not been fully communicated to teachers at the end of the process.

An attempt has been made in Vietnam to combat the above-mentioned problems and carry out educational reform that works in practice. In 1996, Vietnam launched educational reform for the first time in 26 years. In the reform of its lower secondary education, Vietnam has been taking the following steps:

- (i) Redefining lower secondary education on its own,
- (ii) Setting educational objectives and improving the makeup of each subject taught in line with economic development and modernization,
- (iii) Implementing the curriculum flexibly, or more specifically, combining core subjects and optional subjects,
- (iv) Consolidating subjects, and

- (v) Strengthening the linkages among primary education, secondary education, and vocational training.

In revising the curriculum and textbooks, Vietnam has made the following attempts:

- (i) Systemizing the curriculum and screening the elements of the subjects taught,
- (ii) Strengthening the linkage with the curriculum and textbooks, and
- (iii) Introducing a method of learning through discovery and hands-on experience.

As part of these attempts, Vietnam has reduced the number of pages of the mathematics textbooks by half. The country has also introduced a method of instilling a mathematical concept by induction based on each pupil's everyday experience. In addition, Vietnam has commissioned both curriculum formulation and textbook writing to the same group in an attempt to ensure continuity and systemization between the two. Cambodia needs similar coherent policies and plans for successful educational reform.

Different communities or people have different educational needs according to their specific problems. This is particularly true of Cambodia. In Cambodia, communities near mine fields need preventive education. Communities that have serious HIV or social problems need special educational treatment. Ethnic minorities may need curriculums adjusted to their peculiarities so that, for example, subjects are taught in their own languages, not Khmer. Rural areas and areas of poverty where some 70% of pupils in Cambodia live need a curriculum that closely reflects their living conditions in the form of integrated learning or local learning. Cambodians suffering from the after effects of the prolonged civil war, including those who have been disabled by landmines—totaling a considerable number in Cambodia—need special consideration in the form of vocational training and other forms of education.

Cambodia needs curriculums where teachers identify and meet these diversified needs at school, although that is rather difficult in the face of the limitations in terms of education administration.

Sound growth of the mind and body of pupils requires proper health and physical education at school. This is important in terms of human resources development as well. Schools need to manage the health of pupils and to offer appropriate advice and even treatment. In Cambodia, insufficient attention is being paid to the nutrition status and sanitary conditions of pupils

at home and in the communities. Specifically, Cambodia needs to introduce basic health and physical education and a regular health checkup system in cooperation with local doctors, provincial health departments, and others.

(4) Teacher training

Pre-service training is conducted at teacher training institutions for primary, lower secondary, or upper secondary schools. This is conducted at 17 PTTC, six RTTC and one FOP. This framework for teacher training was established as late as the 1990s. One problem is that these institutions lack sufficient textbooks and curriculums; all they offer is training on basic teaching methods and subjects in a lecture style. Another problem is that instructors at teacher-training institutions vary widely in their qualifications and their instruction lacks consistency since there is no qualification system for them. Training or capacity building programs for these instructors are virtually nonexistent. Therefore, it is difficult for teacher-training institutions to improve their teaching methods or conduct research for this purpose. Improving and upgrading instruction at these institutions is high on the agenda.

To make matters worse, in-service training for teachers on active duty is not in place, depriving them of the opportunity to improve their teaching skills. Although promotion seminars designed to explain the outline of the new curriculum and textbooks are held to impart information to successive levels, the outline is hardly cascaded down to teachers at the end of the line. A majority of teachers “in the trenches” are at a loss as to how to use the new textbooks. A number of actions should be taken to offer opportunities to improve the skills of teachers actively engaged in local communities. Such actions include the establishment of systems, facilities, and curriculums for training teachers, and the training of the actual instructors. Science and mathematics should receive special attention, because training in these fields, which requires more facilities, equipment and materials, lags behind training in other fields.

2-2-3 Non-formal education

There is a serious disparity between men and women in the adult literacy rate (15 years of age or older). According to the 1997 census, the literacy rate is 78% for

men and 57% for women, while the rate for both men and women is 67%. The disparity is greater for the low-income bracket, the lowest 20%. In this income bracket, the literacy rate is 74% for men and 49% for women with a gap of 25 percentage points. The disparity is less for the highest income group, the highest 20%. In this income bracket, the literacy rate is 88% for men and 69% for women with a gap of 19 percentage points.

Because the low-income group is unevenly distributed in rural areas, the importance of literacy education for women and girls in these areas should be emphasized. This is where non-formal education has an important role to play. It is necessary to open non-formal learning centers at the community level and develop literacy education programs for the illiterate, especially women and girls in rural areas. It is also necessary to consider expanding the non-formal education sector to deal with pupils who drop out of formal education.

2-2-4 Slow development of lower secondary education

The enrollment rate for lower secondary education is low. The rate was about 30%, well below the 2000 target of 85%. The basic reason for the low enrollment lies in the limited access to secondary education. According to the MoEYS statistics for 1998, there are only 480 lower secondary schools, including lycees, or schools offering both lower and upper secondary education, and 132 upper secondary schools in Cambodia, compared with 5,156 primary schools. Simple mathematics illustrates the situation: there is only one lower secondary school for every 11 primary schools.

Unless this imbalance is redressed, in other words, unless a significant number of lower secondary schools are established, the enrollment rate for lower secondary education could not possibly increase. This is a serious problem and is expected to be top of the agenda in the second round of EFA due to be launched in 2001.

If Cambodia wants to universalize lower secondary education, it needs to make enormous fresh investment in training teachers, improving teacher-training institutions in terms of both quality and quantity, printing and distributing textbooks, improving the quality and quantity of educational officers, and other measures. This will require a much larger share of the national budget for education expenditures.

Thailand has set a good example for Cambodia, which is required to significantly expand lower secondary education over the next ten years. The neighboring country established a universal secondary education program under the Seventh National Economic and Social Development Plan for 1992-1996. The program was designed chiefly to increase the ratio of sixth graders proceeding to the seventh grade to almost 100%. Under the program, the ratio exceeded 85% in many provinces in Thailand by the end of the plan.³

2-3 Human resources development and socioeconomic needs

2-3-1 Gap between the curriculums and socioeconomic needs

Many vocational and technical training institutions in Cambodia have no choice but to offer lecture-oriented courses with insufficient skills training because their training facilities are insufficient or outdated. For this reason, students who have completed a course at these institutions have difficulties in finding jobs. The prestigious Phnom Penh Institute of Technology and the Royal University of Phnom Penh are no exception. These circumstances highlight the need for improving education services and human resources development in line with the transition to a market economy.

Due to the globalization of the economy and the country's accession to ASEAN, Cambodia needs to develop human resources that can play an active role in various socioeconomic sectors at the international level. Yet Cambodia's system of human resources development remains unchanged, giving rise to a wide gap between the existing system and socioeconomic needs. This is highlighted by the problem of imbalance between supply and demand

Regarding human resources, in which experienced, productive people are in short supply while an increasing number of university graduates cannot find jobs.

Cambodia needs to promptly reform the existing curriculums at lower and upper secondary schools so as to close the gap between the curriculums and the socioeconomic needs. Specifically, primary education needs to offer curriculums where pupils acquire hands-on knowledge and skills. Secondary education needs to offer cur-

riculums where students acquire practical knowledge and skills, particularly in science and mathematics. Vocational and technical training needs to offer curriculums where trainees acquire practical skills that work at businesses and manufacturing plants. Such curriculums also need to promote entrepreneurship and creativity. Higher education needs to offer curriculums where the gap between academic knowledge and practical skills is bridged. To this end, universities need to introduce internship programs.

2-3-2 Unemployment issue for graduates of higher educational institutions

During the 1980s, higher education was integrated into the system of the planned economy. Graduates of higher educational institutions were guaranteed positions as administrators at ministries. After the transition to a market economy, however, such guarantees disappeared. In addition, Cambodia has begun to reduce the number of civil servants at the request of international donors. Therefore, the opportunity to become a civil servant is now limited. Yet many students still want to become civil servants. In addition, as mentioned earlier, universities have yet to offer curriculums in line with a market economy that enable students to secure a job in the private sector. For example, graduates of the Royal University of Phnom Penh have difficulty finding a job. This is because the university, which was originally established as an institution to train higher secondary school teachers, has not reformed its curriculums, although such teachers are now in good supply. In a bid to rectify the situation, Cambodia recruited a total of about 1,400 university graduates as primary school teachers in 1996 onward. However, this turned out to be just a stopgap measure, leaving the fundamental problem unsolved.

2-3-3 Mismatch between industrial development and curricula

After joining ASEAN in 1999, Cambodia is expected to achieve economic development commensurate with other ASEAN members as an actor in the Southeast Asia economic sphere. Cambodia's industrial development policy aimed at achieving such economic develop-

³ Wakabayashi (1995)

ment is set out in the First Socio-economic Development Plan (SEDP). Yet it is safe to say that the country's policy for human resources development in line with the first SEDP is not reflected in the guidelines and curricula for human resources development in school education. Moreover, there are no projections or plans regarding human resources—the human resources that will be needed in what sector and at what level. Nor is there any convincing proposal as to how the current education system should be reformed to this end.

2-4 Aid coordination

Many aid agencies have so far carried out various aid projects in the education sector. As a result, duplication or inconsistency has long been pointed out as an aspect of these projects. The Education Investment Framework was formulated in 1995 to control such “aid congestion.” Within this framework, the MoEYS set up an aid coordination department.

However, there is a limit to coordination concerning the conventional project approach, by which donors extend assistance to an individual project. And many problems have been pointed out. For example, the MoEYS reviewed the conventional aid approaches and identified the following problems:⁴

- (i) Each project involves restrictive conditions on the part of the donor, making coordination a complicated process.
- (ii) Consistency among projects is difficult to maintain.
- (iii) The project approach tends to lead to donor-led projects, allowing no room for capacity building on the part of the Cambodian government.

In a bid to solve these problems, coordination with a new sector-wide approach is being sought. In this new approach, donors extend aid as a basket fund to the education sector as a whole, unlike aid to an individual project in the past. Donors then work together to carry out efficient assistance—from policy formulation and fund allocation to program implementation—under the ownership of the recipient country.

In this approach, the donor community is expected to work together to promote development capacity formation and institution building on the part of the recipient country at each phase of the development assistance

process, including the setting of long-term development targets, formulation of a mid-term investment plan, implementation of consistent programs, and monitoring and assessment. As the sector-wide approach becomes the norm, the capacity to ensure coordination among donors and leadership at the planning and implementation stages becomes crucial. In addition, intellectual assistance becomes as important as, or more important than, physical assistance.

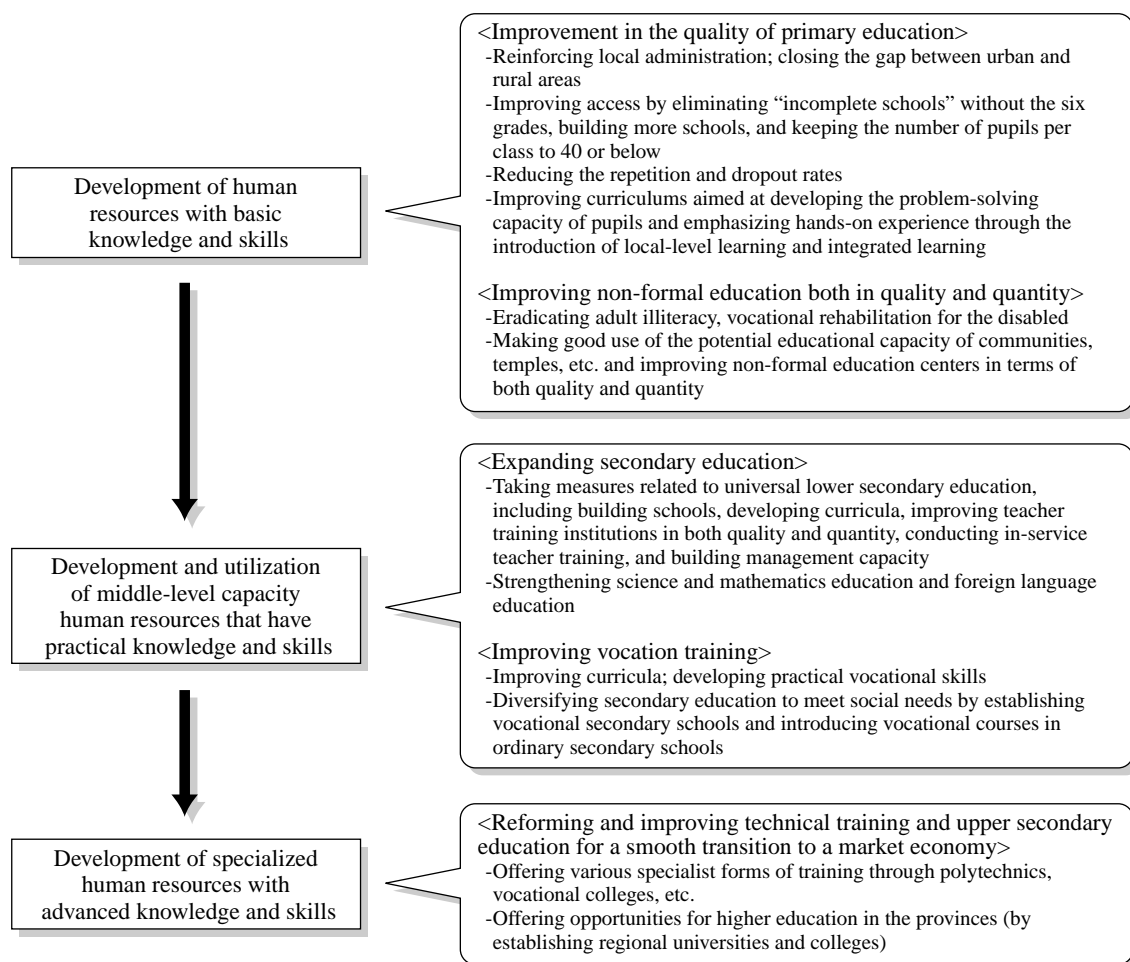
3. Mid-term prospects for human resources development

Regarding human resources development, Cambodia is urgently required to improve basic education in terms of both quality and quantity. At the same time, it is a matter of urgency for Cambodia to develop human resources that can cope with the progress of economic integration within ASEAN and the global transition to a market economy (globalization), especially human resources with specialized and advanced knowledge and skills as well as middle-level capacity within the range of human resources. These human resources should be assigned to Cambodia's administrative bodies in various sectors, including finance, the judiciary, the economy, trade, industry, education, health, and agriculture. Then they should be encouraged to build a fair and efficient administrative management system. In line with this, Cambodia also needs to upgrade human resources for the private sector.

Specifically, Cambodia needs to secure managerial and technical personnel. Industrial development in Cambodia cannot be realized unless the country establishes complementary relations with other ASEAN members in terms of trade and economy. In other words, the country needs to gain some kind of comparative advantage. In this case, productive human resources are the key since a policy of labor-intensive industrial development that takes advantage of the large pool of cheap labor is unrealistic for Cambodia, which is a small country. Therefore, Cambodia needs to develop competitive human resources that can contribute to the private sector, or more specifically, practical human resources backed by a good command of foreign languages and knowledge in science and mathematics. Regarding foreign languages, steady progress has been

⁴ MoEYS (1999)

Figure 5-1 Framework for Human Resources Development



Source: Prepared by the author

made with EU assistance. At the center of such efforts has been the Foreign Language Institute of the Royal University of Phnom Penh. Cambodia now needs to give priority to the practical development of human resources backed by knowledge in science and mathematics.

For the development of human resources described above, Cambodia needs a comprehensive education development plan that covers everything from primary and secondary education to vocation and technical training, and higher education. Cambodia also needs to develop an education system and educational human resources to support such a plan. The following subsections deal with mid-term prospects and major agendas based on Figure 5-1.

3-1 Improving the quality of primary education and expanding secondary education

The Cambodian government has been putting emphasis on primary education since the World Conference on Education for All in 1990. Donors, for their part, have been giving priority to this sector. As a result, substantial progress has been made in terms of curriculums, textbook printing and distribution, and school construction. Yet the quality of primary education remains low, as highlighted by the high dropout and repetition rates. Moreover, regional disparities and the gender gap in the enrollment rate and the literacy rate remain wide.

What has caused these problems in the process of educational reform? Because the educational policy during the 1990s was implemented on a top-down basis,

capacity building on the part of local educational administrations was insufficient. It is therefore likely that the process of education service delivery at the lowest level hit various obstacles. In fact, local governments, without full authority from the central government, did not develop a mechanism to assess the needs of schools and communities and formulate and implement programs designed to meet these needs at the provincial level or at the school level. Therefore, high on the agenda is the build up not only of the general capacity of education administrations at the local level, but also their capacity to formulate and implement educational programs at the local level or at the school level. As a consequence, the central government needs to delegate some of its authority to provincial governments.

Although primary education in Cambodia still has many problems in terms of its quality, the country needs to expedite its efforts to expand secondary education, especially lower secondary education. This is a matter of urgency amid the growing calls by the international community for universal basic education. As mentioned earlier, secondary education has attracted little attention in the face of the government's efforts to improve primary education during the 1990s. Now that primary education has been improved to a certain extent and the transition to a market economy has been expedited, Cambodia needs to expand secondary education and thus to develop middle-level capacity human resources with practical knowledge and skills as an important policy objective. Expanding secondary education with an emphasis on lower secondary education is high on the agenda for the education administration.

Specific targets for lower secondary education will be set out in the second round of EFA for 2010, which is being drafted based on a global agreement.

As discussed in section 2-2, there are no lower secondary schools in rural areas, mountainous regions, or remote areas along the national borders in Cambodia. In fact, some provinces that administer these poor areas just have few lower secondary schools in total. Under these circumstances, Cambodia needs to implement a wide range of measures to rectify these regional disparities if it wants to achieve universal lower secondary education. Among such measures are setting up a lower secondary education section in existing primary schools, establishing branch schools, constructing new additional

school buildings on the premises of the existing lower secondary schools, and opening new lower secondary schools.⁵ Without strenuous efforts to deliver lower secondary education to every corner of the country, it is difficult to form a basis for developing middle-level capacity human resources with practical skills.

3-2 Consolidation and reform of higher educational institutions and vocational and technical training institutions

Both higher education and vocational and technical training in Cambodia have been rehabilitated since the fall of the Pol Pot regime, thanks to international development assistance in terms of both human and financial resources. During the 1980s, Cambodia developed its educational system and curriculums with the assistance of the Soviet bloc. From 1990 onward, Cambodia developed another educational system and set of curriculums. The two systems, substantially different from each other, especially in the higher education sector, are still in place without modification. This presents an enormous obstacle to the development of human resources that can meet the needs of a market economy.

A number of measures are now being taken to rectify the situation. The National Higher Education Task Force is drafting a higher education policy. The national vocational training committee is drafting a master plan on vocational education. Colleges and universities and vocational training institutions, for their part, are taking measures to adjust themselves to fully meet social needs.

Successful examples of such measures are seen at the Royal University of Phnom Penh. Graduates of the newly established Department of Computer Science are assured of a job in the private sector, unlike graduates from other departments. The Foreign Language Institute has opened its doors to the working population, offering English language courses for businesspersons. This helps the university to improve its financial position.

Another successful example is the consolidation of vocational training institutions. Cambodia consolidated vocational training institutions under the jurisdiction of the MoEYS to create a national vocational training center in Phnom Penh. Based on this center, Cambodia es-

⁵ Wakabayashi(1998)

established seven regional vocational training centers across the country with a view to improving the quality of training and creating and improving the network of these centers. As a result, 70% of the graduates of these centers can now secure a job.

In addition, an increasing number of private vocational institutions, including foreign language schools and computer schools in cities, offer training for the working population and students who want to secure a better job. Apart from English language schools, Japanese language schools are also popular.

Demand is expected to rise not only for people with language and computer skills but also for those with highly specialized knowledge in business management and information technology (IT). Educational institutions need to make arrangements, including training instructors in these fields, to meet these growing needs.

3-3 Industrial development and human resources development

Although a decade has past since Cambodia converted to a market economy, a full-fledged human resources management system to bridge the gap between the human resources available and industrial development is not in place yet, nor is industrial education. Vocational and skills training may be part of industrial education, but it falls short of full-fledged industrial education where in-house training and industry-wide human resources development are the norm.

It is certainly necessary for public education to try to develop human resources that meet the needs of industry. Yet it is also necessary for industrial education to adjust itself to the framework of public education and promote human resources development within industry. Specifically, businesses or industries are required to set up technical training institutions. The Cambodian government, for its part, is required to authorize these institutions to grant an upper secondary school diploma or a college diploma. Such efforts to improve industrial education are particularly important in Cambodia's potentially competitive sectors. Among such sectors are tourism, agriculture, food processing, cultivation and processing of freshwater fish, cement and ceramics, furniture and wood processing, and precious metal processing.

4. Direction of Japan's assistance

In basic education, Japan is required to assist Cambodia in taking the following actions:

- (i) To redress the gender gap and regional disparities in primary education
- (ii) To significantly reduce the repetition and dropout rates
- (iii) To universalize lower secondary education as part of the initiative to improve access to secondary education overall
- (iv) To promote education aimed at building up practical knowledge and skills, as exemplified by foreign language education and science and mathematics education
- (v) To improve in both quality and quantity the educational infrastructure, including classrooms, facilities and equipment, curriculums, textbooks, etc. The same is required for educational personnel, such as teachers, principals, school inspectors, education administrators, etc.
- (vi) To put into place a system of local education administration that allows for the development of human resources that meet the socioeconomic needs in the region in question; to promote decentralization in this sector

Japan needs to pay particular attention to areas where the enrollment rate is low. Such areas have a number of problems. For example, there is an insufficient number of complete schools within the range of access to pupils, although there are many "incomplete" schools. To make matters worse, it is difficult to send a sufficient number of teachers to these areas to meet the local demand. To solve these problems, Japan can assist Cambodia in constructing schools within the accessible range of pupils and introducing combined classes in sparsely populated areas as necessary.

In building schools, the priority has traditionally been given to political considerations and manageability rather than accessibility. For example, the local education administrations tended to build schools near temples for easy management even though the children had to travel a longer distance to go to school. Now that the MoEYS has completed school mapping, Cambodia needs to conduct micro planning based on the results of such mapping to deliver education services that meet the needs of the local community. In particular, Cambodia is required to ensure that local education administrations

build schools and allocate educational resources—funds, teachers, facilities, teaching materials, promotion opportunities, opportunities to attend seminars, etc.—in line with the local needs, together with the participation of teachers, principals, and local residents. Through these activities, Cambodia can build up the capacity of the local educational administration and raise the sense of participation on the part of the local community. Japan can assist Cambodia in these fields.

Japan is now extending grant aid for grassroots projects for school construction. In the future, Japan is expected to extend this aid in such a manner that the educational management capacity at the local level will be enhanced and community participation will be promoted.

Japan's assistance to secondary education in Cambodia has to address, above all, the extremely low enrollment rates—about 30% for lower secondary schools and around 7% for upper secondary schools. These rates must be raised to the ASEAN standards.

To this end, access to lower secondary education needs to be improved through a variety of measures for the delivery of lower secondary education services, including setting up lower secondary education sections in existing primary schools, establishing branch schools, constructing new school buildings on the premises of the existing schools, and opening new schools, as well as offering secondary education services in the non-formal sector, as emphasized in the previous subsection. Cambodia needs to treat lower secondary schools as institutions to train middle-level capacity human resources that can cope with a changing society on a major scale, not as educational institutions for the elite or as a stepping-stone to universities, which are small in number.

For this to be achieved, secondary education in Cambodia needs to avoid creating forms of cramming schools designed just to enable students to pass the entrance examination to a higher educational institution. In addition, secondary education needs to aim for education that both meets socioeconomic needs and serves the needs of everyday life within the framework of educational reform in Cambodia.

To achieve these objectives, a number of measures aimed at universalizing secondary education need to be taken, including:

- Developing practical curriculums that emphasize hands-on experience in secondary education,
- Developing textbooks and guidebooks in line with

such curriculums,

- Building a secondary education system that can cope with the needs of students and their parents,
- Conducting pre-service training for would-be teachers and retraining for teachers that are actively involved, and
- Training local educational administrators and school principals and managers.

Japan can assist Cambodia in taking these measures.

Japan is now conducting an improvement program for science and mathematics education at the secondary education level. This program is part of Japan's assistance for educational reform aimed at bridging the gap between curriculums for secondary education and socioeconomic needs. In the future, Japan is expected to boost its assistance for secondary education development along these lines.

Reform of higher education in Cambodia will certainly be placed on the agenda in the near future. At issue is how it fits within Cambodia's education system and, especially, in relation to the reform of secondary education. This is because the reform of higher education should be carried out in line with the objectives of secondary education, among others.

In relation to school education, the role of universities as teacher training institutions should be reviewed. The existing teacher training institutions for basic education, the 17 Provincial Teacher Training Centers for primary school teachers and six Regional Teacher Training Centers for lower secondary school teachers, have many problems. These problems concern, for example, curriculums, teachers, educational facilities and equipment, teacher qualifying examinations, and recruiting systems, as discussed above. Above all, facilities, equipment and teaching materials for science and mathematics education are in short supply at these institutions. Therefore, the 23 teacher training institutions should be upgraded to higher educational institutions through consolidation with universities or as individual teacher-training universities and colleges. This action will contribute to the decentralization of higher educational institutions. This in turn will significantly promote human resources development at the local level.

As described above, Japan is expected to assist Cambodia's education development in a wide range of subsectors. These subsectors are set out in Table 5-10. The assistance objectives shown in the table can be reduced to two ultimate objectives: to universalize basic

Table 5-10 Important Subsectors for Development Assistance, and Assistance Objectives and Tools in the Education Sector in Cambodia

Important subsectors in education development	Assistance objectives	Tools or channels for development assistance
Primary education 1) School construction 2) Multi-grade classes 3) Non-formal education 4) Training local education administrators and principals	Universal primary education Guaranteeing school access Improvement in education service delivery Helping dropouts and the illiterate Building up the capacity of local primary education administrations	ODA, Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs Grassroots grant aid, NGOs ODA
Lower secondary education 1) Construction and extension of schools 2) Non-formal education 3) Improvement in training teachers 4) Improvement in teaching methods for science and mathematics 5) Improvement in curricula for science and mathematics 6) Career guidance	Universal lower secondary education Improving school access Improvement in education service delivery Maintaining the quality and quantity of teachers (especially in science and mathematics) Providing knowledge and skills related to vocations and daily life Reviewing and optimizing the education system for science and mathematics Educational support and career guidance	ODA, Grassroots grant aid, NGOs Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs ODA ODA
Upper secondary education 1) Construction and extension of schools 2) Construction of vocational schools 3) Improvement in teaching methods for science and mathematics 4) Improvement in curriculums for science and mathematics 5) Career guidance	Expanding secondary education and development middle-level capacity human resources Improving school access Enlarging opportunities for vocational education; support for job hunting Upgrading knowledge and skills related to vocations and daily life Adjusting science and mathematics education to society Educational support and career guidance	ODA, Grassroots grant aid, NGOs ODA ODA, NGOs ODA ODA
Higher education 1) Reform of teacher training institutions/centers Reform of PTTCs Reform of RTTCs Reform of Faculty of Pedagogy 2) Reform of teacher training courses at Phnom Penh University 3) National science and mathematics research center	Reforming teacher training; improving the quality of education Consolidating and reforming training institutions for primary and secondary teachers Upgrading training institutions for primary teachers to universities or colleges Upgrading training institutions for lower secondary teachers to universities or colleges Upgrading the training institution for upper secondary teachers to a university or graduate school Conducting teacher qualifying exams; issuing teacher's licenses Systemizing science and mathematics education; training teachers in science and mathematics	ODA ODA ODA ODA ODA ODA
Interdisciplinary programs 1) School health and health education 2) Literacy education; education for women 3) Industrial education; cooperation in education between the government and the private sector 4) Human resources development in politics and administration 5) Environmental education 6) Education for local patriotism; history education 7) Education for the vulnerable and the disabled 8) Pre-school education	Problem-solving through education Propagating public health and physical education Closing regional and gender gaps Developing practical and industrial human resources Developing administrative personnel with highly specialized skills Environmental conservation; learning about local nature Home districts; culture and identity Equal opportunity for education services; support for the vulnerable Raising the educational awareness of parents; early childhood education	Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs Grassroots grant aid, NGOs Grassroots grant aid, NGOs Grassroots grant aid, NGOs ODA, Grassroots grant aid, NGOs

Source: Prepared by the author

education based on the principle of “Education for All,” and to develop human resources that meet socioeconomic needs as the country converts to a market economy.

The main tool for Japan’s assistance to Cambodia is official development assistance (ODA). Among other effective tools may be assistance programs through NGOs and grant aid for grassroots projects, which allows for cooperation with NGOs in the recipient country. Furthermore, Japan needs to explore the possibility of south-south cooperation and tripartite cooperation. What matters most, however, is to practice efficient development assistance aimed at achieving these two ultimate objectives while fitting such assistance projects appropriately within the education development plan of the Cambodian government, setting priorities, and maintaining close coordination with the assistance plans of other donors.

Coordination among donors and their assistance projects is crucial. Since there is often duplication among projects in such subsectors as textbook development, curriculum development, and teacher training, such projects are required to ensure continuity and consistency. In fact, Cambodia, concerned about the lack of such coordination, has reviewed the conventional aid approaches. Based on this review, Cambodia is now looking to introduce a sector-wide approach for consistent development management in the education sector as a whole.

Japan, for its part, is required to urgently study how the country can be involved in the sector-wide approach and how it will maintain mutual cooperation and exercise leadership as necessary within the donor community.

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Section 6. Demining, Mine Victims Assistance, and Assistance for Demobilized Soldiers

Eri KOMUKAI

1. Antipersonnel mines

1-1 Background

An enormous number of antipersonnel land mines have been planted around the world. Especially after the end of the Cold War era, such land mines have been heavily used in regional conflicts since they are inexpensive to manufacture. Experts say that at present, a total of more than 100 million mines have been planted in over 60 countries, including Cambodia, Bosnia and Herzegovina (BH), Angola, and Mozambique, with some two to five million mines added to the total every year. Every month, more 2,000 people are killed or injured by these mines. The total of those injured throughout the world is estimated at 250,000. Experts say an average of more than 3,000 dollars is required for each victim for surgical operations, prosthetics and rehabilitation. They say that a mine costs just three to ten dollars to purchase, but 300 to 1,000 dollars to remove.¹

There are two types of demining operations; military demining and humanitarian demining. Military demining removes only the verified mines in strategically important areas or places that have a military purpose, with a mine clearance standard of 80% removal. Humanitarian demining, on the other hand, involves the clearance of all kinds of explosives and combustibles, including land mines and unexploded ordnances (UXO) with an accuracy requirement of 99.6%.² Its purpose is to allow residents to return to mine free areas for living, farming and development.

International communities have been dealing with this problem. The Government of Canada in October 1996 hosted an international strategy conference aimed at a global ban on anti-personnel mines, paving the way for the Ottawa Process. Through this process, the Convention on the Prohibition of the use, stockpiling, production and transfer of antipersonnel mines and on their destruction (Ottawa Treaty) was drafted. The conven-

tion was signed in Ottawa in December 1997, and came into effect on March 1, 1999.³

Japan, for its part, hosted a Tokyo Conference on Antipersonnel Landmines in March 1997. Then, when signing the Ottawa Treaty, Japan announced a “Zero Victims Program,” in which Japan committed itself to working toward the goal of zero victims of landmines. In the announcement, Japan emphasized that it would take a comprehensive approach, in which working toward a universal ban on anti-personnel mines on the one hand and strengthening assistance in demining activities and support for mine victims on the other were inseparable. To this end, Japan pledged to provide some 10 billion yen in assistance over five years. Specifically, Japan said it would provide grant aid in three general areas: i) support for improving facilities and equipment for demining, ii) technical assistance concerning prosthetics and orthotics and vocational training, and iii) the provision of facilities and equipment for medical treatment and rehabilitation.

Japan allocated 2.2 billion yen in grant aid for the “Zero Victim Program” in the fiscal 1999 budget⁴. In the fiscal 2000 budget, Japan increased fivefold the amount of grant aid for grassroots projects to NGOs which operate in the field of land mines—from 20 million yen to 100 million yen, and personnel expenses and other service-related expenses could also be included in this budget. In a related development, Japan emphasized its commitment to tackling the issue of antipersonnel mines in the ODA mid-term policy released in August 1999.

1-2 Situation analysis

1-2-1 Overview/Situation of landmines, demining and victims

The legacy of more than two decades of civil war since 1970 has left an enormous number of land mines

¹ UNICEF website.

² International Standards for Humanitarian Mine Clearance Operations Set by the UN.

³ The convention not only calls for the prohibition of the use, stockpiling, production and transfer of antipersonnel mines and for their destruction, but it also stipulates international cooperation and assistance in demining and victim support. The convention is considered to constitute a total ban with virtually no exemptions.

⁴ In fiscal 2000, 2.7 billion yen was appropriated for this purpose.

Table 6-1 Minefields in Cambodia

Type of minefield	Number of minefields	Area (in square kilometers)
Identified Area: an area where mines are presumed to exist	554	1373.8km ²
Verified Areas: an area where the existence of mines has been verified	830	609km ²
Marked Area: an area that has been marked as a minefield	465	123.8km ²

Source: Data from CMAC

Table 6-2 Trends in Landmine/UXO Casualties

Year	1997	1998	1999	2000 (until June)
Number of mine casualties	1732	1742	1019	492
Monthly average	144	145	85	82

Source: Monthly Mine Incident Report (2000)

Table 6-3 Data Concerning Mine Casualties

(July 1999 - June 2000)

Breakdown of the casualties	Injuries: 55%, Amputees: 26%, Death: 19%
Type of victim	Civilians: 91%, Military personnel: 9%
	Men: 63%, Children*: 30%, Women: 7%
Mines and UXO	Mines: 58%, UXO: 42%

* Below 18 years of age.

Source: Monthly Mine Incident Report (2000)

Table 6-4 Amputees

(for every 100,000 people)

	Entire country		Phnom Penh		Other urban areas		Rural areas	
	Percentage of all the disabled	Incidence for every 100,000 people	Percentage of all the disabled	Incidence for every 100,000 people	Percentage of all the disabled	Incidence for every 100,000 people	Percentage of all the disabled	Incidence for every 100,000 people
Both sexes	22.0	479	14.9	252	24.0	525	22.5	502
Male	27.0	799	19.4	392	29.8	938	27.2	831
Female	13.1	190	8.9	123	12.2	165	13.6	201

Source: Ministry of Planning (1998), Amakawa (2000)

planted throughout Cambodia as shown in Table 6-1.⁵ These mines constitute an impediment to economic activities and a threat to people's lives. The mines come in a variety of type, with some made in the US, China, Vietnam, the Soviet Union, Yugoslavia, Bulgaria, and other countries. Experts say that roughly speaking, US-made mines were laid during the Lon Nol regime, Chinese mines during the Khmer Rouge regime, and Vietnamese mines during the Heng Samrin regime.

Although the annual number of mine victims has been on the decline over the past few years as shown in Table 6-2, the cumulative total of such victims in Cambodia is estimated at 40,000.⁶ The majority of the victims belong to the productive age bracket of 19-55 years of age. This means that there is a heavy burden on the victim's families (see Table 6-3, 6-4, 6-5).

The province that saw the most mine casualties between January 1999 and June 2000 is the Province of Battambang, followed by Banteay Meanchey, Oddar Meanchey, and Krong Pailin. As for UXO casualties, Battambang tops the list, followed by Prey Veng, Siem Reap, Kampong Cham, and Banteay Meanchey.⁷

1-2-2 Cambodia Mine Action Centre (CMAC)

The Cambodia Mine Action Centre (CMAC) was established in June 1992 as an autonomous national body by the Cambodia Supreme National Council (SNC) with the full support of the United Nations Transitional Authority in Cambodia (UNTAC). After the withdrawal of UNTAC from Cambodia in 1993, CMAC was re-launched as a government agency of the Kingdom of

⁵ The Cambodia Mine Action Center (CMAC) estimates the number of land mines at four to six million.

⁶ According to the Landmine Monitor Report 2000 by ICBL, 40,312 were victimized by landmines by the end of 1999, and 130,709 people were killed by landmines between January 1979 and the end of 1999. Therefore, landmine casualties in Cambodia total about 25,000 as of the end of 1999.

⁷ Monthly Mine Incident Report (2000)

Table 6-5 Causes of Disabilities

(Unit: %)

	Entire country	Phnom Penh	Other cities	Rural areas
Both sexes				
Congenital	24.8	30.7	13.4	25.7
War/conflict	12.7	11.6	16.4	12.3
Mine detonation	8.0	6.7	10.7	7.8
Disease	30.0	21.4	30.8	30.7
Accidents	13.0	16.0	14.2	12.6
Other causes	6.2	4.5	8.6	6.0
Unknown	5.3	9.1	5.8	4.9
Total	100.0	100.0	100.0	100.0
Male				
Congenital	19.8	23.8	10.5	20.7
War/conflict	18.3	16.2	21.0	18.2
Mine detonation	11.5	7.9	16.0	11.1
Disease	27.1	22.9	26.4	27.5
Accidents	13.7	14.5	15.8	13.4
Other causes	4.4	5.6	3.8	4.4
Unknown	5.2	9.0	6.4	4.7
Total	100.0	100.0	100.0	100.0
Female				
Congenital	33.9	39.9	19.3	35.1
War/conflict	2.3	5.5	7.0	1.3
Mine detonation	1.7	5.1	-	1.5
Disease	35.2	19.2	39.7	36.5
Accidents	11.7	18.0	11.0	11.1
Other causes	9.5	3.0	18.3	9.1
Unknown	5.7	9.2	4.6	5.4
Total	100.0	100.0	100.0	100.0

Source: Ministry of Planning (1998), Amakawa (2000)

Cambodia by a Royal Decree issued in November. A trust fund for CMAC was established at UNDP, which had taken over the responsibility for UN finance and management that had been borne by the UN Secretary-General and UNTAC. As a national institution placed under the prime minister, CMAC has a governing council that supervises CMAC activities and has a policy-making function.

The Cambodian government provided CMAC with a total of about one million dollars between 1993 and 1998 and with a 59-hectare tract of land in Kampong Cham Province as a CMAC training center and another tract of land in Phnom Penh for the CMAC headquarters. Goods imported by CMAC are tax-exempt.

CMAC's main functions are: i) mine awareness, ii) mine verification, iii) mine clearance, and iv) training for mine clearance. CMAC allocates about 90% of its budget for mine clearance, 7% for mine verification, 2%

for mine training and 1% for mine awareness.⁸ With a total staff of 3,034 (of which 279 are at the headquarters), CMAC has the following units:

- Platoons (29 staff per platoon): 67 units
- Mine/UXO awareness teams (5 staff per team): 12
- Mine marking teams: 12
- Community mine marking teams: 13
- Explosive ordinance disposal teams: 8
- Mine clearance machinery unit: 1

* CMAC also has 25 mine detection dogs.

CMAC is in the process of structural reform, reducing the total number of staff to 2,666 (of which 169 will be at the headquarters) and cutting the number of foreign experts as well.

According to a CMAC announcement in July 2000, CMAC has cleared 495 minefields covering a total area of 75.98 square kilometers. The number of mines removed is shown in Table 6-6.

⁸ Landmine Monitor- Cambodia Country Report, <http://www.icbl.org/lm/1999/english/cambodia.html>

Table 6-6 Number of Mines Removed

Antipersonnel mines	112,067
Anti-tank mines	1,911
UXO	558,715
Fragments	220,185,760

Source: Data from CMAC

1-2-3 Activities of the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation

When the new government was inaugurated in December 1998, the Ministry of Social Affairs, Labor and Veteran Affairs was reorganized into the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation (MoSALVY). The MoSALVY comprises the minister, secretaries of state, a cabinet, under secretaries of state, and four departments: the Directorate of Administration and Finance, the Directorate of Social Affairs and Youth Rehabilitation, the Directorate of Labor and Vocational Training, and the General Inspection. MoSALVY's mission is to achieve the socioeconomic development of Cambodia and eradicate poverty through:

- (i) developing a system to monitor the national strategy and social services designed to meet the needs of the socially vulnerable, including orphans, the homeless, people with disabilities, the elderly, prostitutes, and victims of human trafficking.
- (ii) establishment of a labor management system designed to promote investment, create jobs, and boost productivity.

The MoSALVY says that it also addresses unemployment, insufficient healthcare and educational facilities, HIV/AIDS, human trafficking, drugs, juvenile delinquency, food shortages, and human rights violations. The ministry's mandate does not explicitly include support for landmine victims. However, as the MoSALVY emphasizes assistance for the disabled and covers unemployment, it is apparent that the ministry should play a central role in the rehabilitation and vocational training of mine victims.

1-2-4 Japan's assistance

Japan has so far made firm commitments to address

Table 6-8 Contributions to the UNDP Trust Fund for CMAC

up to January 2000

(Unit: US dollars)

Australia	10,787,606
Belgium	1,850,516
Canada	3,430,505
Denmark	4,331,464
Finland	1,044,010
Japan*	6,900,000
The Netherlands	9,358,545
New Zealand	638,591
Norway	1,963,839
Sweden	9,024,637
Switzerland	67,362
UK	4,419,051
US	910,189
Total	54,72,315

* Japan had contributed a total of 7.8 million dollars by May 2000.

Source: Data from UNDP

the landmine issue on a policy level. As mentioned earlier, Japan hosted a Tokyo Conference on Antipersonnel Landmines, launched a "Zero Victim Program," and pledged to provide 10 billion yen in assistance over five years to finance the program. As part of this initiative, Japan has extended assistance to Cambodia in various ways (see Table 6-7).

1-2-5 Assistance by other donors and NGOs

Many other donors provide funds, experts, and equipment to CMAC. The CMAC budget is mostly funded by the UNDP Trust Fund for the center, to which nearly 20 donors contribute (see Table 6-8). The EU, Germany and some others contribute directly to CMAC.

Many foreign experts have been sent to CMAC so far (see Table 6-9). CMAC plans to reduce the number of such experts in line with its policy of streamlining and to "Cambodianize" itself.

Regarding the provision of equipment, Finland has supplied two units of Flail-type mine clearance machinery. The United States has contributed vehicles and equipment for demining. Japan has supplied brush cutters, mine detectors, vehicles, etc.

Apart from CMAC, NGOs such as the Halo Trust, MAG,⁹ and CIDEV¹⁰ are engaged in demining activities.

Because the Cambodian government is not suffi-

⁹ Mine Advisory Group, a British NGO

¹⁰ A French-led NGO

Table 6-7 Japan's Assistance to Cambodia in the Field of Antipersonnel Landmines

	Financial Contribution	Bilateral Aid	Assistance through NGO
Assistance for Demining	<ul style="list-style-type: none"> • Funding to CMAC (a total of 7.8million dollars*) 	<ul style="list-style-type: none"> • Grant Aid "The Project for Improvement of Equipment for Demining Activities" (1999 470million yen) • Grant Aid "Project for Improvement of Equipment for Demining Activities Phase II" (2000 330million yen) • Dispatch Expert "Senior Technical Advisor Information System" (1999, 2000) • Dispatch Expert "Senior Advisor Maintenance and Transport" (2000) 	<ul style="list-style-type: none"> • Grass root Aid "Project to Assist Partial mechanization and Promotion of Humanitarian Demining" (FY1998 Halo Trust**) • Grass root Grant Aid "Project to Provide Four-wheel Drive Vehicles for supporting Humanitarian Demining Activities" (FY1999) • Grass root Grant Aid "Project to Support the Field Evaluation Test of Bush Cutting Machine for Humanitarian Demining Part I" (FY1999) • Grass root Grant Aid "Project to Support the Field Evaluation Test of Bush Cutting Machine for Humanitarian Demining Part II" (FY1999)
Support for mine victims		<ul style="list-style-type: none"> • Grant Aid "The Project for Improvement of Medical Equipment of the Siem Reap Hospital" (2000 110million yen) 	<ul style="list-style-type: none"> • Grass root Grant Aid "Project for Supporting Provincial Hospitals in Battambang and Banteay Mean Chey Provinces" (FY1995) • Grass root Grant Aid "Project for Providing Medical Equipment to Battambang Hospital" (FY1995) • NGO Subsidies "Medical Services for Landmine Victims" (FY1998)
Rehabilitation and vocational training		<ul style="list-style-type: none"> • Dispatch Expert "Social Affairs Administration Advisor" (1999) • Country Focused Training "Social Welfare Administration" • Japan Overseas Cooperation Volunteers "Primary School Education" to the Orphanage under MOSLAVY (1998, 2000) 	<ul style="list-style-type: none"> • Grass root Grant Aid "Cambodia Trust" (FY1992) • Grass root Grant Aid "Setting up Printing House for Disabled" (FY1994) • Grass root Grant Aid "The Construction of National Center for Disabled Persons" (FY1995) • Grass root Grant Aid "Project to Provide Vehicles for Outreach Programme for Landmine Victims" (FY1998) • NGO Subsidies "Provision of Prosthetics and Rehabilitation Training for landmine Victims" (FY1992, FY1993) • NGO Subsidies "Vocational Training for People with Disabilities" (FY1994-1997) • Community Empowerment Programme "Model Social and Mental Health Services" (FY1998) • Community Empowerment Programme "Integrated Approach to the Rehabilitation of Disabled people in Cambodia through the Development of Provincial Rehabilitation Center in Siem Reap" (FY2000-FY2003, HI***)
Mine awareness education etc.	<ul style="list-style-type: none"> • Funding to CMAC (a total of 7.8million dollars****) • Funding to UN trust fund for land mine issue (600,000dollars for mine awareness program carried out by UNICEF) 		<ul style="list-style-type: none"> • Grass roots Grant Aid "Human SocioEconomic Impact of Landmines Support" (FY1995)

* The cumulative total until May 2000 (including funds for mine awareness education)

** A British NGO.

*** Handicap International, an NGO of French origin.

**** Including mine clearance.

Source: Compiled by the author

Table 6-9 Number of Foreign Experts in CMAC

as of October 3, 2000

Department	Country/organization of origin (No.)
Administration	UNDP/UNOPS (1); UNV (1); UK (1)
Operation	UNICEF (1); Finland (4), Sweden (7), The Netherlands (2), Belgium (3)
Logistics	Switzerland (1), New Zealand (1), Japan (2), Australia (1)
Finance	Canada (1), UNV (1)
Planning	NPA* (2)
Internal audit	France (1)
Training center/platoons	New Zealand (1), NPA (1)
Total	32 (Breakdown: UNDP/UNOPS (1), UNV (2), UK (1), UNICEF (1), Finland (4), Sweden (7), The Netherlands (2), Belgium (3), Switzerland (1), New Zealand (2), Japan (2), Australia (1), Canada (1), NPA (3), and France (1))

* Norwegian People's Aid, a Norwegian NGO

Source: Data from CMAC

ciently organized to support the rehabilitation of mine victims, multilateral donors and NGOs play a central role in this area, with the Disability Action Council (DAC)¹¹ acting as the coordinator. The International Committee of the Red Cross (ICRC), UNICEF, HI, and the Cambodia Trust play a major role in this area. ICRC supplies prosthetics and orthotics and provides training on how to use them. UNICEF provides wheelchairs, scholarships and other items. HI provides prosthetics and orthotics and carries out socioeconomic rehabilitation projects. The Cambodia Trust supplies prosthetics and orthotics.

1-3 Main agenda

1-3-1 Organizations carrying out demining

Last year, there was an argument concerning alleged corruption of CMAC and irregularities in connection with the transfer of tracts of land that had already been demined. In response to such criticism, an external audit was introduced to strengthen the management system of CMAC, and a Land Use Planning Unit (LUPU)¹² was established in order to make transparent the process of choosing the minefields for clearance. In a related development, CMAC is now conducting a national level I survey¹³ with the assistance of Canada. This survey is expected to contribute to the process of formulating

CMAC's demining plans.

Nonetheless, the process of disbursement of donor contributions to the UNDP Trust Fund for CMAC remained very slow.¹⁴ CMAC, which depended on external funds for more than 90% of its budget, remained in financial difficulties. On October 13, 2000, CMAC faced a financial crisis and announced the following measures:

- (i) To suspend most of CMAC's demining activities,
- (ii) To lay off 1,937 employees, which accounted for two-thirds of the CMAC staff, subject to one month's prior notice, and to put the other employees on a monthly contract.

In response, UNDP convened a donor meeting. Representatives of many donors expressed concern about the decisions made by CMAC, citing the following factors:

- (i) The decisions would undermine the demining experience that had been accumulated so far.
- (ii) The staff has excellent demining skills.
- (iii) The dismissed employees would have difficulty finding a new job.
- (iv) CMAC was expected to receive fresh contributions from donors.
- (v) The upcoming national symposium on mine clearance was expected to discuss all the problems CMAC was facing.

UNDP also asked Cambodia's Ministry of Economy

¹¹ The council has developed from a task force that the MoSALVY and 35 NGOs set up in 1995 to draft a national policy on the rehabilitation sector and implement appropriate services for the disabled based on such a policy.

¹² LUPU: A provincial organization that coordinates consultations on land use plans (at present, plans to choose priority minefields) among CMAC, regional administrative bodies, and international NGOs at the provincial or district level.

¹³ A preliminary survey to identify minefields.

¹⁴ According to the update from Embassy of Japan to Cambodia, CMAC is now in a tight financial squeeze. Although Japan has just made its contribution for this fiscal year, CMAC has asked Japan for an additional, emergency contribution. Japan is now considering to support local DU directly through grant assistance for grassroots projects or to utilize counterpart funds.

Table 6-10 A Comprehensive Approach to the Problem of Antipersonnel Mines

Approach		Specific measures
Institutional approach	Tightening control	<ul style="list-style-type: none"> - Tightening control over illegal trafficking, production, and use of antipersonnel mines; strengthening the legal framework, if necessary - Urging countries in the world to sign the Antipersonnel Mines Convention (Ottawa Treaty)
Field approach	Demining	<ul style="list-style-type: none"> - Developing systems to carry out demining - Creating a landmine database - Detecting, removing and disposing of mines
	Victim assistance	<ul style="list-style-type: none"> - Creating a database, including maps showing the distribution of mine victims across the country; reinforcing the system for emergency medical care - Reinforcing the system for surgical operations - Reinforcing the system for medical rehabilitation
	Reintegration and vocational training	<ul style="list-style-type: none"> - Offering programs to reintegrate mine victims into society
	Mine awareness	<ul style="list-style-type: none"> - Education to reduce the number of mine victims
	Consideration for landmines	<ul style="list-style-type: none"> - Planning and implementing projects with due consideration to the problem of antipersonnel mines
Social approach	International awareness building	<ul style="list-style-type: none"> - Raising international awareness through the media
Policy approach	Raising the awareness of the recipient country	<ul style="list-style-type: none"> - Consultations in a policy dialogue

Source: Compiled by the author

and Finance and donors for additional contributions, but could not secure firm commitments.

In another development, Cambodia established the Cambodia Mine Action and Victims Assistance Authority (CMAA) in accordance with the Royal Decree dated September 4, 2000. CMAA has, as its mandate:

- To control activities for mine clearance and mine victim assistance,
- To represent the Cambodian government and act as the interested party in external negotiations and contracts in the sector concerned,
- To draft a policy for demining activities and a mid-to long-term plan,
- To supervise demining activities by CMAC, other government agencies, and NGOs,
- To create a landmine database, and
- To draft land use plans for tracts of land that have been cleared of landmines.

The relationship between CMAA and CMAC is unclear. Japan needs to take into account the developments in CMAC and decide on its assistance policy in the demining sector accordingly.

1-3-2 Assistance for mine victims

Although the MoSALVY has to address the issue of vocational training and reintegration as the most needed

assistance for mine victims, the ministry cannot afford to do so with its serious problems in of finance and human resources. In fact, the ministry falls short of achieving its objective, which is to achieve the socio-economic development of Cambodia and eradicate poverty through

- developing a system to monitor the national strategy and social services designed to meet the needs of the socially vulnerable, including orphans, the homeless, the disabled, the elderly, prostitutes, and victims of human trafficking and
- establishment of a labor management system designed to promote investment, create jobs, and boost productivity.

The MoSALVY therefore has to strengthen its own capacity to expand activities in this field, where NGOs have been playing a central role.

1-4 Key points of development assistance

A comprehensive approach through development assistance is required to address the problem of antipersonnel mines (Table 6-10).

The institutional approach covers strengthening the legal framework, if necessary, to tighten control over illegal trafficking, production, and use of antipersonnel mines. The field approach covers demining, victim as-

sistance, reintegration and vocational training, and mine awareness and preventive education. The social and policy approach covers raising the awareness of the recipient country through the media and consultations in a policy dialogue.

1-5 Direction of Japan's assistance

In addition to the wide range of assistance provided by Japan as described above, some Japanese private companies are engaged in the development of equipment for mine clearance. However, Japan's assistance is undeniably insufficient in field activities-in such sectors as demining, mine victim assistance, reintegration and vocational training, and mine awareness education. Japan needs to increase the visibility of its assistance in field activities in Cambodia. To this end, Japan needs not only to foster experts and NGOs specializing in demining and related activities, it also needs to use experts and NGOs specializing in other fields like information, health care, etc. in the demining sector, as it has been doing in its assistance to CMAC.

1-5-1 Assistance for demining activities

Japan needs to continuously support demining in Cambodia as the top donor to the country in line with its aid policy of giving priority to the field of land mines.

A national symposium on mine action was held in November 2000, in the wake of the establishment of CMAA on September 1 and the mass layoff by CMAC in October. At the symposium, donors generally agreed on the need to continue to support CMAC. The donor community shared with the Cambodian government agreement on the need for the latter's assistance to CMAC. The donor community also asked the Cambodian government to reorganize CMAC's mandate and that of CMAA to avoid duplication or confusion.

Japan needs to assess the feasibility of requested projects based on the information gathered on the relationship between CMAA and CMAC, a rapidly changing CMAC, Cambodia's management system and mid-to long-term policy concerning mine clearance, and developments in other donor assistance to CMAC. Another important agenda for Japan as a donor is to determine the best means of building up the capacity of demining agencies of the Cambodian government such

as CMAC, CMAA and other.

As for the technical aspects of assistance, Japan should consider to what extent Cambodia's demining agencies need mechanization. To assess this matter, Japan first needs to review the degree of accuracy and durability of equipment already provided to Cambodia and check the management system for such equipment. Then Japan needs to assess the overall impact of the introduction of equipment on demining activities and conduct surveys and analysis on the most efficient arrangement of platoons.

In addition to the provision of equipment experts who contribute to institutional capacity building in the field of information management and logistical support are required. Moreover, it is necessary to explore the possibility of assisting Cambodia in drafting mid- to long-term demining plans with consideration given to the socioeconomic impact of demining on the local community.

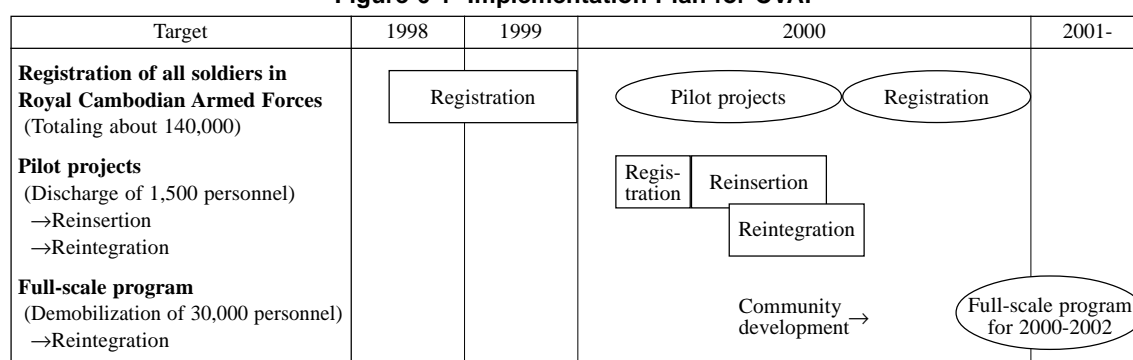
1-5-2 Assistance for mine victims, reintegration and vocational training

The annual number of mine victims has been on the decline for the past few years. At present, demand for sustained support for mine victims is now greater than the demand for assistance to new victims. Therefore, it is reasonable to believe that assistance for emergency medical care is relatively low in priority.

Amid growing awareness of the need for assistance for people with mental disorders as well as those with physical disabilities, assistance in this sector should be enhanced. Specifically, assistance should be extended to strengthen the institutional capacity of the MoSALVY, which is low at present since MoSALVY is in charge of the welfare of the disabled. At the same time, assistance through NGOs experienced in this sector would complement the efforts of MoSALVY for the time being.

It is not advisable to differentiate the planning and implementation of its assistance program according to the causes of disabilities since assistance targeting mine victims alone-whether their disabilities are physical or mental-would give the impression to other disabled persons that they are being treated unequally.

From the long-term perspective, Japan should assist in the socioeconomic development of the whole community to set the stage for the reintegration of mine vic-

Figure 6-1 Implementation Plan for CVAP

Source: Compiled by the author

tims into society, considering they are members of communities although special consideration is needed for the disabled.

Regarding assistance in vocational training, it is important to secure employment after such training. As finding a job is a daunting task in Cambodia, Japan should devise effective programs so that vocational training will be certain to contribute to a better livelihood for the disabled.

1-5-3 Mine awareness

Mine awareness is relatively low in priority for Japan's bilateral assistance, as CMAC and experienced NGOs are producing good results in this sector.

2. Assistance for demobilized soldiers

2-1 Basic concept for demobilization

One of the chief objectives of post-conflict reconstruction is to promote the reconciliation and integration of warring groups, refugees, and demobilized soldiers so as to minimize the possibility of a recurrence of conflict. Assistance that excludes certain groups, such as the losing side of the conflict, could aggravate the root causes of new conflict. Therefore, any assistance for the post-conflict reconstruction should be screened for any aspects that would prompt a recurrence of conflict. Moreover, efforts should be made to promote reconciliation between the opposing parties.

Disarmament, Demobilization and Reintegration (DDR) is crucial to security control and preventing a recurrence of conflict. Without the successful reintegration of demobilized soldiers into society, DDR will end in failure. After all, such reintegration is the key to so-

cial stability and security.

Demobilization and reintegration are often conducted separately, but it should be noted that they are interrelated technically.

Disarmament will not be accomplished by collecting arms and ammunitions from demobilized soldiers alone. It is also necessary to regulate and collect small arms that are spreading widely into the communities and to destroy surplus arms and ammunitions. Moreover, institutional capacity building for guarding the border is necessary to prevent arms trafficking.

2-2 The demobilization program in Cambodia

2-2-1 The demobilization program and its progress

In 1992, UNTAC attempted demobilization as part of its PKO activities but failed when the Khmer Rouge (KR) rejected it. In 1996, the Cambodian government drafted Cambodia Veterans Assistance Program (CVAP) with technical assistance provided by the World Bank, but the plan hit a snag due to political turmoil in July 1997.

An environment conducive to military reform and troop cuts was created after a new government was inaugurated based on the 1998 elections and all the KR troops surrendered to the government. The Cambodian government amended the CVAP, and at the Consultative Group meeting held in February 1999 in Tokyo, CVAP was announced. Then the Cambodian government asked donors for assistance (see Figure 6-1).

Government of Cambodia launched five reforms in five years, which are; forestry reform, administrative reform, fiscal reform, demobilization, and judicial reform.

The program's objective is to reduce expenditures for

Table 6-11 Activities in Each Phase

Phase	Activities
Discharge	Assembly, verification of identities, orientation, health screening, formal discharge, confirmation profile
Reinsertion	Distributing reinsertion packages including cash equivalent to 240 dollars in local currency, food (rice, fish and cooking oil) and household kits (a mattress, a mosquito net, a blanket, a keg, a water tank, a hoe, a knife, an axe, a plastic sheet and a bag)
Reintegration	Rehabilitation of shelters, providing farming skills and vocational training, support for special groups

Source: Compiled by the author

the military and public security and allocate the funds thus saved to the socioeconomic sectors for Cambodia's economic development; military and public security expenses are estimated to account for about 52% of the nation's current expenditures and 4.32% of GDP in 1998. The program aims to cut 31,500 military personnel out of the total of about 140,000 in stages by 2002, support the livelihood of these demobilized soldiers and their families, and help their reintegration into civilian life.

As of August 2000, the discharge phase of the pilot projects has been completed and the reinsertion and reintegration phases are underway (Table 6-11). The World Bank took the initiative up to the registration phase, but the bank limited its role to that of a coordinator after its plan to provide, as a safety net, 1,200 dollars in cash to each demobilized soldier faced opposition from donor countries.¹⁵ The World Bank is trying to promote the implementation of the CVAP partly because the bank regards its implementation as a conditionality. However, it seems that the aid actors are not unanimous in their stance toward the CVAP, as some donors and international agencies are not so interested in its implementation.

Japan sent two short-term experts to the Ministry of Women and Veterans' Affairs to support the registration process in the CVAP from August to October 1999 (see Table 6-12).

2-2-2 Pilot projects and donors' assistance

Pilot projects in CVAP are designed to demobilize 1,500 soldiers in the provinces of Battambang, Banteay Meanchey, Kampot, and Kompong Thom. They are divided into the discharge phase (discharge from RCAF), the reinsertion phase (meeting immediate needs), and

Table 6-12 Results of Registration Exercise

between May 1998 and December 1999

Unidentified soldiers*	15,551
Dependants annulled	163,346
Military personnel of the RCAF (Royal Cambodian Armed Forces)	140,693**
Widows of deceased soldiers (transferred to the Ministry of Women and Veterans' Affairs)	9,433
Soldiers to be demobilized	31,500
Expected number of soldiers by the end of 2002	99,643

* Soldiers whose names were on the payroll, but who did not actually exist.

** Of 140,693, Category II (special target groups) accounts for 10.14%-5.93% for the disabled, 3.08% for the chronically ill, and 2.03% for the elderly aged 50 or older.

Category I: people with no disabilities; Category II: special target groups including the disabled, people with chronic ailments, and the elderly or people aged 50 or older.

Source: Compiled by the author

the reintegration phase (support for adaptation to productive civilian life).¹⁶

The Council for the Demobilization of the Armed Forces (CDAF), a civilian organization made up of representatives of the ministries concerned and the Royal Cambodian Armed Forces, is in charge of coordination and decision making from the discharge phase through to the reintegration phase of the pilot projects. The General Secretariat of CDAF executes the implementation of the projects. Under the General Secretariat are Provincial Veterans Committees (PVCs) in the four provinces. As for its financial management, the World Bank provides technical assistance and manages the trust fund it established for the program. UNDP, or more precisely, its project called the Cambodia Area Rehabilitation and Reintegration Project (CARERE), and GTZ are implementing programs that combine existing community development with the reintegration of

¹⁵ Donors questioned the basis for calculating the amount of 1,200 dollars and opposed the idea of providing the safety net in cash only. As a result, it was decided that the safety net would consist not only of cash but also food, medical services and other items and that the Cambodian government would provide 240 dollars in cash.

¹⁶ Disarmament is not covered by CVAP; it is conducted on military bases under the supervision of the RCAF before demobilization.

Table 6-13 Donor Commitments

As of August 2000 (Unit: US dollars)

Country	Amount of contribution	Status
Canada	325,000	Not provided yet; now going through the procedures
Germany	280,000	
Cambodian government	360,000	
Netherlands	310,000	Not provided yet; now going through the procedures
Japan	400,000	In counterpart funds raised from non-project grant aid; 75,000 dollars has already been provided; the remaining amount is now undergoing the procedures.
SIDA (Sweden)	400,000	Not provided yet; now going through the procedures
WFP	130,000	In food aid
Others	45,000	
Total	2,250,000	

Note 1 The World Bank provided about 0.5 million dollars in the registration phase, but none for the pilot projects. The bank is now acting solely as a coordinator, managing the trust fund. The World Bank plans to send technical advisors to assist Cambodia in preparing a manual and other documents for the overall program. The bank also plans to raise 0.5 million dollars from the budget for rural development in northeastern Cambodia and reallocate the funds to decentralization projects in the provinces of Battambang and Banteay Meanchey (SEILA projects to support the pilot projects).

2 IOM provides technical assistance for medical health screening in the demobilization phase.

Source: Compiled by the author

Table 6-14 Outline of the Pilot Projects

Province		Battambang	Banteay Meanchey	Kampot	Kompong Thom
No. of soldiers targeted	Category I	126	112	104	138
	Category II	294	258	146	322
	Total	420	370	250	460
Period of the discharge phase		July 11-15	June 16-20	May 4-11	May 16-21
Support organizations in the reintegration phase		UNDP/CARERE		GTZ	
Details of assistance by the above organizations by phase	Discharge phase	Observer		Observer	
	Livelihood support phase	Coordination and monitoring		Material supplies for repairing shelters	
	Reintegration phase	Vocational training, assistance to PDRD/PVC* (extending the target area)		Vocational training, providing information on community development projects, coordination with project implementation organizations, introducing such organizations	
	Community development	Assistance to PDRD/PVC		Continuation of the existing projects for food security and rural development (in some parts of the provinces)	

* PDRD: Provincial Department of Rural Development; PVC: Provincial Veterans Committee

Source: Compiled by the author

demobilized soldiers. The state of assistance from donors, international agencies and the Cambodian government to the pilot projects is shown in Table 6-13 and Table 6-14.

In the discharge phase, CVAP teams trained in Phnom Penh were sent to public facilities such as vocational training institutions designated as discharge centers in each province. The World Bank and other donors generally evaluated the implementation of the discharge phase of the pilot projects positively. Japan provided assistance for healthcare services, food and water through counterpart funds raised from non-project grant

aid. This assistance was appreciated by the General Secretariat of CVAP and evaluated positively by the World Bank and IOM.

All the pilot projects completed the discharge phase by early August. Some of the pilot projects have already entered the reinsertion phase, but the projects are mired in the doldrums due to insufficient supplies. Some pilot projects launched the reintegration phase before the reinsertion phase was completed.¹⁷

The reintegration phase and the community development phase differ slightly in their assistance concept, procedures and approach, depending on the province,

¹⁷ The reintegration phase has already been launched in Kampot, and Kompong Thom; it is to be launched in mid August in Battambang.

because they are incorporated into existing projects being carried out by UNDP/CARERE in Battambang and Banteay Meanchey and those by GTZ in Kampot and Kompong Thom.

Soldiers belonging to the provincial troops live in barracks in military bases, while those belonging to the district troops live outside of the military bases. Very few soldiers covered by the pilot projects have no place to live as the preliminary survey pointed out—some of them live outside military bases, some have their own houses even if they stay in the bases, and others live with their relatives. Yet, there are some who are too ill to work, reside in a small rented house, and live on their wives' income. To them, losing regular income and shelter at the same time seems to be causing considerable harm.

2-3 Major agendas

2-3-1 Developments among donors

Donor assistance is the key to the full-scale program of CVAP. Yet some donors and international agencies are unclear about their stance towards CVAP. For example, they are behind schedule in providing assistance to the pilot projects of CVAP. This constitutes a factor in the delay of the implementation of CVAP. The Cambodian government is adamant that it will not go ahead with CVAP unless it is convinced of the commitment of donors.

2-3-2 Involvement of the RCAF in CVAP

It has been pointed out that communication between the RCAF and CVAP General Secretariat is not always flawless. Work on translating the important materials concerned into the local languages is behind schedule, preventing the RCAF from fully understanding the program. On the other hand, it has been reported that the RCAF are reluctant to share the required information with the General Secretariat.

2-3-3 Time frame

As of August 2000, the discharge phase of all the pi-

lot projects had been completed and the reinsertion and reintegration phases were underway. After these phases, a review of the pilot projects and a workshop based on the results of such a review are planned, but without a definite time schedule. Because the full-scale program is supposed to incorporate lessons from the pilot projects to be identified at such a workshop, the time frame of the overall program remains uncertain.¹⁸

2-4 Key points of development assistance

Many aspects of the CVAP remain unclear, including when and how the full-scale program will be implemented, the direction of the CVAP itself, and the policies of, and developments among, donors and international agencies, such as the World Bank. Japan therefore needs to decide on its policy for assisting the CVAP after studying the political aspect of the program, for example, the real intentions of the RCAF, donors and international agencies. At the same time, Japan should have its questions concerning CVAP elucidated at meetings of sub-working groups and the CG as continuous monitoring is crucial.

Although demobilized soldiers need special consideration, it is important to identify those who need assistance most because some demobilized soldiers are reportedly rich. In the community development phase, development assistance for the whole community may hold the key to the reintegration of demobilized soldiers into society.

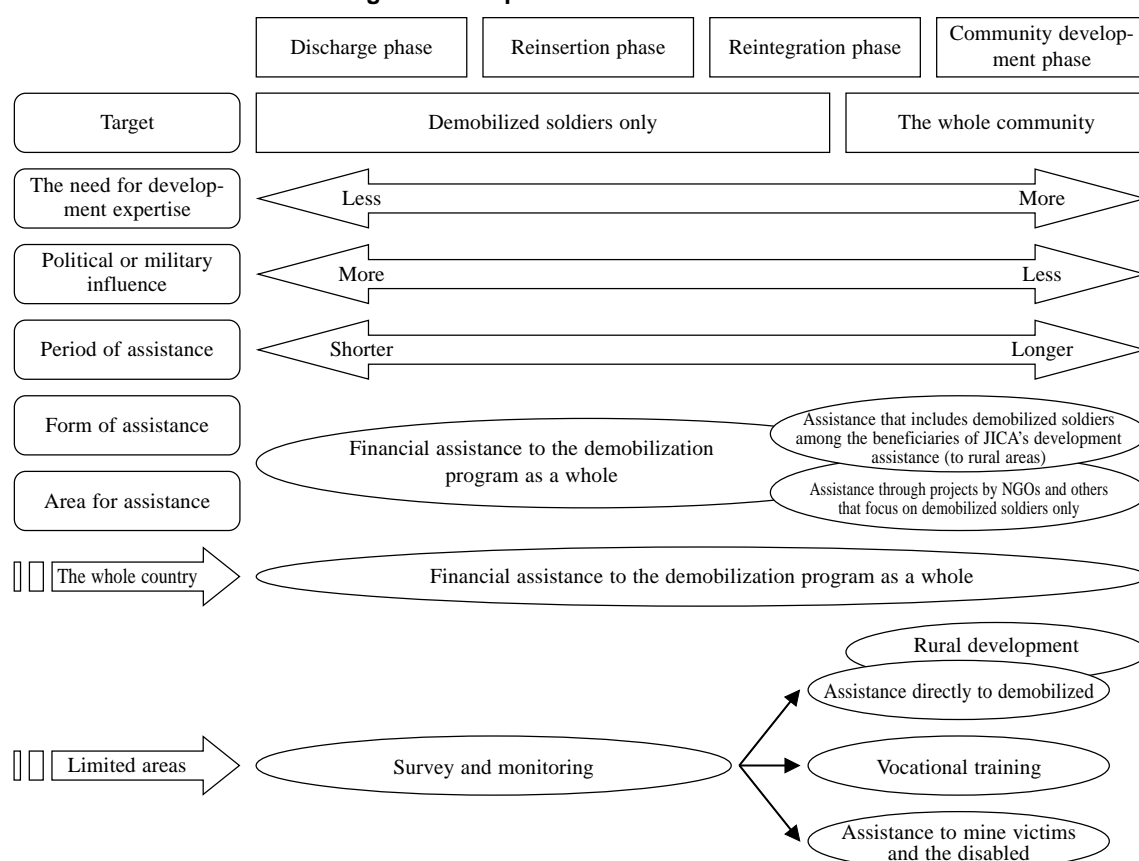
2-5 Direction of Japan's assistance

2-5-1 The need to support the demobilization program

First of all, sustained assistance is essential for sustainable development in Cambodia, where the whole fabric of society—including the administrative machinery—was once torn apart by the drawn-out conflicts.

Full-fledged assistance to address the issue of demobilization as a negative legacy of the conflicts can be understood in the context of Japan's long-term strategy for assisting the post-conflict countries. At the same time, Japan cannot avoid this issue if it wants to see the

¹⁸ According to the Japanese Embassy in Cambodia, the World Bank thinks it appropriate to hold a workshop to review the pilot projects after donor commitments have been confirmed.

Figure 6-2 Japan's Assistance Schemes

Source: Compiled by the author

development of Cambodia.

Demobilization is important from both the political and economic aspects. Politically, it reintegrates soldiers and their families into civil society so that they will not become dangerous elements within society. Economically, it curtails military expenditures and lightens the burden on the national budget. It is necessary to assist the demobilization program, which is inevitable to build a firm peace since Japan has been constantly taking the initiative in assisting Cambodia both politically and economically.

Many soldiers to be demobilized belong not only to Category II-the disabled, the elderly and chronically ill, but also to the lowest income group. Supporting them through assistance for the demobilization program is necessary in terms of poverty alleviation as well.

2-5-2 Scope for assistance

The full-scale program will follow almost the same procedure as the pilot projects. In assisting the full-scale program, Japan may be advised to extend assis-

tance for the phases of reintegration and community development as part of JICA projects, where political or military engagement is required to a lesser extent. While for the discharge phase and reinsertion phase it may be appropriate to provide financial assistance in the form of counterpart funds raised from non-project grant aid as in the pilot projects, or in the form of contributions to the trust fund. Still, it is also necessary to carry out development projects focusing on impoverished veterans to complement projects targeting the whole community (see Figure 6-2).

2-5-3 Considerations in providing assistance

(1) Security management

JICA is more limited geographically in its assistance operations and movements within Cambodia than other development agencies, because of the security phase. This policy constitutes a major obstacle when conducting fact-finding surveys or feasibility studies related to assistance for a demobilization program that is to be

implemented across the country. According to the results of interviews the author conducted with officials of other donors and international agencies, no other agencies impose such geographical limitations. These officials said that security has drastically improved since the inauguration of the new government after the 1998 general elections.

Staff of UN agencies and GTZ do all they can to ensure security. They gather and exchange up-to-date information.¹⁹ When they go to the provinces, they ask the security officer for updates and advice. They also follow the security guidelines that outline ways to secure means of communication and place limitations on the time of movement.

The risk of landmines is avoidable if accompanied by C/P familiar with the local situation. Officials of the Provincial Rural Development Committee (PRDC) in Battambang told the author in confidence that no foreign aid workers had fallen victim to landmines in their rural development activities.

Japan cannot exclude rural areas in development assistance, where about 85% of the population live, even in sectors other than demobilization and demining. Although sustained security monitoring and strengthened security management are crucial, it is recommended that Japan consider reviewing the risk levels of Cambodia as a whole.

Because the demobilization program involves the armed forces,²⁰ it is necessary to pay sufficient attention to the security of aid personnel. For example, aid personnel should be assigned to posts where the armed forces are less involved or have less influence. Aid personnel should also be given instructions on how to gather security information.

(2) Next steps for Japan's assistance

It is considered necessary for Japan to assist demobilized soldiers as mentioned above. Information gathering is crucial for Japan's provision of full-fledged assistance to the CVAP. For example, a preliminary socioeconomic survey is essential for the optimal combination of the schemes proposed earlier. Such a survey is also necessary for arrangements to integrate assistance for demobilized soldiers into development projects.

Monitoring progress in the demobilization program is also necessary. To this end, Japan should consider sending project formulation advisors to Cambodia for long-term assignment.

Before sending such advisors, Japan should decide on the basic course of action for its assistance to CVAP based on the results of the planned review of the pilot projects. Otherwise, it is difficult to maintain close coordination among the Japanese actors concerned--the relevant departments of the Foreign Ministry, the Japanese Embassy in Cambodia, relevant departments that JICA has, the JICA office in Cambodia, and others. The timing of dispatch of the project formulation advisors should be set after the pilot project has been completed, a review of it has been carried out, and the orientation of Japan's assistance for the full-scale program has been formed.

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¹⁹ UNDP puts together security updates on every part of the country every two weeks. The JICA office in Cambodia can obtain such information.

²⁰ Some people at the CVAP General Secretariat are seconded from the armed forces.

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Section 7. The Environment

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Introduction

Cambodia is bordered to the east by Vietnam, to the west by Thailand, to the north by Thailand and Laos, and to the south by the Gulf of Thailand. The area of the country is 182,000 km², which is equivalent to about 50% of the area of Japan, and its population was 11,440,000 in 1998, which is about 10% of that of Japan.¹ The Tonle Sap Lake, or the Great Lake, lies in the western part of the country, and the Mekong River flows through the country from the north to the south. The country is, therefore, endowed with extensive water systems and wetlands. A low alluvial plain extends throughout the central part of the country. There are no high mountains, with the highest one being only 1,810 meters. The higher lands lie near the border with Laos and Vietnam to the northeast, near the border with Vietnam to the east, and in the southwestern area. The coastline is short at 443 km. The climate belongs to the tropical monsoon type, with the monsoon season in summer, May through October, and the dry season in winter, November through April. Annual precipitation in the plain is 1,200-1,900 mm, that in the eastern part of the Mekong River system is 1,800-3,000 mm, while that in the western part of this river system exceeds 3,000 mm.

The land has always been highly productive and the nation enjoyed abundant agricultural, forestry, and fishery resources before the domestic conflicts began in 1970. Under the Pol Pot regime between 1975 and 1979, agricultural production was limited to rice growing, and human resources were depleted. The civil war continued for 25 years, which led not just to the abandonment of maintenance, management or quality improvements to the land and the structure of the society, but to their total devastation.

Although the country has been able to rid itself of the worst of the social and natural conditions resulting from the civil war, the situation is still too serious for the country to quickly recover its old prosperity through

self-help efforts alone. This requires the assistance of developed countries, in particular, Japan.

The following analysis, focused on the natural environment and daily life environment, discusses the present state, the main issues, and the direction of development, as well as Japan's assistance towards this development, in this order.

1. Present state of the environment

1-1 Basic conditions

There are many factors to consider in study of the environment in Cambodia. Among these, the land, production and living conditions require particular attention. The following describes the basic conditions, which are important but sometimes neglected as being self-evident.

Firstly, the main industries of Cambodia are agriculture, forestry and fishery, and most of the land and population are concerned with these industries. On the other hand, since Phnom Penh and Battambang and their surrounding areas have attracted a large population, these have urban problems that are common to large cities in developing countries around the world. The capitals of provinces can also be considered cities, but their size is so small.

Secondly, water systems have been developed throughout Cambodia, including the Mekong River, the Tonle Sap Lake, the Tonle Sap River, other lakes and marshes, and wetlands. Consequently, besides agricultural products, fishery products form an essential component of food, so fishery is, in addition to agriculture and forestry, an important primary industry.

Thirdly, from the first perspective above, the nation can be considered as being divided into an urban population concentrated in the large cities, such as the capital and Battambang, as well as local towns, and the rural inhabitants who live mainly in agricultural districts and forested areas.² According to the second perspective,

¹ The World Bank (1999b).

² For example, Gordon Peterson (1999)

division of the nation requires the addition of those fishermen and people who depend on rivers for their living.

Fourthly, various industries have arisen in urban districts to meet domestic and foreign demand. This trend involves foreign investment, but these industries, however, are still small in scale, and many of them are located in residential areas.

1-2 The state of the natural environment

1-2-1 The state and features of natural resource management

A diverse range of factors needs to be considered in natural resource management. The complement of natural resources includes forest resources, fishery resources and biodiversity, which are discussed here. In connection with these factors, natural parks, the protection of wetlands, and the protection of rare species are also discussed. The Tonle Sap Lake has abundant fishery resources and is an essential element of nature conservation in the country, including the conservation of wetlands. In this section, Tonle Sap Lake is discussed from the perspective of natural resources management, and not from the perspective of water resources.

Once, the pressure of development on natural resources as a result of economic growth was less in Cambodia than in other Southeastern Asian countries, such as Thailand, Indonesia, and the Philippines. The pressure of development, however, has been increasing in line with the rapid shift to a market economy, economic development and rehabilitation, as well as population growth since the PKO in 1992 and the general election in 1993. As a result, the illegal cutting of forests, overfishing, and poaching of rare species have rapidly increased, causing a deterioration in natural resources. The inadequate policies and legal systems and the insufficient enforcement capacity of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Environment have accelerated this deterioration.

The forests were decimated to such an extent that urgent improvement of policies and systems was required.

In response, the Prime Minister Hun Sen tightened controls on illegal cutting and established policies for the improvement of forests in January 1999. This was a radical change in forest resource conservation policies.

The state of fisheries and biodiversity will become more serious without proper measures to improve the present situation. The Ministry of Agriculture, Forestry and Fisheries and the Ministry of Environment, which both have jurisdiction over natural resources management, have extremely poor levels of technology, capacity to formulate legal systems and policies, capacity to enforce the laws, and finance. It is no exaggeration to state that the Ministries cannot exist without the assistance of donor countries and agencies.

1-2-2 The state of forest resources

(1) The importance of forest resources

Forests are one of the most important natural resources for the acquisition of foreign currency. Primarily, however, the forests provide a means of living for the population, 85% of whom are engaged in primary industries, and contribute to the stabilization of climate and protection of the land through the prevention of floods and soil erosion. Forests also provide the basic environmental conditions for agriculture and fisheries.

The total forest area in Cambodia was 10,540,000 ha in 1997. Fuelwood and charcoal totaling six million cubic meters per year are the main source of household fuels.³ Forests are also a source of food, medicinal herbs, bamboo, rattan, and resins. Forest products accounted for 6.1% of the GNP in 1998.⁴ The volume of forest accumulation is 1,560,000,000 m³ nationwide based on the estimated volume of 154 m³ per hectare.

(2) The decline in forest resources and illegal logging

The change in forest area according to the type of forest is shown in Table 7-1 based on a study by FAO and the Department of Forestry and Wildlife of Cambodia.⁵

³ Fuelwood and charcoal account for 84% of energy sources in Cambodia, followed by coal, gas and electricity, which together account for 14%, and agricultural waste, 2%. - Data from the Ministry of Industry, Mining and Energy.

⁴ FAO and the Mekong River Committee prepared the data on the forest area. With regard to the forest inventory, the study was undertaken only in limited areas by UNDP and FAO through technical training for the Cambodian staff. There are no reliable data concerning growth rates.

⁵ The data for 1969, 1973 and 1985 are based on a study of forest resources by FAO, the data for 1993 are based on a study of land utilization by the Mekong Committee, and the data for 1997 are based on a forest resource monitoring project by the Mekong Committee and GTZ. Since these studies differ in their systems of classification of forests and measuring methods for forest areas, the table indicates approximate rates of change.

Table 7-1 Natural Forest Area According to the Type of Forest

(Unit: 1,000 ha)

	1969	1973	1985	1993	1997
Evergreen forest	3,995.3	6,876.4	4,852.7	4,763.3	5,488.7
Mixed forest	2,504.0	N.A.	1,113.0	977.3	N.A.
Deciduous forest	5,296.7	4,792.9	4,367.9	4,301.2	4,052.2
Coniferous forest	17.8	9.3	8.2	9.8	N.A.
Secondary forest	N.A.	N.A.	618.5	517	544.7
Bamboo forest	387.4	N.A.	N.A.	N.A.	21.8
Dwarf evergreen forest	288.7	N.A.	N.A.	N.A.	N.A.
Inundation forest	681.4	937.9	795.4	370.7	327.5
Secondary inundation forest	N.A.	N.A.	28.2	259.8	23.6
Mangrove forest	38.3	94.6	68.5	85.1	77.3
Secondary mangrove forest	57.5	N.A.	N.A.	N.A.	N.A.
Total	13,227.1	12,711.1	11,852.4	11,284.2	10,535.8

Sources: Department of Forestry and Wildlife (1999), the World Bank (1996)

The forest area decreased at an annual rate of 0.6% between 1973 and 1993. This is lower than the 1% annual decrease for the surrounding countries, including Thailand. The reason for this is considered to be the isolation from international markets due to the civil war in Cambodia. In contrast, the rate of decline between 1993 and 1997 doubled to 1.2%. The reason for this rapid decline is the cutting, including illegal felling, of commercially valuable timber that exceeded sustainable levels. This is discussed below.

A closer look at Table 7-1 shows that the forest area decreased by 70,000 ha annually for a total of 1,400,000 ha between 1973 and 1993. According to the Ministry of Agriculture, Forestry and Fisheries, most of the forests were converted into farmland. In the period 1993 to 1997, the forest area decreased by 700,000 ha, half of which was converted into farmland and the other half into scrub. Although not shown in the table, the forest area decreased by an annual 180,000 ha in the period from 1997 to the beginning of 1999 due to ongoing cutting, including illegal felling, and the increase in the demand for household fuelwood and charcoal.

Evergreen forests are roughly divided into two types: hilly evergreen forest and tropical rainforest. They are distributed in mountainous areas near the border with Thailand, Laos and Vietnam and in the southwestern part of the country. Deciduous forests are distributed throughout the eastern side of the Mekong River and the area surrounding the Tonle Sap Lake below an altitude

of 500 m. Coniferous forests are found only in the Kiri Rom district. Inundation forests in the areas surrounding the Mekong River system and the Tonle Sap Lake have unique ecosystems and are important as the spawning grounds and habitat of fishes.

The ratio of the area of evergreen forests to deciduous forests is approximately one to one. The demand for cutting is higher in the evergreen forests than the deciduous forests. In addition, only 6% of the total forest area is protected.⁶ The decline in the inundation forests is also serious. Slash-and-burn agriculture has not caused a serious reduction in the forest area, which is in contrast to the situation in other developing countries.

Mangroves are cut to produce charcoal, and there are more than one thousand charcoal kilns along the sea-coast, including Kaoh Kong, Kampot, and Sihanoukville. The products are exported to Malaysia, Singapore, Thailand and other countries as a cooking fuel. The sites where the mangroves have been cut are utilized for shrimp cultivation.⁷

Timber production in Cambodia amounted to 4,250,000 m³ of log equivalent in 1999. Only 6% of the timber was produced under legal felling concessions, and all the rest was the result of illegal felling operations.⁸ The Cambodian government approved felling concessions for mainly foreign companies to cut seven million hectares of forest over ten years up to 1999. Commercially-cut timber is exported mainly to Thailand, Vietnam and Laos.

⁶ The World Bank (1999a).

⁷ Based on a fact-finding mission by the authors during a visit to Cambodia in 1996.

⁸ The World Bank (1999a).

Table 7-2 The Annual Harvest of Fish in Cambodia

(Unit: tons)

Year	Freshwater fisheries	Marine fisheries	Freshwater aquaculture	Shrimp farming	Total
1980	18,400	1,200	N.A.	N.A.	19,600
1985	56,400	11,178	3,000	N.A.	70,578
1990	65,100	39,900	6,400	N.A.	111,400
1992	68,900	33,700	8,550	N.A.	111,150
1993	67,900	33,100	7,400	500	108,900
1994	65,000	30,000	7,640	560	103,200
1995	72,500	30,500	8,779	731	112,510
1996	63,510	31,200	9,000	600	104,310
1997	73,000	29,800	11,534	266	114,600
1998	75,700	46,300	N.A.	N.A.	122,000
1999	231,100	52,900	N.A.	N.A.	284,100
2000	245,600	50,452	N.A.	N.A.	296,052

* While the statistics in and before 1998 exclude the hauls of small-scale fisheries, such as artisanal fisheries and fisheries in paddy fields, the statistics in and after 1999 include the estimated hauls of such small-scale fisheries.

Sources: Department of Fishery, the Ministry of Agriculture, Forestry and Fisheries (1998)

1-2-3 The state of fishery resources

(1) The importance of fishery resources

Fisheries account for as little as 3.1% of the GNP of Cambodia. The population, however, depends on fish for more than 70% of the animal protein in the diet. According to a study by the Mekong River Committee and DANIDA in 1998, fish consumption per capita amounted to 25-30 kg in Cambodia, and for people living near the Tonle Sap Lake it amounted to 86.6 kg. Fish consumption in Japan amounts to 70.6 kg per capita, and the world average is 15.9 kg. The study, therefore, indicates the vital role of fish in the Cambodian food supply.

Table 7-2 shows the trend in the annual catch of fish. Annual fish catch rapidly increased in the 1980s, and fluctuated between 100,000 and 110,000 tons in and after 1990. The quantity of catch from freshwater amounted to 70,000 tons and that from marine 30,000 tons. In recent years, aquaculture has been promoted to produce approximately 10,000 tons of fish, including catfish, snakehead, tilapia, carp, sand goby, and grass carp. Fishery statistics, however, were so limited that they excluded production from small-scale fisheries. The Mekong River Committee and DANIDA surveyed

the small-scale fisheries between 1994 and 1998, such as artisanal fisheries and fisheries in paddy fields. Based on the survey, they estimated that the harvest from small-scale fisheries amounted to 160,000-250,000 tons per year. In accordance with this estimation, the lowest value of 160,000 tons is added to the figure for 1999 and 2000 in Table 7-2.

Fish catches from the Tonle Sap Lake account for 60% of the total for freshwater fisheries, since the productivity per hectare of the lake is extremely high. The freshwater fisheries are also prospering in the floodplain of the Mekong River system. There are people who live on the Sap River, which is part of the Mekong River system, for whom fishing is their means of livelihood. More than half of them are Vietnamese.⁹

The fish haul cannot be kept fresh due to the lack of a means of storage, including the unavailability of ice, and undeveloped transportation systems. The fish is therefore chiefly consumed within the household or supplied to neighboring districts. The number of species of freshwater fish is approximately 500. The fish fauna of Cambodia is similar to that of Thailand, Laos and Vietnam. Marine fisheries are prospering in Sihanoukville, Kaoh Kong, and Comport, where shrimp farming has been in operation in recent years.

⁹ This section is based on a fact-finding survey by the authors at the Department of Irrigation and Meteorology, the Ministry of Agriculture, Forestry and Fisheries in November 1995.

(2) The fishing season and fishing concessions¹⁰

Some freshwater fish migrate according to the season. In the monsoon season, they ascend the Sap River where the water runs upstream during this season. When the water flows downstream at the end of the monsoon season in October, the fish from inundated areas begin to return to the river. At this time, the fish are caught through the construction of barrages across river inlets and the nets are *set along* the barrages. The fishing season is therefore between October and June. A law stipulates that all the nets must be removed in June.

In January, many people make Pro Hok, which is salted fermented fish, with people gathering along the river, stamping on the fish in baskets to extract the guts from the fish, and adding salt to the fish.

Fishing concessions are classified according to the net type and the net size. Marine fisheries are also based on a concession system. Fishing concessions for large-scale fishing are purchased through a bidding process every other year. Lakes, rivers and inundated areas are separated into 239 lots as of 2000. The fishing rights are then established according to the divisions and sold at auction. The rights for medium-sized fisheries are also purchased, but the price is not set through auction.

(3) River dolphins¹¹

River dolphins travel up the Mekong River around the Chinese New Year in February in pursuit of small fish. This is therefore referred to as the Chinese New Year Migration. Subsequently, they move downstream, and again ascend the river to give birth to their young after the first inundation.

River dolphins have previously been observed in the Tonle Sap Lake. They were also observed in the Sap River in front of the royal palace in the capital up the 1960s.¹² They were, however, overharvested to extract blubber under the Pol Pot regime, and are currently rarely seen. It is considered that they no longer inhabit the lower reaches of the Tonle Sap River. According to

some reports, however, they inhabit the lower reaches. When they have been observed, it is considered that they are migrating between Tonle Sap Lake and the Tonle Sap River.

Formerly, Cambodian people buried river dolphins in the ground when they caught them. Vietnamese people buried or cremated them, or extracted blubber from them. Currently, Cambodian people eat them when they catch them because they have become poor. Muslims eat river dolphins as dried meat.

(4) Water pollution

In recent years, pollution in fresh water areas has become serious. The reasons for this pollution are: i) deforestation in the areas along the upper reaches of rivers, including cutting and topsoil damage due to ruby mining, ii) the influx of household wastewater as a result of urbanization, iii) the conversion of forests along rivers, lakes and marshes into farmland and housing sites, and iv) the use of agrochemicals. The following have been indicated as areas where the water contamination of wetlands is so serious as to significantly affect fisheries.¹³

Firstly, the lower waters of the Tonle Sap Lake are identified as polluted water area. Fish are cultured here in fishponds from February through June and July until the fish are transported to urban areas after the influx of water in the river increases in the monsoon season. Rainwater at the beginning of the monsoon season in April and May stirs anaerobic bottom sludge, which elutes ammonium ions into the river water. Sometimes, 300 tons of fish die in one or two days due to the presence of ammonia.

Secondly, the waters where the Tonle Sap Lake connects with the Tonle Sap River are indicated. In the inundation area of these waters of the River, the monoculture of beans and other crops is carried out with the use of agrochemicals, including DDT. Since the inundation area is bounded by towns, wastewater and other wastes flow into the river. Rainwater at the beginning of the monsoon season flows into the river through the towns and the fields to kill fish under culture. Once, all the

¹⁰ Study Group for Basic Research on the Cambodian Environment (1996).

¹¹ *Ibid.*

¹² This description is based on a fact-finding mission in 1998 with Mr. Phay Mondara, then the second secretary of the Cambodian Embassy in Japan.

¹³ Based on fact-finding studies by the authors at the Ministry of Agriculture, Forestry and Fisheries in 1995.

fish died. As a result, fishery is hardly ever practiced in these waters any longer.

Thirdly, the reaches of the river up to 10 km above the capital are indicated. People live along the river, and there are 200 to 300 fenced aquaculture sites in the river. Fishery activities peak in December and January, when approximately 100,000 people gather to make Pro Hok. At this time, the guts and blood of fish flow into the river and settle on the bottom. This waste stays at the bottom. Through February or March the precipitate does not flow downstream. As time passes and the temperature rises, the precipitated fish waste begins to decompose, consuming dissolved oxygen and raising the level of ammonium ions. Fish under culture sometimes die due to this level of ammonium ions twice a year, around February to March and April to May. Consequently, only snake heads and pangages, which are resistant to pollution, are cultured.

Fourthly, Pursat and Leuk Dek in Kandal Province are indicated. Snake heads and pangages are cultured here. However, they are susceptible to parasites and become cankered. Consequently, a solution of DDT is poured into the river to exterminate the parasites.

Lastly, the western waters of the Tonle Sap Lake are indicated. Near the western waters of the lake, the topsoil is washed away by ruby mining, and silt and clay flow into the lake. As a result, the turbidity has increased and the depth of the lake has reduced.

In addition, extremely poor people who live along the banks of the river throw waste into the river. Cambodian law stipulates that no one should live within 50 meters of a river, which is not abided by. The restaurants along the river also throw their waste into the river. Oil from boats sometimes pollutes the river. Water systems of the Mekong, Tonle Sap, and Bassac are also being contaminated through industrialization, which has just begun in Cambodia. The number of factories has been increasing along the river in the vicinity of the capital. Although laws have been established to prevent this, the validity of regulations on industrial wastewater has not been assured. (Refer to 1-3-2(2))

1-2-4 The state of biodiversity

Since Cambodian biodiversity was not studied during the long period of civil war and the post-war confusion, only old data is available. The figures, therefore, are not necessarily accurate, but it has been reported that there

are 212 species of mammals, 720 species of birds, 240 reptiles, the number of vascular plants is 2,300, marine fish species number 450, while the number of brackish and freshwater fishes is approximately 500. Incidentally, in Japan, there are approximately 200 mammals, 700 birds, 97 reptiles, brackish and freshwater fishes number approximately 300, and there are 7,087 species of vascular plants.

The fact that the number of species of vascular plants identified in Cambodia is less than in Japan is due to the lack of research. The World Conservation Monitoring Center estimates that there are 15,000 species of plants in Cambodia, including vascular plants as well as fungi and ferns, for example. One third of these species are assumed to be indigenous to Cambodia. The flora in the Cambodian lowlands belongs to the Indochina vegetation zone, and that in the highlands belongs to the Indo-Malaysia vegetation zone.

It has been estimated that Cambodian flora is more diverse than other neighboring countries, but its fauna is not as diverse. Table 7-3 lists the endangered species of fauna based on the data from the World Conservation Union, former "International Union for the Conservation of Nature and Natural Resources" (IUCN). Further study will identify more species.

In Cambodia, vast wetlands extend over the inundation area of the Mekong River and the Tonle Sap Lake. The wetland area of 36,500 km² accounts for 20.2% of the total land area of the country. The wetlands regulate floods, moderate the climate, provide the habitat for a wide variety of animals and plants, and provide people with resources necessary for daily living, agriculture, and fisheries. In addition, rare species of animals and plants range over the wetlands. In recent years, however, the wetlands have been decreasing due to urbanization and the development of farmland. As water contamination, soil erosion, sedimentation, and siltation have worsened, these functions of wetlands have become significantly impaired.

1-2-5 The state of Tonle Sap Lake

Tonle Sap Lake, or the Great Lake, located in the middle-western part of Cambodia is the largest freshwater lake in Asia. The Tonle Sap River originating from the lake joins the Mekong River in Phnom Penh. The administrative districts related to the lake involve the six provinces of Kampong Thum, Siem Reab, Banteay

Table 7-3 Endangered Species of Fauna

Name	Scientific name
Asian Elephant	<i>Elephas maximus</i>
Black gibbon*	<i>Hyllobates concolor</i>
Douc langur**	<i>Pygathrix nemaeus</i>
Javan rhinoceros	<i>Rhinoceros sondaicus</i>
Kouprey***	<i>Bos sauveli</i>
Pileated gibbon	<i>Hylobates pileatus</i>
Sumatran rhinoceros	<i>Rhinoceros sumatrensis</i>
Tiger	<i>Panthera tigris</i>
Batagur	<i>Batagur baska</i>
Green turtle	<i>Chelonia mydas</i>
Hawksbill turtle****	<i>Eremochelys imbricata</i>
Bengal florican	<i>Eupodotis bengalensis</i>
Black-faced spoonbill	<i>Platalea minor</i>
Greater adjutant stork	<i>Leptoptilus dubius</i>

Notes: * The gibbon is a kind of the ape that ranges over South-eastern Asia.

** Slender monkeys ranging over Southeastern Asia.

*** Wild cattle living in Cambodian forests.

**** Tortoiseshell is made from the shell of this turtle.

Source: Prepared by excerpting the endangered species of fauna from the data of the Ministry of Environment in 1997.

Mean Chey, Battambang, Pousat, and Kampong Chhnang. The approximately three million people living around the lake are mainly engaged in fishery and agriculture. In addition, the inhabitants of approximately 170 communities actually live on the lake and make their living from fishing.

Tonle Sap Lake has a critical hydrologic function in that it regulates the flooding of the main stream of the Mekong River in the monsoon season. In the dry season, water flows from Tonle Sap Lake to the Mekong River through the Tonle Sap River, but in the monsoon season, water flows in reverse from the main stream of the Mekong River to the Tonle Sap Lake through the Tonle Sap River. Consequently, the size of Tonle Sap Lake varies considerably according to the season and the year. Its total area increases from 250,000-300,000 ha in the dry season to 1,100,000-1,200,000 ha in the monsoon season. The depth also varies from 1-2 meters in the dry season to 8-10 meters in the monsoon season. It is estimated that in the monsoon season, 62% of the water volume is derived from the reverse flow from the Mekong River, and the remaining 38% is from the basin of the lake. However, only fragmentary data on the hydrology, hydraulics, and water quality are available.

Cambodia has approximately 500 species of freshwater fish. There are 215 species of freshwater fish in the Tonle Sap Lake. Nineteen species are commercially

important. The fishery productivity of the lake is estimated to be 65 kg per hectare per year. This is quite high compared with the productivity of the normal 12 kg per hectare per year for tropical freshwater areas. The harvest of fish in the lake amounts to 35,000-56,000 tons, which accounts for 70-80 percent of the total catch of freshwater fish in Cambodia.

As mentioned above, in the Tonle Sap Lake the amount of suspended matter has been increasing, water quality has deteriorated, and the depth has been decreasing due to the urbanization of the surrounding areas, the conversion of forests into farmland and housing sites along the lake, the cutting of forests in its basin, and ruby mining. The lake has deteriorated as a habitat for aquatic life. With regard to the catch of fish, some report that it has decreased, and others report that it has not decreased. This issue is considered in 3-9-2.

1-3 The state of the daily life environment

1-3-1 Drinking water and water for daily living

One of the authors has analyzed the quality of drinking water and water for daily living at nineteen locations around the capital, nineteen locations in the vicinity of the capital, and 53 locations in eleven provincial capi-

Table 7-4 General Conditions of the Waterworks in Cities

Name of city	Population (thousands)	Population supplied	Construction (aid country)	Start of rehabilitation	Water sources	Purification method/ chlorine disinfection	Charge riel/m ³	Inspection month and year
Phnom Penh		140,000m ³ /d	1895	1994 (Japan, France)	River water	Rapid sand filtration A		1995.11
Battambang	132	39,600 persons	1960s		River water	Rapid sand filtration A	1,400	2000.5
Siem Reab	91	18,000 persons (7-22:00 supply)		1999 (SIDA)*	Well water	Direct distribution N		1999.12
Sihanoukville		1,500-2,000 m ³ /day		1987 (Soviet Union)	Reservoir	Rapid sand filtration N		1999.1
Kampong Cham	48	14,400 persons			Well water	Direct distribution N	300	1999.12
Kampon Chhnang	40	800 persons (50m ³ /hr × 5hr)	1960	1997 (SAWA)	River water	Rapid sand filtration A	1,000	1999.1
Kampong Thum		500 households (200m ³ /d)	1962 (France)	1982	River water	Rapid sand filtration N	700	1999.12
Sisophon (private)	32	1,700 households 850-1,000m ³ /d	1998	–	River water	Rapid sand filtration A	1,500	2000.5
Pousat	25	1,200 households 50m ³ /h 17hrs in the dry season, 5hrs in rainy season		1990s (SAWA)	River water	Rapid sand filtration N	800	2000.5
Svay Rieng	21	210 households out of 3,840	1950	1979 (Oxfam) 1996 (SAWA)	Well water	Direct distribution N	600	2000.12
Prey Veang	15	300 households out of 2,700	1960	1979 1996 (SAWA)	Well water	Direct distribution N	900	2000.12

* Swedish NGO

Source: Prepared by the author

tals since 1995. Based on this analysis, the state of drinking water and water for daily living are discussed.¹⁴ Figure 7-1 and Figure 7-2 show the quality of piped water supply in the capital and the provincial capitals.

(1) General conditions

Residents are classified into two groups: residents who use tap water for drinking and daily living, and those who use water from the nearest water sources. In the latter case, residents use rainwater in the monsoon season, and water from the nearest pond, well or river in the dry season. They sometimes buy water.

Rainwater is collected in pots from the roof and waterspouts. It is reported that the number of pots reflects the level of the household economy. People know well that rainwater is the best quality since it forms through the condensation of evaporated water. They therefore give first priority to rainwater as a source of drinking

water. When they build a house on high stilts, they dig a pond in front of the house to provide water for all the purposes of daily living.¹⁵ Water for sale includes tap water, water after the removal of suspended matter by the addition of coagulants, the top clear layer of river water after precipitation, the river water itself, and other water.

(2) The state of water supply

The locations of waterworks were confirmed in the capital and ten other cities, including Battambang and Sihanoukville, which are shown in Table 7-4. All these cities have rehabilitated and maintained water treatment plants and water distribution systems that were constructed before 1970. The aging of these facilities, therefore, has been undoubtedly accelerating. The scale of the facilities of Phnom Penh is predominant, followed by that of Battambang, Siem Reab and Kampong

¹⁴ Takeuchi, T. *et al.* (1997) pp.95-103. Sato, T. *et al.* (2000) VII-94.

¹⁵ Ohashi, H. (1997) p.187.

Cham. The scale of facilities in the other cities is extremely small with a water supply of 1,000-2,000 m³ per day at the most.

There are three water treatment plants in the capital, two of which are operating. In the large-scale system of the Pump Reck Water Treatment Plant, particularly Japan and France have been providing assistance to rehabilitate and expand the water treatment plant, the elevated water tanks beside the Olympic Stadium, and the main water pipes.¹⁶ Although NGOs, including SAWA,¹⁷ rehabilitated some waterworks in other cities after the civil war, old and dilapidated facilities have hardly been repaired in general. Most of them have almost ceased to operate.

More specifically, the equipment, materials, electricity, and treatment chemicals, such as chemicals for purification and chlorine for disinfection, are inadequate for the proper operation of the water treatment plants. The chemicals for purification are not administered according to the degree of turbidity due to the absence or loss of know-how in the administration. There are few areas where water as clean as Japan's tap water is being supplied. In addition, water is insufficiently disinfected in most cities due to the irregular supply of chlorine or insufficient purchasing of the required chlorine due to the lack of funds. Furthermore, deterioration in the piping, including the corrosion of pipes and the breakage of connections, has become so serious as to cause water leakage. This leakage lowers the hydraulic pressure, which allows the intrusion of foul water from the soil surrounding the pipes. This foul water includes household wastewater and urine and feces collected from buildings that are leaking from the dilapidated septic tanks used to hold them. The contamination of tap water is an everyday affair. In addition, not a few households and offices install pumps at the tap to extract the water, which accelerates the deterioration of the quality of the tap water.

One of the authors inspected water quality from the tap, and the findings showed that the concentration of organic substances was very high in all tap waters in-

spected, which is bad for health. In addition, coliform bacteria were detected in all samples.¹⁸ The water standards of WHO and Japan specify that coliform bacteria should not be detected. Coliform bacteria, therefore, are absent in Japan's running water supply. Refer to Figure 7-1 and Figure 7-2.

In the capital and Battambang, several staff members have been assigned, and water quality control units have been established in order to maintain clean water. Both the water control units, however, are poorly equipped and staffed, with only three staff in Battambang, and the area of the room being 10 m² in the capital, and that of Battambang being 15 m².¹⁹ The water quality in Sihanoukville is good, although a young technician controlled the treatment process using only one uncalibrated pH meter in January 1999.

(3) The state of water other than tap water

One of the authors inspected water quality at nineteen locations in the vicinity of the capital and 43 locations in eleven provincial capitals where tap water is not supplied. The water quality varies according to the water sources and the conditions surrounding the sampling locations. All the sampled water was, however, judged to be unfit for drinking because coliform bacteria were detected (Refer to Figure 7-2). Although rainwater is the best, its quality at the point of use depends on the maintenance of storage tanks or pots. There are many ponds, and they are widely used. Their water, however, is unfit for drinking due to high concentrations of organic matter.

With regard to groundwater, many wells are contaminated with organic matter and nitrates²⁰ derived from urban wastewater in the vicinity of the capital. Contamination with sodium chloride was detected in the capital of Kampong Chhnang Province. The concentration of calcium or degree of hardness is high in the capital of Siem Reab. Nitrates were detected in Kampong Thum, Sisophon, Battambang, and Pailin. Contamination with sodium chloride in Kampong Chhnang is caused by

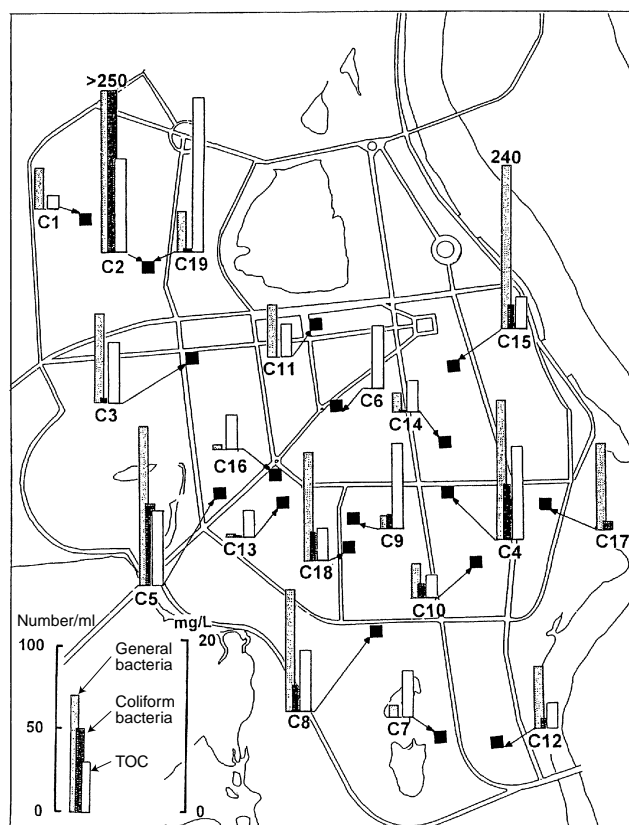
¹⁶ Yamamoto, K. (2000) pp.10-11.

¹⁷ The headquarters is located in the Netherlands, and the local office is located in Phnom Penh. (<http://www.sawa.nl/home.htm>) Recently, SAWA has become a company, SAWAC, because financing from European countries and multilateral donors stopped. (sawacam@bigpond.com.kh).

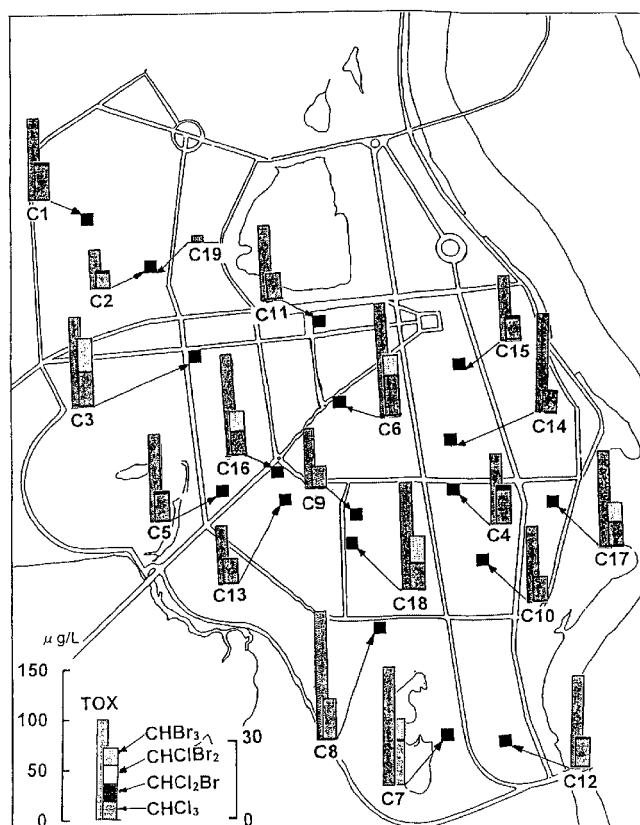
¹⁸ At the water treatment plant in the capital, water is sterilized using chlorine. However, this water is contaminated while it is being distributed through the pipes.

¹⁹ One member of the Japan Overseas Cooperation Volunteers is stationed at the water treatment plant in the capital.

²⁰ Nitrates cause methemoglobinemia in babies. The standards of WHO and Japan accept its presence up to 10 mg/L.



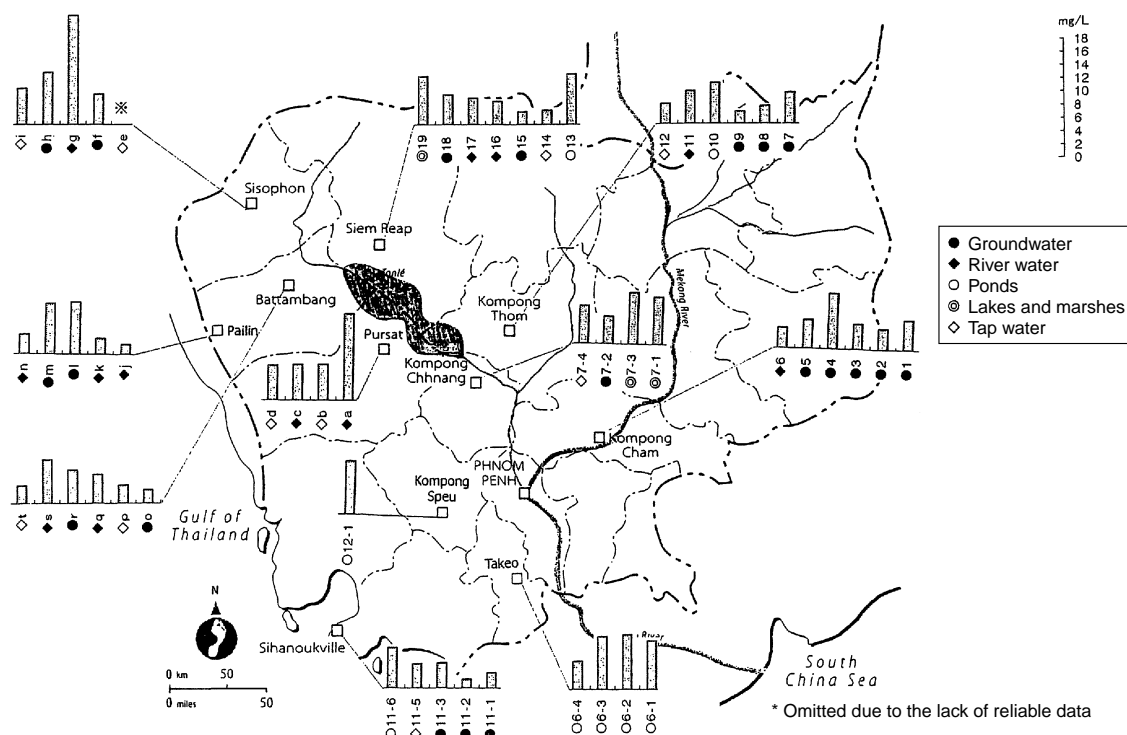
The quantity of organic substances
- total organic carbon (TOC), general bacteria, and coliform bacteria



Organochlorine compound (TOX), trihalomethane

Figure 7-1 Water Quality at the Tap in the Capital

Sources: Prepared by the author based on inspection conducted in 1996



The quantity of organic substances - total organic carbon (TOC)

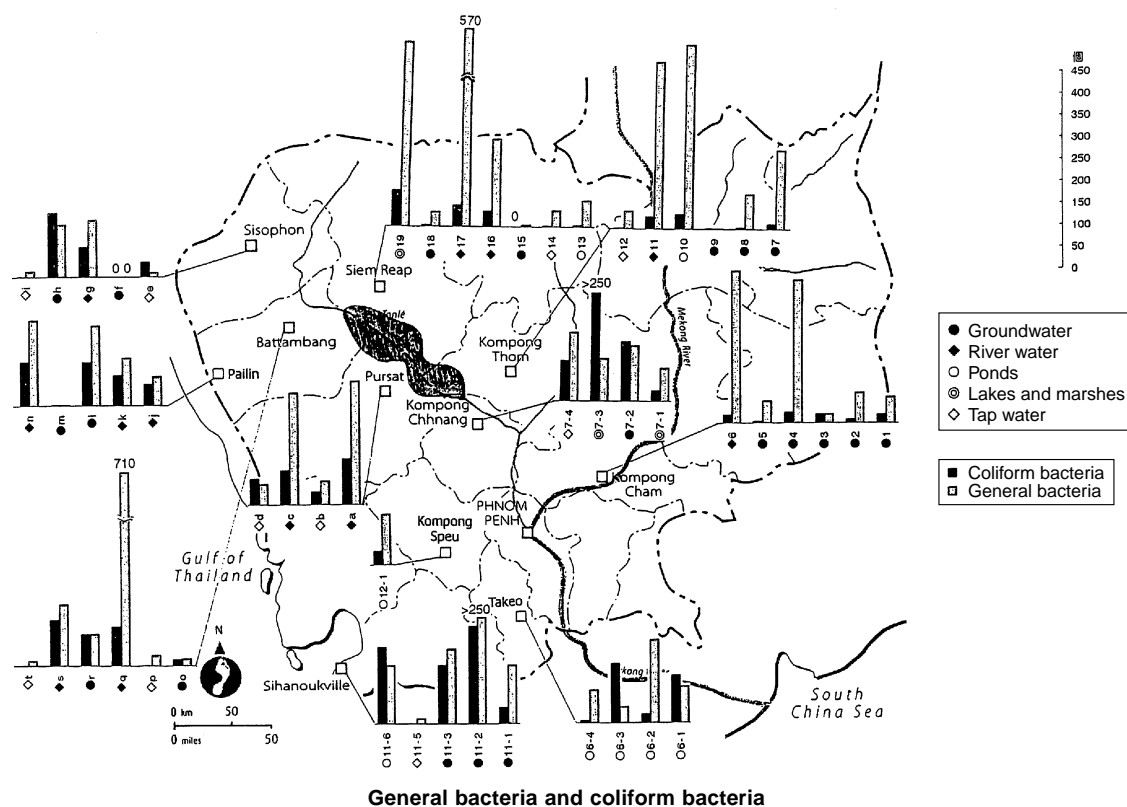
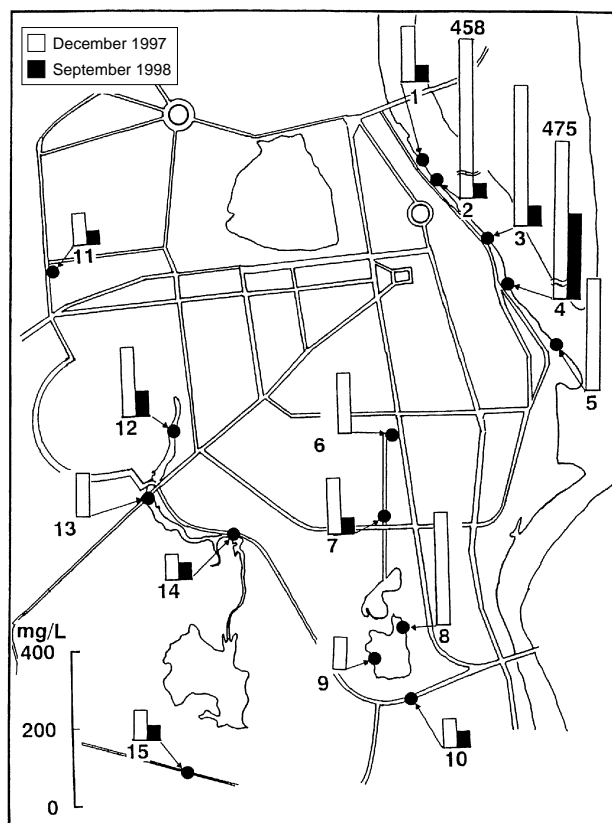
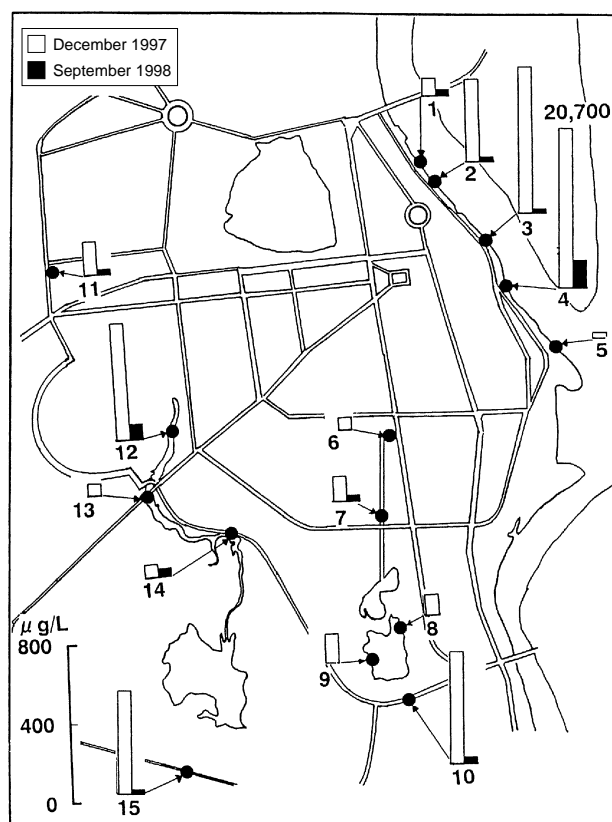


Figure 7-2 The Quality of Drinking Water in Provincial Capitals

Sources: Prepared by the author based on inspection conducted in 1999-2000



The quantity of organic substances - chemical oxygen demand (COD)



Organochlorine compound (TOX)

Figure 7-3 Wastewater Quality in the Capital

Sources: Prepared by the author based on inspection conducted in 1997-1998

leakage due to its use as a refrigerant in the ice plant. The contamination in Siem Reab is caused by natural calcium. The contamination in Kampong Thum is caused by ammonia used in rubber plantations. In general, groundwater is considered to be cleaner than river and pond water. Close examination is, however, required to judge water quality as drinking water sources.

1-3-2 Urban discharged water

(1) The state of the sewer system in the capital²¹

The sewer system that was laid before the civil war extends under the ground through the center of the capital.²² The system, together with sewer channels that are waterways for wastewater, serves as drainage for wastewater and rainwater, which is referred to as combined sewerage. There are two types of sewer pipes: one type with a diameter of 30 cm, and the other type with a diameter of 150 cm. They extend for 240 km in total.

In the dry season, wastewater in the eastern wards of the central area of the capital along the Bassac River is drained into this river through sewers, while wastewater in the other wards flows to the south or to the west through sewers, urban sewer channels and streams, and through pumping stations, and is finally drained into wetlands on the outskirts of the capital. In the monsoon season, since the water level of the Bassac River rises, all water gates to the river are closed. All wastewater then flows to the south or the west, and is drained into the surrounding wetlands.

The sewer pipes as well as water pipes are extremely dilapidated, including breakages and blockades, because they have not been maintained or managed for more than 30 years. The sewer channels are open ditches with small cross sections. Many houses have been constructed over the sewer channels and the wetlands. The flow capacity is therefore limited to a low level, so that the water floods out over the streets in many areas in the monsoon season.²³ The flooding interrupts urban transportation as well as endangering the sanitary con-

ditions of the capital.

(2) Industrial wastewater

There are approximately 750 factories and 4,000 domestic workshops. Most of these are involved in light industry, including beverage and food processing 28%, textiles and apparel 20%, non-metal mining 30%, timber 10%, chemicals and rubber 5%, and other industries 7%.²⁴

The majority of these factories were constructed in the 1950s and 1960s without environmental consideration, which was based on standard technology in those days. Even factories that have been constructed in recent years are mostly located along the channels without wastewater treatment facilities. Both old and new factories discharge their effluent into the channels without treatment. In parallel with industrial development, the volume of industrial effluent has been increasing, and the water quality has deteriorated, which has begun to draw the attention of the public.

At the beginning of the 1990s, problems were centered on effluent containing sodium chloride and ammonia used in the process of ice manufacture, and wastewater produced from soft drinks manufacture. Recently, effluent from the textile dyeing industry has been increasing in quantity and deteriorating in quality, which has been raising public concern. The Ministry of Environment, through coordination with the Ministry of Industry, Mining and Energy, has persistently demanded that factories discharging a large quantity of effluent with high levels of contaminants should install wastewater treatment facilities. The number of factories that have installed such facilities, however, remains very few. Although the government has established standards for wastewater quality, they have been ignored due to the weak system of monitoring and enforcement.

(3) The quality of discharged water

There is no sewage treatment plant in the capital. All wastewater from households, offices and industries, as

²¹ Takeuchi, T. *et al.* (1998), pp.310-311.

²² The central part of the capital includes the first four wards out of seven wards of the capital: Toul Kork, Prampin Makara, Don Penh, Chamcar Mon, Russy Keo, Dangkor, and Mean Chey. The system covers an area of 29 km² out of the total of 284 km², and a population of 640,000 out of the total of 1,080,000 in 1995.

²³ In the monsoon season, since the water level of the Bassac River exceeds the level of other rivers in the capital, the water flows in reverse in some rivers.

²⁴ Cina, C. (1996) p.22.

well as rainwater is discharged into the channels without treatment (Refer to Figure 7-3). With regard to wastewater quality, the concentration and the discharge quantity per day per person of organic substances, total nitrogen and total phosphorus are almost at the same level as in Japan. Anionic and nonionic surfactant among synthetic organic substances behaves in almost the same manner as organic substances, in terms of total nitrogen and total phosphorus. Total organic halogenated compounds and bisphenol A, which is an endocrine disruptor, were detected in extraordinarily large quantities at several locations. It is considered that they are being discharged from specific factories, hospitals and other sources.²⁵ It is reported that the World Bank has recently invited the submission of proposals for sewage treatment plants that will treat part of the sewage in the capital.

(4) The state of local cities

In 1994, SAWA, financially assisted by the EU, constructed a sewer system with pipes and oxidation ditches in Battambang, which is often referred to as the only sewage treatment plant in Cambodia. This sewerage system covers 25% of the area of the city. The International Development Research Centre (IDRC) extended financial and technical assistance from December 1994 through March 1996. After the withdrawal of the IDRC, however, the plant was suspended due to a shortage of funds.²⁶

In May 2000, one of the authors visited a treatment plant in Battambang with a treatment capacity of 150 m³ per day through the oxidation ditch method. This plant is considered to be the above-mentioned plant. In this system, wastewater flows from the sedimentation pond to an oxidation ditch, where wastewater remains for twenty days, and then to a fish culture pond, where the wastewater stays for ten days. The quality of the water is not controlled, and the degree of purification is extremely low. In conclusion, it can be stated that the sewage in Battambang is discharged directly into channels. It is reported that river water is drawn for tap water in the reaches of the Sangkar River downstream from the outlet for the wastewater.²⁵

In general, sewer channels are constructed in the wards of large cities to separate wastewater from clean water. There is, however, no sewage treatment plant to purify the wastewater, so that wastewater without treatment mixes with the clean water in the lower reaches to contaminate it. In local cities and their neighboring farm villages, wastewater and river water easily mix, so that people use and drink contaminated water to different degrees.

1-3-3 Solid waste

(1) Urine and feces, and toilets

Customarily, Cambodian people do not have toilets installed in their houses. The installation rate of toilets was approximately 16% in urban districts in 1995.²⁷ The rate has been increasing recently. Cambodian toilet bowls are usually a little smaller than those in Japan. Feces and urine are washed away with water scooped from a water tank with a pail, and penetrate into the soil under the ground. This is a kind of a flush toilet, so that the location is limited to areas where such water is available. One type of Cambodian toilet bowl is similar in shape to the Western-style toilet bowls, but the size of the toilet seat is too large for people to sit on, so that they crouch with their feet up on the seat. There are also Western-style flush toilets. In both cases, however, the septic tanks for purification in old buildings are broken and foul water is discharged directly into the soil. When houses are located near wetlands and rivers, piers are constructed with fences for use as toilets. Toilets are constructed over ponds in the same manner, and human waste sometimes provides feed for cultured fish. Feces and urine were utilized as fertilizer during the Pol Pot regime. Since the collapse of this administration, they have rarely been used as fertilizer.

(2) The generation and collection of solid waste

Cambodian people keep the insides of their houses very clean, as far as the authors know from experience. However, they throw their waste away in the street with-

²⁵ Takeuchi, T. *et al.* (1999), pp. 44-45.

²⁶ Wright (1999).

²⁷ Based on the survey in 1995.

out hesitation.²⁸ Consequently, the streets are full of refuse, and under houses on stilts over wetlands, waste is piled up.

The waste, most of which is household waste, is generated at a rate of 1,300 m³ or 500-650 tons per day in the capital. Pacific Asia Development (PAD), which was a French company, was contracted to collect the waste. Since the company went bankrupt, Phnom Penh Municipality 1 has collected the waste directly. The municipality collects all types of waste, including waste from households, schools, hospitals, restaurants, and industries. The collection started in 1979, when most of the waste was collected manually. In addition, the collected waste was dumped at various places in the city. At present, the capital is divided into seven districts to collect waste. The collection is carried out with more than 50 trucks. The collected quantity of waste accounts for approximately 60% of the generated quantity, and the remaining waste is left in the city. The waste is not classified before collection. All the collected waste is carried to a dumping site in Stung Mean Chey, which is located next to the western part of the capital.

In principle, major hospitals, including the six public hospitals, dispose of all their medical waste in individual incinerators. Medical waste from small clinics is carried to Stung Mean Chey. Waste pickers take away used syringes, hypodermic needles, and other medical instruments from the pile of medical waste from large and small medical facilities.

The disposal of industrial waste is usually left to the discretion of the industry. However, waste that has a major environmental impact and waste for which the government demands careful disposal are dealt with separately. For example, approximately one hundred drums of slag containing zinc and lead was stocked at the zinc galvanizing plant of a joint company between Japan and Cambodia. The Ministry of Environment demanded construction of a temporary shed to keep the slag until analysis of the constituents was completed. The plant hoped to pack the slag into empty agrochemical containers and dispose of them at a quarry after the quarrying. Finally, Niigata University analyzed the constituents twice. Based on the findings of these analyses, the plant decided to export the slag as industrial mate-

rial to Malaysia, which was implemented.

(3) Waste disposal

The quantity of waste that is disposed of at Stung Mean Chey amounts to 500-560 tons per day, which is equivalent to the volume of 110-120 dump trucks. The quantity varies according to the season. The maximum is in the monsoon season, and minimum in April and May at the end of the dry season. The reason for the peak in the monsoon season is that fruit and sugar cane are harvested and their residues increase the waste load. The final disposal site at Stung Mean Chey has already been used for 70-80 years. The accumulation of waste covers an area of 4,800 m² up to a height of seven meters. Since people who live around the site dig the ground to sell earth in Phnom Penh, they welcome waste that fills the holes. Consequently, the boundary of the site is indefinite, and waste is accumulating outside the designated boundary.

In order to control the decomposition of the waste and the proliferation of vermin, the staff members of the city burn the waste as it is after five to six days from the day the waste is carried in. During this open burning period, water in the waste is drained out. Burning often occurs spontaneously. Since the waste contains plastics, dioxin is also generated.²⁹ Trenches are dug on the surface of the piled waste to rapidly drain the rainwater. However, no measures are taken to treat the contaminated water, which is generated by rainwater passing through the waste.

There have hardly been any complaints from neighboring residents. The municipality considers that the reason for lack of complaints is that the disposal site has been located there for a long time. The complaints have been received from people who live along the roads through which the waste is carried. The complaints concern the smell, the smoke from open burning, and dust raised by the dump trucks. Abnormalities of the limbs have been detected in many people who live around the disposal site, which has given rise to concern over the relationship between these conditions and environmental chemicals at the waste disposal site.

²⁸ It is necessary to consider that people throw away their waste because waste is already on the street due to the inadequate collection services provided by municipalities.

²⁹ Information from Professor Shinsuke TANABE of Ehime University. The authors conducted a quantitative examination in the laboratory and confirmed the presence of dioxins.

(4) Waste pickers at the dumping site

There are hundreds of people, including children, who collect valuable waste from which they earn a living at the disposal site. Near the entry to the disposal site, NCAO, which is a German NGO, has established a private school for children who do not go to elementary school. Lessons were provided for two hours in the morning and for two hours in the afternoon, including the Cambodian language, arithmetic, and art as of December 1999.

The waste pickers collect rubber, plastic, paper, metals such as iron and aluminum, and coconuts. They burn the coconuts to make ash that is sold as fertilizer. Syringes and other medical waste are collected, which indicates that medical instruments are repeatedly used in Cambodia. Plastic were sold at 500 riel per kilogram, and metals were sold at 1,500 riel per kilogram in 1995. Children earned 5,000 riel per week in 1995.³⁰ The children handed all their income to their parents, and were given 200 riel per day as an allowance.

(5) The state of other cities

In Battambang, a private company collects solid wastes and discards them at a site four kilometers from the central area of the city. More specific information is not available. Since the city is densely populated, the state of this city is considered to be almost the same as that of the capital. The problems of other cities that have a low density of population are considered to be less serious than those of the capital. Basically, however, the same problems as those of the capital have probably arisen. It is necessary to confirm the actual situation.

(6) Hazardous waste carried in from foreign countries

In November 1998, 3,000 tons of by-products generated when sodium hydroxide is produced through the mercurial method were brought in from Taiwan after

twenty years of storage. The by-products were shipped to Sihanoukville without the permission of the governments of Taiwan or Cambodia, and discarded in a suburban area of Sihanoukville, eight kilometers away from the center of the city.³¹ The citizens took away many of the products as a substitute for concrete and to fill hollows in the ground. However, a stevedore and a young man who slept on the container of waste died suddenly. Ten thousand indignant people demonstrated in the city and four people were killed. Finally, the waste was repacked in drums at the discarded site, stocked in containers, and entrusted to the military.

The Cambodian government demanded that the Taiwanese company responsible for the waste should remove it. Finally, all the waste was transported to the US in April 1999. The bringing into Cambodia and the transportation to the US were possible because Cambodia, Taiwan and the US have not yet acceded to the Basel Convention, which regulates the transboundary movement of hazardous waste. Such situations may occur again in future.

1-3-4 Air pollution

Air pollution is conspicuous in urban districts due to exhaust gas emissions from old and new, large and small independent power generators, motorbikes, and automobiles. Coarse particulates also cause problems along unpaved roads. The number of automobiles and motorbikes has been increasing. In 1998, cars numbered 57,200, trucks numbered 5,400, buses numbered 530, and motorbikes numbered 451,000. Sixty percent of motorbikes and ninety percent of cars were being used in urban districts, particularly in the capital.³²

According to the survey of air pollution that has been carried out in the capital since 1998,³³ the total concentrations of nitrogen dioxide (NO₂) per day did not differ at sixteen survey locations. The total concentrations of carbon monoxide (CO) per day were high at locations where traffic was heavy. Both indices were on the same level as that of the WHO guidelines or lower, and it was therefore considered that there was no immediate harm

³⁰ A dollar was equivalent to 2,500 riel in 1995, and 3,800 riel in May 2000.

³¹ Yukio TAKAHASHI of Niigata University and others confirmed the site in January 1999, and sampled the drinking water used by the surrounding inhabitants. Shinsuke TANABE of Ehime University and others subsequently visited the site, and sampled the hair and mother's milk of the inhabitants.

³² Sokha, C. (2000) p.78.

³³ Kashima *et al.* (2000) pp. 528-529.

to health. The concentrations of NO₂ and particulate matter, which is smaller than 10µm: PM₁₀, are high from 7:00 to 9:00 and from 17:00 to 18:30 during the days when people commute. The PM₁₀ was ten times as dense as the level specified by the WHO guidelines as the urban level, and lead contained in PM₁₀ exceeded the level of the WHO guidelines at one location. The reason for this is that leaded gasoline is still used in Cambodia.

1-3-5 Chemical pollution

(1) Phnom Penh and its suburban area

In order to study concentrations of total mercury, fifteen species of edible fish with a total of 69 samples were purchased at stores in the capital and its suburban areas. The concentration was lower than that in freshwater fish, which had already been reported. The quantity of total mercury in the hair of print shop workers in the capital was at the same level of that of the Japanese who like consuming tuna and other fish that have high concentrations of methyl mercury. The reason for this is not that Cambodian people eat fish that has a high mercury concentration, but that they depend for much of their protein intake on fish in general.³⁴

A survey was conducted on heavy metals in fish that inhabit the waters surrounding the four districts of the central part of the capital,³⁵ including chromium, total mercury, manganese, cadmium, arsenic, and lead. The fish in waters where there are inflows of sewage and industrial wastewater had high values for heavy metal contamination. When these fish were consumed, the weekly quantity of total mercury intake accounted for 21% of the WHO provisional value, and weekly intake for other metals was as low as 0.9 to 5.2% of this value. The quantity of weekly mercury intake was almost the same as that of the Japanese.³⁶

(2) Rural areas

The levels of PCBs and organochlorine pesticides in

fish, shellfish and birds that inhabit the sea along the coast, the Tonle Sap Lake, and the Mekong River were less than those of the surrounding developing countries.³⁷ High concentrations of DDT, however, were detected in some of the freshwater fish and resident birds. This is due to the use of DDT for the prevention of parasites and canker in cultured fish. DDT is probably still also used to control malaria.

In the northern part of Kampong Thum Province, near the borders of Preah Vihear Province and Stung Traeng Province, gold is mined illegally and mercury is produced during its processing. The mercury is released into the environment and its impact has raised public concern.³⁸ Fifty to sixty poor people are engaged in the mining, using strong acid to extract the gold. Abnormalities in cattle have been reported, and complaints from people who live along the lower reaches of the river were collected. It was reported, however, that the site is too far in the interior to get access. It is necessary to assess such industrial pollution developments.

The use of chemical substances throughout rural and urban districts in Cambodia has been limited to extremely small quantities due to the long period of civil war. It can be stated that a clean environment with few chemical substances has been maintained in Cambodia. Many people, however, point out that agrochemicals are used in large quantities to grow vegetables and other cash crops in suburban areas. Continuous monitoring of the agrochemicals is required.

1-4 Administrative organization related to the environment

1-4-1 General conditions

The main Ministries responsible for environmental management and conservation are shown in Table 7-5, with their roles and functions, and the relevant established laws.

Cambodia has signed and ratified international conventions concerning environmental protection. The conventions related to nature conservation include the

³⁴ Study Group for Basic Research on the Cambodian Environment (1996) p.59.

³⁵ Refer to Footnote 9.

³⁶ Kashima *et al.* (1999) pp.372-373.

³⁷ Tanabe *et al.* (1999a) pp.604-612. Tanabe *et al.* (1999b) pp.363-370.

³⁸ Based on fact-finding at the office of the Ministry of Environment in Kampong Thum in December 1999. The mercury concerned is not used for extracting the gold, but is produced as a byproduct.

Table 7-5 Main Ministries Responsible for Environmental Management and Conservation

Ministry	Role and functions	Law*
Ministry of Environment	<ul style="list-style-type: none"> - Formulation of national environmental management plans and policies - Management of protected areas and natural resources - Management of the treatment of waste generated from pollution sources - Monitoring and assessment of environmental quality - Management of data related to the social environment - Environmental education and diffusion of environmental knowledge - Review of environmental impact assessments (EIA) 	<ul style="list-style-type: none"> - Law concerning environmental conservation and natural resources management (1996) - Royal decree concerning the establishment and designation of protected areas (1993) - Law concerning environmental impact assessment (1999)** - Royal decree concerning guidelines for the preparation of EIA reports - Law concerning the control of water contamination (1999)** - Law concerning solid waste management (1999)** - Law concerning the prevention of air pollution and noise**
Ministry of Industry, Mining and Energy	<ul style="list-style-type: none"> - Permissions and approvals related to factories - Supply of running water to urban areas - Permissions and approvals related to mining rights - Management of hydroelectric power plants 	
Ministry of Agriculture, Forestry and Fisheries	<ul style="list-style-type: none"> - Supply of irrigation water - Hydrologic monitoring - Management of forests and fisheries - Management of agrochemicals and fertilizers 	<ul style="list-style-type: none"> - Law concerning fishery management (1987) - Law concerning forest management (1998)
Ministry of Public Works and Transportation	<ul style="list-style-type: none"> - Management of ship navigation - Drainage and treatment of sewage 	
Ministry of Rural Development	<ul style="list-style-type: none"> - Supply of running water to rural areas 	
Local governments	<ul style="list-style-type: none"> - Permissions and approvals related to construction - Collection and disposal of solid waste - Management of sewage drainage 	<ul style="list-style-type: none"> - Law concerning land management and urbanization (1995) - Notice concerning permissions and approvals for construction (1997)

Notes: * Laws in the column for the Ministry of Environment are presented in full in the *Seminar on Environmental Impact Assessment, 27-28 March 2000, Organized by Ministry of Environment, Sponsored by JICA*.

** Sub-degree and detailed rule under the law

Sources: Prepared based on a table of Chea Sina (1996) and adding new information.

Convention on Biological Diversity (CBD) ratified in 1995, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), or the Washington Convention, ratified in 1997, and the Convention on Wetlands of International Importance Especially as Waterfowl Habitat, or the Ramsar Convention, ratified in 1999. Three areas were designated as wetlands covered under the Ramsar Convention in June 1999. In addition, the International Tropical Timber Agreement was ratified in 1994, and the Convention to Combat Desertification was also ratified.

The conventions related to the ocean and wastes include the International Convention for the Prevention of

Pollution from Ships (MARPOL) ratified in 1996, the United Nations Convention on the Law of the Sea ratified in 1996, the Agreement on the Seas of Southeast Asia ratified in 1996, and the London Dumping Convention, which is concerned with the prevention of marine pollution by the dumping of wastes and other matter. In addition, Cambodia ratified the Convention Concerning the Protection of the World Cultural and Natural Heritage in 1993, leading to the listing of Angkor Wat as a world heritage site. Cambodia adopted the United Nations Framework Convention on Climate Change (UNFCCC) in October 1996.

1-4-2 Ministry of Environment

The Ministry of Environment was established in November 1993, and was vested with broad authority to conserve natural resources and to prevent environmental degradation. The role of the Ministry is to fulfill its responsibilities with regard to the conservation of natural resources and the maintenance and preparation of social infrastructure alone or in cooperation with other relevant Ministries, including the Ministry of Industry, Mining and Energy, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Public Works and Transportation, the Ministry of Rural Development, and local governments.³⁹ The Ministry consists of seven Departments and its local offices.⁴⁰ The Ministry has 350 staff members throughout the country, of whom 60 are engineers.⁴¹ The budget of the Ministry amounted to 800,000 dollars in 1995,⁴² and 970,000 dollars in 1997.⁴³

Laws and ordinances have been gradually established. The Law Concerning Environmental Conservation and Natural Resources Management, which is the equivalent of the Basic Law on the Environment in Japan, was established in November 1996 with the assistance of UNDP and other organizations. With regard to national parks and nature reserves, seven national parks, ten wildlife sanctuaries, three protected landscapes, and three multiple-use areas have been designated, based on the Royal Decree Concerning the Establishment and Designation of Protected Areas in 1993. Their total area covers 3,300,000 ha, which accounts for 18% of the national land area. There are also wildlife protection areas under the jurisdiction of the Department of Forestry and Wildlife of the Ministry of Agriculture, Forestry and Fisheries. The role sharing is unclear.

In 1999, many laws were established, including the Sub-decree on Environmental Impact Assessment, the Sub-decree on Water Pollution Control, and the Sub-decree on Solid Waste Management. The Sub-decree on Environmental Impact Assessment provides that environmental impact assessment reports should to be prepared in four sectors; industry, agriculture, tourism, and social infrastructure. In the industry sector, this law is

applied to the operation of nine industrial categories, including food, beverages and tobacco, and tanning and textiles. For example, this law is applied to food processing operations with an annual production of 500 tons or more in the sector of food, beverages and tobacco. This law is, however, applied to the production of orange juice at any level of annual production.

The Sub-decree on Water Pollution Control specifies fifteen types of hazardous waste, 52 indices for effluent standards, and lists 67 industries that are required to obtain permission from the Ministry before discharging wastewater. With regard to biodiversity, this law provides five to eight indices for rivers, lakes and marshes, and sea areas, and with regard to human health protection this law also provides 25 indices for environmental standards.

The Sub-decree on Solid Waste Management provides regulations for household waste and for hazardous waste. This law specifies 32 types of hazardous waste. The National Environment Program 1998-2002 was formulated as a set of policies with the assistance of UNDP in 1998.

1-4-3 Ministry of Agriculture, Forestry and Fisheries

This ministry consists of eleven Departments, one public corporation, one agricultural research institute, one agricultural college, and local technical offices.⁴⁴

(1) Department of Forestry and Wildlife

This Department has jurisdiction over forest resources. In this connection, the establishment and management of protected areas including national parks, environmental impact assessment, and biodiversity are under the jurisdiction of the Ministry of Environment. The Department consists of six divisions and 22 sections, including the Forest Management Division, the Forestation Division, and the Wildlife Protection Division, the Forestry and Wildlife Research Institute, and the Kamforexim Public Corporation. The Department

³⁹ Cina, C. (1996) p.16.

⁴⁰ Cambodian Office of JICA (1997)

⁴¹ Based on a fact-finding mission in December 1995.

⁴² Sina, C. (1996)

⁴³ Refere to note 36.

⁴⁴ Refere to note 36.

has approximately 800 staff members, including two members who received doctorates, thirteen members who received master's degrees, and 272 graduates of four- or two-year colleges. Approximately 30 students graduate from the forestry course of the Agricultural College every year.

The Law on Forest Management was established in 1988, and reestablished in June 1998. However, there are some problems with the law, including that i) it is not based on a scientific study of forest resources, ii) practical governmental management in accordance with the law is impossible, and there is a large gap between the law and current forest resources management, iii) there are no stipulations related to the procedures for conceding cutting rights, iv) the penalties for illegal felling, etc. are insufficient, and v) the authority and obligation of the Ministries responsible for the forest resources management are not clear. Amendments to this law are in preparation.⁴⁵

There are also problems with the provisions concerning forest cutting rights, including a lack of transparency in the process of conceding cutting rights, environmental impact assessment, the price of conceded rights, and sustainability. The formulation of the provisions is, therefore, in preparation, based on the recommendations of the Forest Concession Review implemented in 1999 and 2000 with the assistance of the Asian Development Bank, in parallel with the preparation of a Forest Management Law. The existing concessions for cutting rights are under review.

(2) Department of Fishery

This Department is the equivalent of the Fisheries Agency of Japan. The Department has jurisdiction over fisheries in general, including the conservation and management of fishing waters, the rehabilitation of damaged drainage canals, the protection of spawning fish, the increase in the utilization of fishery resources, and management of fish cultivation. The Department has approximately 1,500 staff members, including eleven staff who have received a master's degree and approximately 200 staff who have graduated from four- or two-year colleges. Approximately 30 students graduate from the fishery course of the Agricultural College every year. A freshwater fish experiment station is lo-

cated near Phnom Penh.

The Law Concerning Fishery Management was established in 1987 and regulates fishing periods, fishing rights, fishing methods, the species of fish, and protected waters. However, there is inadequate enforcement of the law due to the lack of funds and human resources. In addition, the law is not in accordance with the present state of fisheries, so amendment of the law is required. Fishing rights, which are the equivalent of the lot-based fishing rights of Japan, have been created with regard to the Tonle Sap Lake and the basin of the Mekong River. Through a bidding system, successful bidders obtain exclusive rights. Revenue of three million dollars obtained through this system goes to the national treasury, of which 200,000 dollars is allocated as the budget of the Department of Fishery. As regards this system, a social problem has arisen because the bidding process lacks transparency, and this system excludes farmers and fishermen who catch fish for their own consumption. Farmers and fishermen have held protest demonstrations in relation to this problem.

(3) Department of Irrigation, Meteorology and Hydrology

This Ministry has jurisdiction over water resources. Specifically, the Ministry deals with water resources related to groundwater and runoff, formulates policies for water source development, plans, constructs, repairs, maintains and manages the facilities for irrigation, meteorology and hydrology, and collects and compiles hydrologic and hydraulic data. There are approximately 800 staff members in this Ministry.

1-4-4 Ministry of Rural Development

This Ministry has jurisdiction over health care, education, the promotion of agriculture, and the promotion of culture. The Department of Rural Health Care is responsible for public health, and the Department of Rural Water Supply is responsible for the supply of safe drinking water.

The Department of Rural Health Care has implemented a project for the diffusion of toilets since 1980 in cooperation with communities.⁴⁶ For poor households, the Department provides cement and other mate-

⁴⁵ Japan Environment Corporation and the Global Environment Fund (2000) p.22.

⁴⁶ Based on a fact-finding survey at the end of November 1995.

rials equivalent to 40 dollars, while the community provides labor and sand. To an ordinary household, the Department provides pipes of cement and other materials equivalent to ten dollars. In addition, the Department provides sanitary education, explaining the necessity of toilets and providing instructions for their use.

The Department of Rural Water Supply has jurisdiction over water supply for communities. Specifically, the Department is responsible for sinking wells, constructing pipelines and pumps, and maintaining and managing waterworks. There are approximately 120 staff members in this Department.

1-4-5 Phnom Penh municipality

(1) Water supply authority

This administrative body is responsible for water supply to the capital. The coverage of this authority reaches as far as the tap of individual houses through meters as well as the receiving tank of buildings. Since there is no construction contractor, the authority directly assumes the construction. The facilities for water supply were constructed before 1970 and are still used through repair and renewal, as discussed above.

A fact-finding survey was carried out at the end of 1995, shortly after the water charge collection system had been established. The forty thousand water meters made in China were installed. The charge for foreigners was 0.21 dollars per cubic meter, and that for Cambodian people was 166 riels per cubic meter. It was reported that the charges were not paid between governmental bodies, that is, the Water Supply Authority did not pay electricity charges to the Electricity Supply Authority, and the latter did not pay water charges to the former.

(2) Public works office

This office has 1,309 provisional staff members and 744 regular staff members.⁴⁷ The office is responsible for cleaning operations, sewerage, electricity, parks and green zones, roads and bridges, and buses and other public transportation, boats and ships. A total of 680 staff members are engaged in cleaning operations, including 39 regular members who work in the office, 64

regular members who work on site, and 22 provisional members who work in the office, and 555 provisional members who work on site. They collect waste, manage the final disposal sites, and clean roads. They work from 7:00 in the morning for seven hours per day. There are seven members at the final disposal site, two of whom are always at the site. They work for eight hours per day and for approximately thirteen days per month. The collection and disposal of waste is described above.

The number of staff members who are engaged in sewage disposal is 396, including 264 regular members and 132 provisional members. There are several sections, including planning, accounting, workshop, vacuum vehicles, pipe manufacturing, and pumping stations.

1-4-6 Governmental agencies that have jurisdiction over water supply and those that have laboratories for water quality analysis

Several governmental agencies have jurisdiction over water supply for drinking and daily living. The Water Supply Authority discussed above has jurisdiction over the water supply of the capital. The Ministry of Industry, Mining and Energy has jurisdiction over local cities, including Battambang, Sihanoukville, Kampot, Prey Veang, Kampong Cham, and Kampong Thum. The Local Water Supply Department of the Ministry of Rural Development has jurisdiction over rural communities. The Ministry of Agriculture, Forestry, and Fisheries has jurisdiction over some rural communities.

One of the authors confirmed the existence of the laboratories for water quality analysis of the Ministry of Environment, the former Irrigation Department of the Ministry of Agriculture, Forestry, and Fisheries, and the Water Supply Authority of Phnom Penh City. In addition, the Ministry of Rural Development, the Fisheries Department of the Ministry of Agriculture, Forestry, and Fisheries, and the Local Water Supply Department of the Ministry of Industry, Mining and Energy have their own laboratories.⁴⁸ In local districts, the Water Supply Authority of Battambang City and the water treatment plant of Sihanoukville City have laboratories.

Every laboratory is short of budget, human resources,

⁴⁷ Refere to note 42.

⁴⁸ A report of the Cambodian Office of JICA (1997).

and equipment. Among the laboratories, however, those of the Water Supply Authorities of the capital and Battambang, and the Irrigation Department of the Ministry of Agriculture, Forestry, and Fisheries are systematically managed. A member of the Japan Overseas Cooperation Volunteers is working at the laboratory of the capital. The Ministry of Environment has been striving to improve the laboratories in accordance with the Law Concerning the Control of Water Contamination. These efforts, however, has been unsuccessful.

The Ministry of Environment plans to utilize these laboratories in the near future as sites where college students concerned can practice water quality analysis. The laboratory of the water treatment plant of Sihanoukville, which was constructed by the Soviet Union, has modern facilities and is sufficiently large, but has become deteriorated through lack of use. These laboratories are worth drawing attention to because they might become core facilities for environmental measurement in Cambodia.

1-5 The achievements and trends of assistance from multilateral and bilateral donors

Assistance in the management of the environment is classified into three fields: i) the management of the environment, including forest resources, aquatic resources, and biodiversity, ii) the management of living conditions, including waterworks, sewers, and solid waste management, and iii) environmental administration. These are shown in Table 7-6.

The focus of assistance in environmental management is placed on forest conservation and the water supply for the capital. The number of projects for forest conservation has been increasing, partly because forest conservation has been adopted as an important issue at the conferences of donor countries since 1999. Specifically, assistance has been provided for the monitoring of illegal felling, the formulation of the forest management law, and improvement of the system of timber extraction.

The priority related to assistance for water supply has been given to the rehabilitation of the waterworks in the capital. Japan, the World Bank, France and the Asian Development Bank have been providing assistance for this waterworks. Japan has constructed an intake tower gate and water pipes between the Sap River and the Pump Reck Water Treatment Plant, rehabilitated the operation of the water treatment plant, begun to supply from a water tower,⁴⁹ and renewed the main distribution pipes.⁵⁰ As a result, water has become clean and sterilized at the outlet of the water treatment plant at least. In addition, the pressure and quality of water within the renewed distribution pipes and in the periphery of the water tower have been greatly improved.⁵¹ The plan for the expansion of the Pump Reck Water Treatment Plant has been implemented with the assistance of Japan. When the plan has been accomplished, running water will be supplied to almost all the citizens of the capital.

Donors and NGOs have developed the supply of drinking water in cities other than the capital and rural districts since the second half of the 1980s. These developments have been promoted through projects for well sinking on both large and small scales. UNICEF and NGOs have played leading roles in rural areas. Japan has carried out a development study concerning water supply and groundwater in southern provinces and Siem Reap City, which is an international sightseeing city with Angkor Wat in its suburbs. The Asian Development Bank has implemented projects for waterworks, sewers and sanitation in Sihanoukville and other local cities since 1999.

The Asian Development Bank surveyed the drainage and sanitary situation in the capital for their improvement. It is reported that the World Bank plans to improve drainpipes and sewage treatment in a limited number of districts of the capital.⁵²

France once provided waste collection vehicles for Phnom Penh. Phnom Penh municipality has requested assistance from Japan over three years in the formulation of mid- and long-term plans for waste management and in the relocation of the final disposal site in Stung Mean Chey. The Ministry of Health and Welfare, the

⁴⁹ The water tower stands beside the Olympic Stadium in the capital. Although the tower was constructed in the 1960s by France, it had not supplied water until the rehabilitation.

⁵⁰ Based on the fact-finding mission and water quality inspection by one of the authors, and Keiko YAMAMOTO (2000).

⁵¹ Water supply has not improved yet in the peripheral parts of the piping system. Water is sometimes supplied intermittently or ceases to be supplied at the end of the system.

⁵² Information obtained on a visit to Phnom Penh in December 2000.

Table 7-6 Assistance in Environmental Management Provided by Japan and Other Donors

	Japan	Other donors
The improvement of living environment	<ul style="list-style-type: none"> • Phnom Penh waterworks master plan (grant aid) • Secondary Phnom Penh waterworks master plan (grant aid) • Study on Drainage and Flood Control for the Municipality of Phnom Penh in the Kingdom of Cambodia (development study) • Study on groundwater development plan in Southern Cambodia (development study) • Study on water supply system for Siem Reap region in Cambodia (development study) • Short-term individual experts Waterworks (sanitary engineering, public health and the environment) 1991 • Short-term individual experts Urban planning two experts 1994 • Short-term individual experts Urban administration two experts 1998 • Short-term individual experts Management of water supply one expert 1999 • Short-term individual experts Management of water supply one expert 2000 • Japan Overseas Cooperation Volunteers Water quality analysis one expert 2000 	<ul style="list-style-type: none"> • Cambodia - Urban water supply project (World Bank) • Phnom Penh water supply (Asian Development Bank) • Rural water supply and sanitation Development (Asian Development Bank) • Phnom Penh drainage, sanitation improvements (Asian Development Bank) • Provision of solid waste collection vehicles for Phnom Penh (France)
Management of the natural environment	<ul style="list-style-type: none"> • Short-term individual experts Forestation two experts 1999 • Short-term individual experts Forest conservation policy one expert 1998 • Long-term individual experts Forest resource conservation one advisor 1999 • Long-term individual experts Aquatic resources one expert 2000 • Long-term individual experts Fishery systems one expert 2000 	<ul style="list-style-type: none"> • Forest resources monitoring in the Mekong River basin (GTZ, Mekong Committee) • Sustainable forest management, including felling concession appraisal (Asian Development Bank) • Formulation of the forest management law (Asian Development Bank, FAO) • Monitoring reports on forest crimes (FAO, UK, Australia, UNDP) • Aquatic resources management (DANIDA) • Natural resources management of Tonle Sap Lake (FAO)
Environmental administration	<ul style="list-style-type: none"> • Long-term individual experts Environmental resource management one advisor 1999 	<ul style="list-style-type: none"> • Formulation of an environmental action plan (UNDP, World Bank) • Formulation of the law on environmental protection and natural resources management (UNDP) • Environmental impact assessment, water quality conservation (Asian Development Bank) • Management of Tonle Sap Lake (UNESCO) • Assistance for national parks (UNDP, WWF, EC)

Sources: Original

predecessor of the Ministry of Health, Labor and Welfare of Japan, dispatched short-term experts in October 2000. In addition, some groups of Japanese companies have started operations concerning a new final disposal site and waste incineration.⁵³

UNDP, the Asian Development Bank and other donor organizations assisted in preparing environmental white papers, formulating national environmental action plans, formulating environmental basic laws, and implementing environmental impact assessments to reinforce the organizational functions of the Ministry of Environment from 1994 to 1998.

2. Main issues

2-1 Natural environment

2-1-1 Issues related to forest resources

Illegal felling has been accelerated since 1993 when Cambodia rejoined the international community through the general election. Urged by the possibility that forest resources in Cambodia would be depleted in several years, Global Witness and other NGOs raised international awareness in order to change Cambodian policies concerning forest resources.

⁵³ Ibid

In response, donor countries and organizations requested the Cambodian government to improve policies concerning forest resources in exchange for their assistance. Consequently, as discussed above, the Prime Minister Hun Sen became committed to tightening controls over illegal felling and improving policies concerning forest resources in January 1999. The donor countries and organizations have been monitoring the conditions for any improvement since February 1999. UK, Australia, UNDP and FAO implemented a project for reporting the results of the monitoring of illegal felling during the period 1999 and 2000. Global Witness participated in the project as a monitoring group. At the end of 1998, many donors considered that the change in policies for forest resources and the control of illegal felling, in particular, were impossible. Conditions regarding forest issues, however, have rapidly improved, and donor countries, organizations and NGOs evaluated highly the efforts of the Cambodian government at the conference held among donors in 2000. This is an example where international opinion and assistance policies have led to the promotion of good governance in a developing country.

Future issues include the establishment and operation of a sustainable and transparent system of felling concessions, the amendment of the Law on Forest Management that serves as the basis of policies for forest resources, the organizational operations of the Department of Forestry, the promotion of forestry by communities, and forestation. In actuality, assistance projects have already begun in response to these issues.

2-1-2 Issues related to fishery resources

In the same way as in the case of forest management, amendment of the Law on Fishery Management and reform of the fishing rights system are required. The concessions for felling in floodwater forests, which are under the jurisdiction of the Department of Fishery, are closely related to the forestry system reform in progress. There are some problems in the fishery field similar to the forestry field, including that the inadequate fishery statistics do not reflect the actual state of the fisheries, and that illegal fishing and overfishing, such as fishing with dynamite, are hardly regulated.

Since international awareness is directed at forest issues, assistance from donor countries has been insuffi-

cient in the fishery field, which has resulted in a delay in the reform of the fishery system. Since poor people depend on fish for protein through fishing themselves, assistance in the fishery field is urgently required as a means to alleviate poverty.

2-1-3 Issues related to biodiversity

During the long civil war, plants, animals, birds, reptiles and amphibians were not studied systematically, including their habitats, but disordered development was less serious in Cambodia than in the surrounding countries. However, in line with the increase in felling, including illegal felling since 1992, there has been a decline in the habitat for endangered species. Poaching of endangered species, the export of which is prohibited by the Convention on International Trade in Endangered Species of Flora and Fauna (CITES or Washington Convention), has increased, and they have been exported to Thailand and other countries. Recently, permission for felling in the Cardamom Mountains was canceled based on an understanding of the importance of its biodiversity after a study as made of the mountains.

The priority is not given to policies for the protection of biodiversity but to policies for poverty reduction and the preparation of infrastructure. There is therefore hardly any national budget allocated in this field, so Cambodia depends on assistance from donor countries for funds and technology. For example, even though the government designates national parks, the protection and management of the parks are not functioning. The government works only when donor countries and organizations extend assistance to it.

2-1-4 Issues related to Tonle Sap Lake

According to elderly people, many crocodiles inhabited Tonle Sap Lake in the past, so that when people sailed on the lake, they beat drums to turn away the crocodiles, and when people were in a boat on a calm lake and tapped the side of the boat, fish jumped into the boat. The lake has certainly lost such richness.

From the environmental perspective, the most serious problem for Tonle Sap Lake is the disordered development of its basin. The forest, including inundation forest,⁵⁴ has been indiscriminately cut, which has resulted in the expansion of housing sites along the coast, and an

⁵⁴ The study concerning the decline in inundation forests surrounding Tonle Sap Lake is unavailable. It can be estimated, however, that the inundation forests have decreased by half over the past 30 years, based on Table 7-1.

increase in bare land and scrub. A large amount of earth and sand has flowed into the lake through rivers within the basin, raising the turbidity of the lake, increasing the sedimentation, and thus making the lake shallower. Boats have had difficulty in navigating and it has been difficult to maintain the species and numbers of aquatic life, including waterfowl.⁵⁵

The second most serious problem is the influx of household wastewater due to the expansion of housing sites in Siem Reap City, Battambang City and other urban districts surrounding the lake. In addition, eutrophication has become serious due to the increase in the number of fenced aquaculture sites in the lake and excessive feeding of fish.

The third most serious problem is the lack of an intergovernmental organization responsible for the management of Tonle Sap Lake and the absence of comprehensive plans for its utilization and conservation.

There are different views on the sedimentation and the harvesting of fish. Accurate judgment of the situation is required based on immediate and adequate studies.

2-2 Living environment

2-2-1 Issues related to drinking water

All sources of drinking water, including surface water and underground water, are contaminated with coliform bacteria, and therefore unsuitable for drinking as it is. Providing a solution to this is the most important issue with regard to drinking water. In addition, the problems of tap water include a large quantity of suspended matters, and old and dilapidated water treatment plants and distribution pipes. In order to maintain the

good quality of rainwater, storage pots must be kept clean. River water has a high level of turbidity. Pond water contains a large quantity of organic substances. Groundwater is clean in many cases, but often contains dissolved substances that make it unsuitable for drinking.

2-2-2 Issues related to household and industrial wastewater

The quite low rate of toilet installation adversely affects the sanitary conditions of dwelling areas. Cambodian toilets are a kind of flush toilet, but feces, urine and washing water go into the earth under the ground. While Cambodian toilets cause this wastewater to diffuse into the environment, Japanese pit latrines do not.⁵⁶ Cambodian toilets also cause a deterioration in the sanitary conditions of dwelling areas through contamination of the soil, groundwater and surface water.

All household wastewater other than feces and urine is discharged without treatment in both urban and rural districts.⁵⁷ In urban districts, wastewater is discharged from offices and factories in addition to households. Industrial effluent has been increasing in type and quantity along with the rehabilitation of industry, and almost all of it is discharged without treatment. All the wastewater from households, offices and industries contaminates drinking water and water for daily living. In the monsoon season, rainwater is added to the wastewater. In cities, in the same way as for waterworks, sewers that were constructed before 1970 have become very dilapidated, including breakages and blockages that lower the capacity of the flow. In the monsoon season, in particular, rainwater cannot drain away properly and cities are often flooded. The treatment of household and indus-

⁵⁵ In this connection, there is a problem concerning the Battambang River. The river flows through Battambang City, which is the second largest city in Cambodia and is located in western part of the country. A large amount of soil generated by ruby mining around Pailin flow into the river, turning the river yellow. The intake of river water for tap water of the city is in a critical condition. This is based on the report of the Cambodian Office of JICA in 1997. The authors surveyed the site in May 2000.

⁵⁶ Middle-aged and elderly people know that Japanese pit latrines were a source of flies, but feces and urine were stored in the tank, so that contamination was limited to within the tank. Along with the diffusion of Johkaso, or on-site feces and urine treatment facilities, in the period of high economic growth of Japan, the contamination of river water begun. Almost all of them were only for the treatment of feces and urine and excluded other household wastewater from the kitchen, laundry room, bathroom, and so forth until recently.

⁵⁷ In Japan, the household wastewater of 56% population is treated together with feces and urine at wastewater treatment plants under the jurisdiction of several Ministries. The household wastewater of the remaining 44% is discharged without treatment. Of the remaining 44% of the population, 22% use pit latrines, and their feces and urine are extracted from the latrines and treated at night soil treatment plants. The other 22% of the population use on-site feces and urine treatment facilities. The purification of the facilities is inefficient, so that effluent is discharged almost as influent is, as of the end of March 1997. As a result, approximately 40% of household wastewater is discharged without treatment and there are also many unsolved problems concerning sewage and other wastes in Japan. It is necessary to consider the problems of developing countries in light of this state of Japan.

trial wastewater is required, including feces and urine.

2-2-3 Issues related to solid waste

Individuals throw waste away in public spaces without hesitation, while municipalities cannot collect all the waste. Waste is therefore observed everywhere in towns. The functions of a waste disposal site are limited to receiving waste and open burning of the waste. Smoke damage, the generation of dioxins and water contamination caused by infiltration into water systems surrounding the disposal sites are everyday incidents, threatening the health of waste pickers and people who live in the vicinity of the sites.

The disposal of solid waste generated from industries is hardly regulated. Medical waste is, in particular, problematic. The Sub-decree on Solid Waste Management specifies the categories of hazardous waste, but does not specify regulations on quantity. In addition, hazardous waste may be brought into Cambodia from foreign countries again in future.

2-2-4 Issues related to air pollution

The supply of public electricity needs to be increased, while the use of privately owned power generators needs to be regulated. Gas emissions also needs to be regulated. In addition, the use of recycled gasoline and alternatives to gasoline, and hazardous additives, including lead, should be regulated. Concurrently with the tightening of the regulations, the Sub-decree on Air Pollution and Noise Control must be effectively enforced.

2-2-5 Issues related to chemical pollution

There are signs of pollution caused by hazardous chemicals in the capital as a result of human activities. In general, in urban and suburban districts in Cambodia, wastewater flows into their surrounding wetlands. Vegetables and fish grow in the wetlands, taking in organic pollutants as nutrition. These vegetables and fish are sold in cities and eaten by citizens. Thus, a small food chain is established. Currently, chemical pollution remains only in traces, but hazardous chemical substances may infiltrate into this food chain in the near future as industrial activities expand. On the other hand, in areas other than urban districts, there is no sign of chemical pollution in relation to fish, shellfish and birds. These

conditions need to be maintained. DDT, however, has been detected in freshwater fish and resident birds, which has raised concern over the excessive use of agricultural chemicals in the suburbs. The government must establish a monitoring system.

Since most manufacturing industries use chemicals to some extent, environmental impact assessment must be undertaken in the planning phase of plant construction. In addition, business operators are required to manage plants in environmentally sound conditions and provide occupational health and safety services for workers. This should also apply to foreign companies that establish businesses in Cambodia.

2-2-6 Issues related to environmental awareness and education

Public sanitation awareness must be enhanced, including refraining from defecation and urination where there is no toilet, the construction and use of toilets, washing the hands with clean water after using toilets, and keeping public areas in towns clean. In order to achieve this, children must be thoroughly educated in hygiene at primary and secondary school, and adults should be provided with information through active use of the media.

Environmental education should be provided at primary and secondary school in order that children can understand the relationship between the environment and people from a broad perspective. Furthermore, institutions of higher education need to train professionals to monitor and assess environmental quality, as well as to formulate measures for environmental management.

2-3 Issues related to the central government

Firstly, although laws have been established, there is clearly a lack of sufficient organization, human resources, funds, equipment and materials for effective enforcement of the laws. In addition, the enforcement systems within the Ministries concerned with the environment have not been established yet, which is an urgent issue to overcome. In the case of the Ministry of Environment, the Sub-decree on Water Pollution Control has been established, but it obliges only certain factories to be monitored and the inspection covers only basic items, which cannot satisfy the purpose of the Law. There is little equipment and there are few re-

agents available to measure items regulated by the Law. There are no funds to buy them either. To make matters worse, there are few skilled analysts, instructors for analysis, companies that repair the equipment and supply consumables, or companies that supply the reagents.⁵⁸

Secondly, the capacity of human resources is low. The number of people in the second half of their forties or older in the prime of life is abnormally small due to the serious decimation of the population in the 1970s, which has resulted in increasing the instability of Cambodian society. Even the central government is not excluded from this situation. The quality of higher education has not been restored, and therefore, the staff members of the central government who graduated from such institutions of higher education are not fully qualified. In addition, the number of the staff members is not so high.

Thirdly, the assignment of human resources is inappropriate, and in addition, coordination and cooperation between senior staff is insufficient. Primarily, there are few experts in each Ministry. Most staff members of the Ministry of Environment, for example, have studied forestry, fishery, construction, and law. There are no environmental experts. In the second place, the capabilities of the members are limited, as stated above, so that they lack practical knowledge of the required operations. As a result, many Ministries are organizationally ineffective.

Fourthly, staff members cannot dedicate themselves to their services. This is a vital issue. They need side jobs to supplement the low salaries, which have stayed at twenty dollars per month for five years. Staff members other than senior members disappear soon after they arrive at work. Improved working conditions must be urgently established through the payment of salaries that meet their living expenses.

3. Direction of development based on the experience of Japan and other countries

3-1 Basic perspectives: sociopolitics of environmental issues

Technology has an important role in the generation of hazardous pollutants and its resultant disruption of the

natural environment and damage to human health. It is, however, insufficiently understood that the society itself and its management have great importance for environmental pollution and health damage since these were caused by human activities. In other words, not only technology but also sociology, politics and economics each has an important role in causing environmental pollution and the resultant health hazards.

In Japan, pollution frequently caused serious health damage from the late 1950s through to the late 1960s, in the prefectures such as Kumamoto and Niigata (Minamata disease), Mie (Yokkaichi asthma), and Toyama (Itai-itai disease). In those days, Japan was emerging from the status of a developing country. The infant mortality rate is well known as an index of the development of a country or as an index of the health status of a society, and it was at 40 to 1000 births in 1955. There were distortions and conflicts resulted from the transition from a society where primary industry was dominant to a society in which more advanced industry is thriving. These distortions and conflicts, together with the structural deficiencies of Japanese society, placed a considerable burden on vulnerable people, who were the main ones to suffer from these diseases. These pollution incidents provide valuable lessons in foreseeing the future relationship between development and the environment in developing countries.

3-1-1 Poverty and insufficient infrastructure aggravate the damage

Minamata disease, which is representative one of Japan's foremost pollution-induced diseases, was caused by methyl mercury. Inorganic mercury had been used as a catalyzer at an acetaldehyde plant in the Minamata Factory of the Chisso Fertilizer Corporation. Methylmercury compounds were produced as chemical by-products in the process and discharged into Minamata Bay. Fish and shellfish in the Bay became contaminated with the methyl mercury, and fishermen and their families were afflicted with Minamata disease through eating the fish and shellfish.

However, if the circumstances had been so simple, Minamata disease could have been prevented through the prohibition of fishing in the polluted waters and the transportation of safe fish and shellfish to the people in

⁵⁸ JICA is dispatching Mr. Hiroshi NISHINOMIYA of the Ministry of the Environment as an advisor to the Cambodian Minister to strengthen the enforcement system. He is scheduled to stay for three years.

polluted area. The implementation of these measures, however, required an appropriate infrastructure, which Minamata City lacked at the time.

The people who were engaged in fishing needed to be compensated for their loss of livelihood due to the prohibition on fishing. The central and prefectural governments did not control fishing at the early stage of the incidence of the disease. Only the local fishermen's association voluntarily controlled fishing. The fishermen in Minamata became unable to sell their fish and shellfish catches, and as a result had difficulties in living and were faced with no alternative but to eat the fish and shellfish they had caught themselves. The damage was thus compounded and became more serious. Japan was not sufficiently rich to enable the central and prefectural governments to allocate public funds to compensate the fishermen in the second half of the 1950s.

Currently, it is not difficult to transport safe fish and shellfish to people in a polluted area, since roads and railways have been established, refrigerator and freezer trucks and railcars are available to transport them, refrigeration and freezing works have been established to store them, and municipalities are prepared for cooperation in emergencies. In those days, however, it was very difficult to safely transport and store fish and shellfish for consumption even in Minamata itself. Even if the physical infrastructure had been established, the fishermen could not have bought safe supplies of fish because they could not obtain an income through selling their own fish catch. In addition, the Shiranui Sea, or Minamata Bay, which extended before them, was abundant in fish. There seemed to be no reason for the fishermen not to catch the fish to feed their own families.

At the end of June 2000, nearly 80 people were poisoned by freshwater blowfish and seven people died in Siem Reap Province in Cambodia. It took nearly one month to identify the cause even though international information systems were fully utilized, including ProMedmail⁵⁹ and PubMed.⁶⁰ The reasons for this delay were the inability to fully grasp the situation and the symptoms of poisoning due to the lack of physicians to make an accurate diagnosis, and the lack of all the physical conditions necessary for risk management in emergencies, including overcoming the blocking of transportation and the suspension of telephones and facsimiles due to serious flooding in the region in the vi-

cinity of the area concerned.

3-1-2 Manmade disruption and pollution of the environment adversely affect daily living that depends on the diversity and abundance of nature

In the 1950s, fishermen in Minamata exchanged fish and shellfish for rice and vegetables, and shared food and commodities with relatives and among the neighbors. Children gathered shellfish on the beach to eat with their families. Before mercury contamination, their means of living outside the monetary economy was richness itself, which it is now difficult to imagine since people are so used to modern lifestyles.

The mercury contamination of the Shiranui Sea drastically disrupted the lives of the area's inhabitants. This parallels the fate of the Japanese Crested Ibis, which has been brought to the verge of extinction by being deprived of its natural habitat. Uncontrolled development of the areas and excessive use of agrochemicals contaminated their habitats and food chain. In recent years, nature has been transformed for the purpose of mass production based on monoculture to increase yields and profits. Since biodiversity involves sensitive interrelationships among species, this transformation has disrupted stability, and resulted in a decline in the number of species or genetic resources. This pattern of environmental disruption can be observed throughout the world, and Cambodia is no exception.

3-1-3 Discrimination worsens the situation for the victims

The Minamata disease reflected the social and economic position of the fishermen and their families concerned. Many citizens of Minamata City were related in some way to Chisso Corporation, whose operations were the source of the contamination. For example, a number of Minamata citizens got jobs in the Chisso Minamata Factory, and more than 60% of the revenue from property taxes for Minamata City was derived from the Chisso Minamata Factory in FY 1953. In contrast to this, the socioeconomic position of the fishery and fishermen was very low. In addition, discrimination against the fishermen and their families became worse

⁵⁹ <http://osi.oracle.com:8080/promed/promed.home>

⁶⁰ <http://www.ncbi.nlm.nih.gov/PubMed/>

based on the fact that many of them came from Amakusa, which was poorer than Minamata.⁶¹ Claims for compensation for health damage and applications for the designation of victims as Minamata disease patients were regarded as actions to cause Chisso to collapse. Victims of the disease and their families faced obstructions in finding marriage partners and jobs.

When faced with a crisis such as the Minamata disease, Japanese communities have survived since the Edo period (1603-1867) by abandoning minorities and vulnerable people. Basically, this strategy for survival was led by the upper structures of society. Conflicts have also repeatedly arisen between the minorities and vulnerable groups themselves, thus resulting in socioeconomic breakdown for all those involved.

Cambodia consists of various ethnic groups that have different religious and cultural backgrounds. Many fishermen belong to Vietnamese groups. In the nation, which has not yet recovered from a state of exhaustion after the long period of civil war, there is thus the strong possibility that social, political and economic discrimination will occur if an incident such as Minamata disease emerges.

3-1-4 Disparities in access to information increases the damage

Food poisoning occurred in Iraq from the end of 1972 through 1973. Farmers who could not earn money to buy bread instead ate wheat for sowing that was treated with methylmercury fungicide. Nearly 6,000 residents were hospitalized and 500 of them died. These figures are limited to the numbers of hospitalized patients. Some estimates indicate that the number of victims was ten times higher.

The farmers knew that the wheat was toxic. They then fed the wheat firstly to chickens, but the chickens did not die. Later they also ate the wheat after grinding it. The farmers did not know that the true character of the methylmercury's toxicity is chronic. They therefore continued to eat the wheat until neurological signs and symptoms appeared. They knew about the toxicity, but it was too late.

This incident reveals that insufficient information is dangerous. At this time, the toxicity of methylmercury compounds had already been fully proven scientifically. If the farmers had been better informed of its toxicity,

they would never have eaten the toxic wheat.

In the Minamata incident, information was manipulated to mislead people who wanted to obtain accurate information. Information without scientific evidence was provided, including that the cause of the incident was explosives discarded by the former Japanese Navy, and that the cause was toxic amines from rotten fish. The Research Group of the Faculty of Medicine, Kumamoto University concluded that an organomercurial was the cause of Minamata disease through long and earnest efforts, and internal experiments by Chisso Corporation itself showed results that supported the conclusion of Kumamoto University. This fact, however, was concealed while compensation was arranged between Chisso and the victims and their families. Subsequently, the damage continued to expand.

These facts indicate that accurate information is important and that who has access to information is also important. In addition, even if scientists are able to obtain accurate information, the information is useless if the people who need the information have no access to it, cannot understand it, or cannot take action based on it.

3-2 Specific directions for development

As a result of the more than 25 years of civil war, nature that had been inherited and the society that had been built up in Cambodia over a long period became exhausted and disrupted so seriously that Cambodia has not yet reached the point at which it can recover by itself. This is the reason for its need for assistance from developed countries. Any assistance, however, must be extended in consideration of the environmental conditions, that is, assistance should be implemented with minimal environmental impact.

In the environmental field, developed countries should assist Cambodia until it can deal with environmental problems by itself. This assistance should extend to repair work and new construction in terms of both intellectual and physical resources. The following are the specific directions for this development, based on the study discussed above.

The first priority for assistance needs to be given to waterworks, sewerage, and waste management that are the basis of a healthy life.

The second priority for assistance should be to nature

⁶¹ Ishimure, M. (1969).

conservation that is necessary for maintaining and enhancing living systems, including human beings. The first priority replaces the second priority in comparison with the order in the discussion above. It is considered to be appropriate that the living conditions of human beings should precede the conservation of nature since Cambodia has not yet overcome its critical state.

The third priority for assistance should be reinforcement of the system for enforcing laws and regulations in environmental administration.

The fourth priority for assistance should be to raising awareness concerning public health and environmental conservation. Assistance also needs to be extended to environmental education at primary and secondary schools and training experts through higher education.

3-2-1 Water supply, sewerage and solid waste management

(1) Water supply

Firstly, waterworks, including water treatment plants and pipelines, need to be repaired, renewed, and newly constructed in the main cities. In the capital, Japan has been cooperating in the construction of an additional water treatment plant, which should be further promoted. This repair and renewal is also required for the peripheral and terminal parts of the distribution network that have already constructed. The expansion of water service areas must be planned in accordance with the growth in the population and the expansion of urban areas.

The same assistance as that provided in the capital should be urgently extended to the waterworks of Battambang City, where little assistance has been available but where the organizational basis is sound. Forests have been increasingly denuded in the river basin that provides a water source to the City. As a result, the degree of suspended solids of raw water has risen rapidly, which has caused a serious problem. Water service charges are substantially higher in this City. Donors should not abstain from extending assistance due to the high charge.

Secondly, repair and renewal of waterworks are required in provincial capitals other than Battambang. The waterworks of the provincial capitals were constructed before the 1950s and 1960s. European and US NGOs, including SAWA, repaired them to a basic level

of operation in order to resume services during and after the Heng Samrin regime. Most of the provincial capitals have only maintained the work of these NGOs. Without repair or renewal, the waterworks will cease functioning and be abandoned sooner or later.

The provincial capitals are not so large, except for Battambang City. The capacity of all the waterworks of the provincial capitals other than Battambang is in fact very small. The service coverage is 25% at the most, and in many cities the coverage is 10% or less. (Refer to the second and third columns of Table 7-4.) Since the improvement of the functions of waterworks in local cities will be essential in future, waterworks should be planned to supply water for all the citizens in the provincial capitals. A master plan should be formulated first from a nationwide perspective, and based on this, construction needs to begin in several provincial capitals.

Thirdly, technology transfer is also required for the construction and maintenance of waterworks. Specifically, the technology that is required is for the management of waterworks, the repair and construction of pipelines, and the construction and maintenance of water treatment plants in cities other than the national capital. Chlorine for disinfection, coagulants, electricity, petroleum, and the materials for water pipes need to be provided under efficient management, for which assistance is needed as soon as possible.

Fourthly, assistance needs to be extended to enable Cambodia to develop the technology to ensure clean and safe drinking water in farming and fishing villages. Water purification units for use in each community and water purifiers for use in each household should be developed. It is recommended that the slow filters that were previously used in Japan be remodeled to provide water purification units. It is also recommended that the water purifiers that were used in Japan up to the 1950s be remodeled. They should be remodeled to suit to the current living conditions in Cambodian rural areas. The Japanese model of water purifier consisted of a barrel of approximately eighteen liters filled with the fibers of palm trees, sand and charcoal.

(2) Sewerage and industrial wastewater

Firstly, assistance needs to be provided for the time being to improve the current types of toilet and increase their use. Since the current type of toilet allows the dif-

fusion of contaminants, they need to be changed to closed systems. It is recommended that individual toilets should be equipped either with a tank from which feces and urine can be collected to be treated at treatment plants,⁶² or the toilets should have a tank in which organic materials such as rice straw and dry grass can be laid to absorb feces and urine to make compost. Since the current types of toilets are still effective in maintaining public health if they are installed taking into account the surrounding sanitary conditions, the installation of such toilets should be obligatory, and at the same time, the system of subsidies and provision of materials needs to be improved.

Secondly, assistance needs to be provided for the renewal and construction of sewerage and the construction of sewage treatment plants. Since the capital and Battambang and some other cities are densely populated, they require sewage treatment systems that combine sewers and sewage treatment plants in the same way as those of developed countries. In the capital, the repair and renewal of sewers is required. Since most of the sewers are seriously damaged, they will have to be renewed. However, since the flow of wastewater is under control to some extent even at present, sewage treatment plants should be constructed before the repair and renewal of sewers has been accomplished. The same applies to Battambang.

Thirdly, assistance needs to be provided for the development of on-site treatment facilities for the use of communities and each household. In recent years in Japan, people have been obliged to install combined type private sewage treatment systems that treat both night soil and other household wastewater, when they install private sewage treatment systems. In China, there has recently been an attempt to install treatment facilities of this type. It is recommended that the treatment facilities of this type be developed in accordance with the conditions in Cambodia in order to apply them in areas other than large cities.

Fourthly, assistance needs to be provided for the validation of regulations on industrial wastewater and the establishment of regulations on the location of factories.

Although the Sub-decree on Water Pollution Control sets effluent standards, the Ministry of Environment has been unable to establish a monitoring and guidance system. Assistance should be provided for the immediate establishment of such a system. It can be considered that in the first place, sewers in cities ought to be improved and then wastewater containing hazardous substances can be discharged into the sewers. Such a claim, however, should not be adopted. In principle, wastewater should be treated using microorganisms. The difference between industrial effluent and household wastewater is that industrial effluent contains a large proportion of hazardous substances, which microorganisms cannot break down. Companies that discharge industrial effluent should be required to treat it based on the polluter pays principle (PPP).⁶³ In this connection, Japan has considerable experience, so assistance should be extended to bolster the required human resources capacity.

(3) Solid waste

Firstly, the collection and disposal systems for waste in large cities need to be rehabilitated or established. In order to accomplish this, policies for waste management must be formulated and implemented.

Secondly, waste disposal sites need to be restored to turn them into sites with minimal environmental impact and more of such low environmental impact sites need to be constructed. Professor Kunitoshi SAKURAI of Okinawa University introduced the fact that Professor MATSUFUJI of Fukuoka University improved a waste disposal site in Butterworth, which is opposite Penang Island in Malaysia, through technical guidance using local materials.⁶⁴ At the site, waste had always been burning, so that the smoke hindered visibility. Such improved practices should be introduced into Cambodia.

Thirdly, immediate measures need to be taken to prohibit the repeated use of medical instruments, including syringes, and to establish a system in which medical waste is disposed of separately from other waste. Medi-

⁶² Pit latrines are less comfortable to use than flush toilets, but they are superior in that they have less environmental impact and the treatment system is compact.

⁶³ In Japan in the 1970s, when sewers were being constructed, some researchers and citizens asserted that industrial effluent should not be discharged into sewers. The movement to oppose the discharge of industrial effluent into sewers intensified in various places throughout Japan, which is a fact that is not well known to the public. As a result, although the Sewerage Law stipulated that industrial effluent could be discharged into sewers, local governments hesitated to allow such discharges. Thus the use of urban sewerage as a means to dilute industrial effluent with household effluent is avoided.

⁶⁴ Kunitoshi SAKURAI (1999) pp.73-82.

cal waste must be completely incinerated. The generation of dioxins is inevitable in the course of medical waste incineration, but measures for the gradual reduction of dioxin can be taken. Physical assistance and assistance for human resources development are required in this field.

Fourthly, the enforcement of the Law Concerning Solid Waste Management needs to be improved. To achieve this, assistance needs to be extended for i) the development of measures to implement regulations on hazardous waste at the point of discharge by companies, ii) determination of the appropriate technology for waste disposal, and iii) the establishment of specification standards for such technology.⁶⁵

Lastly, health checks are urgently required for people who live in the vicinity of the waste disposal sites. There is an urgent need to find out the actual state of the relationship between the quantity of dioxin and physical abnormalities among the inhabitants, together with epidemiological studies.

3-2-2 The natural environment

Firstly, the actual state of the environment must be accurately analyzed. There is little scientific information on the present state with regard to the protection of forests, the protection of fishery resources, the protection of biodiversity, and Tonle Sap Lake. As a result, the assessment of actual conditions and the formulation of policies depend to some extent on the experience and subjective views of the persons concerned.

Specific and detailed surveys are required on a regular basis with regard to the species, their distribution, their numbers, and trends in the increase or decrease of forest resources, fishery resources, and flora and fauna. As for forest resources, the present state of trees as well as the felling of trees must be accurately assessed, and the flows and stocks of timber must be precisely analyzed on a regular basis. As for fishery resources, the stocks and harvest levels of fish and shellfish must be monitored accurately, based on which the relationship between the volume of stocks and the catch must be discussed. As for flora and fauna, inventories need to be prepared urgently.

Secondly, production must be under control in for-

estry and fishery, including forestation and aquaculture. Water contamination caused by fishery must be controlled. Developed countries and international organizations should provide the technology and human resources required to achieve this control.

Thirdly, strict protection must be given to rare species of animals and plants. Based on the surveys discussed first, more assistance should be provided for the protection of the endangered animals indicated in Table 7-3, river dolphins, which are discussed in 1-2-3 (1), and crocodiles in the Tonle Sap Lake in particular.

Fourthly, the actual state of ecosystems that are vulnerable to change through human activities must be assessed and protected. Specifically, the ecology and function of forests in inundation areas surrounding the Tonle Sap Lake and mangrove forests in coastal areas need to be clarified. Subsequently, strict protection needs to be given to these areas.

Lastly, the state of the relationship between human activities and nature in the basin of the Tonle Sap Lake must be clarified. Based on this clarification, a development plan needs to be formulated in order to achieve a balance between human activities and nature, which could be considered a Cambodian version of the Comprehensive Development Plan for Lake Biwa in Japan.

3-3 Environmental administration

Firstly, the most critical factor in bolstering the enforcement system will be the creation of conditions that enable public servants to devote themselves to their public service, that is, so that they can live on their income from public service alone.

Secondly, laws for the regulation of pollution need to be further improved. Since the environmental laws have been established on the model of European countries, the US and Japan, these laws have the same level of strictness as these countries. Cambodia, however, lacks the physical means and human resources to enforce such legal standards. The Law Concerning the Control of Water Contamination, for example, designates a list of hazardous waste, including agrochemicals and solvents, which is almost the same as that in developed countries. The law, however, is unenforceable since there are no means of measuring these. Therefore,

⁶⁵ In Japan, elution tests are carried out on the waste concerned to find out the content of hazardous substances. According to the results, the waste is classified into three types: waste to be dumped at inert landfill sites, waste to be dumped at controlled landfill sites, and waste to be dumped at strictly controlled landfill sites.

a simple and valid regulation system needs to be established in accordance with the actual conditions in Cambodia. Practical assistance should be provided to establish these.

Thirdly, education and training are needed to develop human resources. Programs need to be designed, including long- and short-term training in developed countries, long- and short-term technical cooperation through dispatching experts from developed countries to Cambodia, and regular training of every group within each Ministry.

3-4 Environmental education

The Cambodian public became angry over a mercury incident, in which mercury was transported into Sihanoukville without permission, and they often talk about the relationship between global warming and the uncontrolled and excessive felling of forests in Cambodia. This indicates that the Cambodian people have become aware of social and international issues. When the importance of nature conservation and public health is explained properly, Cambodian people can accept it relatively easily.

Thorough environmental education needs to be provided for children at primary and secondary schools. The active utilization of the media including TV and comics will be effective in raising the awareness of adults as well as children. Programs of environmental education need to be designed so that children can understand the relationship between the environment or ecology and human beings for each grade of primary and secondary education. In addition, higher education institutions need to be established in order to train professionals who can measure and assess environmental quality, and can formulate environmental measures.

4. Direction of Japan's assistance

4-1 Basic concept

The specific directions for development are discussed in 3-2. The basic perspectives for the determination of the directions are discussed in 3-1. The conclusion of

3-1 is that assistance should be extended through the utilization of Japan's hard experience. The following considers other important issues in relation to Japan's assistance.

Firstly, it is necessary to consider the requests from Cambodia. Quite a few requests are for the provision of equipment that is too complicated to handle and maintain. In the case of such requests, Japan must explain the reasons for declining or propose alternatives.

Secondly, based on a proper understanding of the difference in technological level between Japan and Cambodia, Japan should not provide advanced technology that Cambodia cannot handle.⁶⁶ It is recommended that techniques that require less energy and are easy to maintain be selected from among Japan's traditional techniques, with improvements to suit current conditions in Cambodia. For example, slow filtration of running water is recommended for water purification. This may also lead to technical innovation in Japan.

Thirdly, systematic technology must be in accordance with the conditions of the location where the technology is to be used. The forms and function of the technology should be determined by the natural and social conditions of the location. The technologies for waterworks, sewers, and waste management are examples. There is a significant difference between Japan's sewerage requirements and a sewerage system for a society where people wash their face with only one cup of water and can do without toilets.

Fourthly, maintenance is essential for any technology. Almost all facilities need continuous maintenance and logistics to ensure that they function properly. Assistance needs to be provided taking this into consideration.

4-2 The objectives of assistance

4-2-1 The repair, renewal and maintenance of waterworks

Assistance should be extended for the repair, renewal and maintenance of waterworks based on the first priority indicated in section 3-2 on the specific directions of development. Active assistance should begin with the

⁶⁶ In preparing the draft of this document, a Japanese questioned whether the word "provide" is appropriate. When the authors visited Cambodia in December 2000, they asked a senior staff member of a certain Cambodian Ministry what measuring equipment was necessary for environmental monitoring. The staff member answered that he wanted Japanese members to choose the best equipment because the Cambodian members did not know well due to a lack of experience. To "provide" is a reality, although the authors must pay sufficient attention to its expression. Ambiguous expression is not good.

waterworks of cities other than the capital, including Battambang first and then other provincial capitals, through a master plan that covers the whole country.

4-2-2 The construction of sewage treatment plants in the capital and Battambang

Subsequently, sewage treatment plants need to be constructed in the capital and Battambang. The treatment methods to be adopted must be low cost, low energy consuming and superior in purification capacity in accordance with the present conditions in Cambodia.

4-2-3 The construction of sanitary waste disposal sites

Waste disposal sites with minimal environmental impacts need to be constructed in accordance with a planned waste disposal system for the capital, Battambang and other cities. In the construction, the situation of waste pickers must be properly considered. In addition, urgent inspection of the impact on the health of people who live in the vicinity of existing waste disposal sites and the environmental impact of the sites is required, with the focus on inspection for dioxins.

4-2-4 Studies to prepare inventories of animals and plants

Based on the second priority indicated in section 3-2 on the specific directions of development, studies to prepare inventories of animals and plants and a comprehensive study on the Tonle Sap Lake should be implemented. The studies for inventories must be carried out cautiously since many land mines are left and security is not well assured in forest areas. While studies for inventories have been promoted in Vietnam and Laos after the long war, such studies have not been implemented yet in Cambodia.

4-2-5 Comprehensive study and development of Tonle Sap Lake

There are different views concerning Tonle Sap Lake, which were discussed above. In order to clarify the real state of the lake, natural conditions and human activities in the basin and the lake need to be studied. Based on

such a study, plans for the recovery and improvement of the environment and resources must be formulated and implemented. Large-scale assistance is required for the study and the formulation and implementation of the plan.

4-2-6 Assistance for the enforcement system of the Ministry of Environment

Based on the third priority indicated in section 3-2 on the specific directions of development, assistance should be extended to the Ministry of Environment so that the Ministry can strengthen its enforcement system. The Ministry has three laboratories with a total of 50 m² in area, including a general analysis room of 30 m², a biological laboratory of 20 m², and a chemical storage room of 10 m². The Ministry has been striving to ensure effective monitoring and regulation of operations through the introduction of measuring equipment in the laboratories and through the educational development of measuring experts. These efforts, however, have not succeeded yet due to the shortage of funds. The following three assistance issues therefore require attention.

- (i) Japanese experts will be dispatched and Cambodians will be invited for training so that the Cambodian staff members can acquire measurement techniques. Currently, this technical transfer is being implemented to a small extent by Yokohama City University and Niigata University.
- (ii) Japan will provide equipment and materials for analysis. For a certain period, Japan must continue to supply reagents and spare parts for repairs, while Cambodia must establish a means for the procurement of spare parts and reagents by itself. Some people argue that used equipment should be provided. This argument must be rejected since used equipment often becomes out of order, but the people and parts to repair it are rarely available. New robust and durable equipment must be provided.
- (iii) Facilities for the further utilization of the Internet will be provided for the Ministry of Environment. The current facilities are extremely poor. The establishment of a system that enables the Ministry to receive a quick response to questions, and advice on matters that it cannot deal with, will help to establish more effective and smoother operations, and reinforce its crisis management capability.

4-2-7 Environmental education and assistance to Japan's NGOs

Raising awareness of public health and environmental conservation is the fourth priority of section 3-2 on the specific directions of development. Since people need to change their thinking, it is appropriate for public awareness to be raised gradually through the activities of NGOs that have had long experience in Cambodia. These NGOs, therefore, will be assisted and encouraged in their activities in this field.

In order to develop human resources, assistance needs to be extended to the invitation of students for long- and short-term education and training, the establishment of institutions for higher environmental education in Cambodia, and the dispatch of experts to these institutions.

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Appendix

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia

Current conditions and problems in priority assistance area		Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Establishment of good governance and the improvement of physical infrastructure					
Establishment of good governance	<p>Collapse of the national state system</p> <ul style="list-style-type: none">• Precarious rule of law• Delays in the formulation and promulgation of laws (due to a shortage of competent personnel)• Delays in judicial reform (inadequacy of laws related to trials)• Inefficiency of the administration and insufficient financial capacity• Burden of military expenditures on finances• Spread of corruption• Security problems caused by the spread of weapons• Inadequate SSN• Increase in the number of socially vulnerable people, such as demobilized soldiers and redundant government employees	<p><Democratization></p> <ul style="list-style-type: none">• Holding of local elections• Establishment of access to information and freedom of speech• Grassroots activities by NGOs (promotion of civil society)• Establishment of the rule of law <p><Human rights></p> <ul style="list-style-type: none">• Establishment of laws protecting human rights and an independent and fair judicial system for enforcing them• Stricter planning and enforcement of government policies concerning respect for human rights• Support to NGOs that are promoting human rights <p><Legal system></p> <ul style="list-style-type: none">• Improvement of the legal system and promotion of judicial reform• Training of competent civil servants for preparing legislation, the administration, and the judiciary• Elimination of conflicts between faction and the development of political commitment• Aid coordination• Legal education and legal aid services	(1) Improvement of the legislative and judicial system	<ul style="list-style-type: none">• Japan should place importance on improving the legislative and judicial systems (including the civil code and the civil procedures code that Japan is cooperating to establish), training lawyers, and improving legal education and research, since the improvement of the legislative and judicial systems strengthens the protection of human rights and facilitates democratization.• Japan should place importance on the education for democratization to establish the rule of law and raise public awareness of human rights.• As international assistance has already been concentrated in this area, Japan should cooperate with other multilateral donors and donor countries and support NGOs in promoting human rights and democracy.	<ul style="list-style-type: none">• Legal assistance (including assistance in establishing basic laws, such as civil laws, and related laws; assistance in drafting a master plan covering the whole legal system; training of officials in charge of legislative affairs; training of lawyers and employees in charge of security and legal affairs; and support for legal aid services)• Assistance in protecting and extending human rights (including improvement of the police security system; strengthening of controls on small firearms; support for socially vulnerable people; and assistance in teaching about human rights)• Assistance in democratization (including assistance in establishing legal framework for elections and carrying out elections, including local ones; assistance in training journalists; and assistance in teaching about democracy)
			(2) Land titling and clarification of de facto cultivation rights	<ul style="list-style-type: none">• Japan should mainly support land reform efforts by the government while bearing in mind that clarification of de facto cultivation rights and land titling are very important in alleviating poverty.• As a first step in agricultural development, Japan should assess the de facto cultivation rights of farmers and the system of protecting them.	<ul style="list-style-type: none">• Incorporation of the protection of the cultivation rights of farmers into projects for developing farm villages
			(3) Promotion of administrative and fiscal reforms and demobilization	<ul style="list-style-type: none">• Japan should support the national program of administrative reform, under which the administrative bodies (including the national army) are being streamlined and the tax collection system is being strengthened to increase tax revenues.• It is necessary to establish a tax collection system and personnel (management) system for civil servants and to train competent civil servants for running the systems.• Japan should support the Cambodia Veterans Assistance Program since the program is important for maintaining peace and the achievement of sound finances. It is also necessary for Japan to assist in establishing SSN to help veterans to return to work.	<ul style="list-style-type: none">• Assistance in carrying out fiscal and administrative reforms (including assistance in reforming taxation and personnel systems; training of special and core members of civil servants; and assistance in improving the system of conveying laws and orders, such as promoting information disclosure and improving IT environment)• Assistance to demobilized soldiers to return to work under agricultural development projects

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area		Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Establishment of good governance and the improvement of physical infrastructure					
Establishment of good governance		<Administrative functions> <ul style="list-style-type: none"> • Eradication of corruption • Rationalization of the salary system for civil servants • Improvement of equipment and institutions (fair personnel management and taxation systems) • Training of competent personnel in the public sector • Decentralization • Strengthening of administrative capacity • Streamlining of administrative bodies 	(4) Strengthening of administrative capacity	<ul style="list-style-type: none"> • Japan should assist in establishing administration governed by laws (a neutral and fair administration not governed by individuals) to improve and strengthen effective and efficient governmental functions. • Japan should assist in improving the administrative capacity to deal with the above-mentioned legislation, improvement of the judicial system, land titling, clarification of de facto cultivation rights, administrative and financial reforms, and demobilization. • Japan should assist local governments in developing their administrative capacity since they play a vital role in the ongoing decentralization. Japan should also improve the capacity of its counterparts involved in development projects. 	<ul style="list-style-type: none"> • Assistance in raising legal awareness of civil servants (including the provision of advice and training to ministries; and assistance in enhancing courses on administrative law at administrative and law schools) • Assistance in promoting administrative procedures governed by laws (including assistance in establishing laws and regulations concerning administrative procedures; and the provision of advice to ministries concerning administrative procedures) • Assistance in improving the capacity of local governments (including the promotion of cooperation between commune representatives and NGOs; field surveys on systems for local government; and the provision of advice for the improvement of the central government's adjustment mechanisms concerning local administration) • Training of special and core members of the civil servants, assistance in introducing a national examination system, and the provision of long-term training for administrative officials, including practical training
			(5) Establishment of social safety nets (SSN)	<ul style="list-style-type: none"> • In the rural development program, including literacy education for farmers, vocational training (including support for demobilized soldiers to return to work), and welfare improvement (hygiene improvements), Japan should assist in establishing safety nets, taking into consideration the vulnerability of communities (farming villages) and various groups. (See the section covering agricultural development.) • By strengthening assistance for tri-partite cooperation and the Cambodia Veterans Assistance Program, Japan should assist with capacity building of the Ministry of Social Welfare to develop the skills of socially vulnerable people. • Japan should carefully promote cooperation and liaison with NGOs since many NGOs are carrying out cooperative activities to deal with the establishment of social safety nets in Cambodia. 	<ul style="list-style-type: none"> • Develop and reinforce tri-partite cooperation (for refugee resettlement and agricultural development) • Implementation of social and agricultural development projects with consideration for capacity building among vulnerable groups, such as poor people and demobilized soldiers, and for the improvement of their level of welfare

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area		Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Establishment of good governance and the improvement of physical infrastructure					
Improvement of physical infrastructure	<ul style="list-style-type: none"> An enormous number of land mines planted during civil wars constitute an impediment to economic activities and a threat to social life (The area where land mines are presumed to exist is 1,373.8 square kilometers) Frequent floods and droughts Deterioration and obsolescence of the physical infrastructure due to the destruction and lack of maintenance during civil wars Underdeveloped modern traffic systems required to reconstruct the modern nation and inadequate transport networks Underdeveloped communications infrastructure High electricity charges and insufficient electrification in rural areas except for Phnom Penh Underdeveloped institutional foundation for the utilization of foreign private investment for significant public utility enterprises and lack of administrative capacity Floods almost every year in the latter part of the rainy season and the resulting significant damage to the social economy 	<ul style="list-style-type: none"> Demining Improvement of physical infrastructure from the mid- and long-term viewpoint Drafting a comprehensive transportation plan Establishment of traffic-related laws and regulations Reorganization and intensification of governmental organization Securing of sufficient source of revenue Establishment of system and managing capability for the privatization and introduction of foreign capital Cooperation with neighboring countries to retain smooth international traffic Establishment of adequate technical standards Development of human resources for the maintenance of communications networks, review of the master plan for technological innovation, and improvement of the efficiency of business Stabilization of electricity charges and electrification in rural areas Intensification of countermeasures against natural disasters 	(1) Demining	<ul style="list-style-type: none"> Potential for the implementation of the requested projects should be examined based on the information on mid-term policies, implementing system, management system of organizations in charge, and support trend of other donors on demining. Support for victims to reintegrate into social life should have high priority. 	<ul style="list-style-type: none"> Reinforcement of demining activities by CMAC should be supported (examination of the provision of equipment based on the effects/efficiency and management system, support for information management and logistical support, drafting mid- and long-term plans for demining based on advice on the strengthening of organizations and socioeconomic impacts on the community)
			(2) Measures against natural disasters	<ul style="list-style-type: none"> Development of measures centering on the prediction and prevention of floods and droughts of the Mekong River to minimize the damage they cause should be supported. Improvement of irrigation systems should have importance relating to measures for natural disasters. 	<ul style="list-style-type: none"> Improvement of the weather information system related to the development of the basin of the Mekong River, support for drafting a priority protection plan and a disaster reconstruction plan, and the implementation of priority projects Improvement and repairing of irrigation facilities
			(3) Restoration and development of the physical infrastructure	<ul style="list-style-type: none"> Japan should support the drafting of plans related to the reconstruction and improvement of the physical infrastructure, the establishment of an administration and management system, and the development of human resources. The main objectives of aid for the improvement of reconstruction are limited to fields in which concentrated efforts are expected to have an immediate effect. As for the development based on the mid- and long-term perspectives, priority should be given to agendas that have strategic importance for socioeconomic development based on comprehensive transportation plans, and those that contribute to development in Cambodia by strengthening the cooperation with the Indochina region. Development of industries including tourism as well as agendas above should be taken seriously. As for poverty reduction, the improvement of the physical infrastructure at the commune level should have priority. Cooperation with NGOs based on community participation is important. 	<ul style="list-style-type: none"> Repairing facilities such as trunk roads, bridges, harbors, and waterway including support for the repair by the Cambodian people Formulation of public master plans such as comprehensive transportation plans Drafting technical standards for maintenance and appropriate introduction of private organizations Studies for drafting policies based on the present situation as well as support to urban drainage and measures to prevent floods Support for enhancing telecommunications facilities in Phnom Penh and the provision of phone services in the central part of the region from mid- and long-term perspectives Development of power supply facilities in the capital and electrification in rural areas Improvement of the physical infrastructure accommodating the present situation of communities through the participation of inhabitants as part of rural development

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area		Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Establishment of good governance and the improvement of physical infrastructure					
Improvement of physical infrastructure			(4) Establishment of systems for maintenance and operation	<ul style="list-style-type: none"> • Japan should support the establishment of administration and management systems, strengthening capacity for designing policies that stipulate the authority for the operation and management, as well as human development. • Japan should support the establishment of a system in which the technology and human resources of Cambodia can be utilized to the maximum level except for reconstruction and improvement at the national level requiring significant expenditures and high-level techniques. • Japan should support the development of systems, such as a system for procuring financial resources based on community participation and user fees as a means of establishing local ownership of operation and maintenance management. 	<ul style="list-style-type: none"> • Support for designing plans to provide facilities • Improvement of practical operational capability such as the skills required for maintenance and administration • Support for a self-supporting accounting system for state-owned and public enterprises and independent management capability under a market economy • Support for strengthening the management capability of the government for the privatization and introduction of foreign investment; market entry regulations, regulations covering charges, and methods of introducing competition

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area	Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Development of human resources				
Improvement of health care standards	<ul style="list-style-type: none"> The level of basic health services related to infant and maternal mortality rates and to reproductive health remain low. The foundations have not yet been established for the health and medical care systems that should provide the services to improve such health care standards. Diseases such as malaria, parasitic diseases, tuberculosis and HIV/AIDS are prevalent. The massacre of intellectuals during the Pol Pot era has created a shortage of doctors and an overall low level of health care personnel capabilities, including illiteracy among nursing staff. 	(1) Expansion of PHC	<ul style="list-style-type: none"> Japan places emphasis on maternal and child health promotion in an effort to achieve a reduction of extreme poverty. In addition, Japanese aid should give priority to health education, nutrition, safe water, sanitation, and improvements in the capacity of health workers and health centers, as well as the strengthening of the related systems, establishment of facilities, and the development of the human resources necessary to achieve these improvements. Coordination in relation to rural development, as well as liaison and coordination with NGOs are required. 	<ul style="list-style-type: none"> Support for strengthening the outreach activities of health centers Support for strengthening health care activities in schools (such as sanitation and AIDS education) Support for strengthening medical checkup campaigns for pregnant women and children Support for strengthening the food sanitation administration Support for establishing waste disposal, water supply and sewage systems
		(2) Reinforcement of countermeasures against diseases	<ul style="list-style-type: none"> Unorganized medical system is closely associated with the poverty issue, in that the burden of the high cost of medical fees is contributing to an increase in the number of landless farmers who had to sell land to pay the costs. Cooperation and coordination with NGOs are required regarding this issue. The support for tuberculosis and infectious disease control carried out by Japan up to the present should be continued and strengthened. Support for countermeasure against HIV/AIDS through newly established cooperation with the USA should be given priority. 	<ul style="list-style-type: none"> Continuation and strengthening of support for tuberculosis and infectious diseases control Priority to support countermeasure against HIV/AIDS control through newly established cooperation with the USA Support for the establishment of a blood transfusion system Support for the establishment of a national reference laboratory and other laboratories
		(3) Training and retraining of health care professionals	<ul style="list-style-type: none"> Training and re-education of public health nurses, midwives and district health officers who are in the front line of PHC must be given priority. Japan should also consider cooperation to strengthen medical education and technical schools for medical care, the training of medics, and the re-education of local personnel. 	<ul style="list-style-type: none"> Consideration of cooperation schemes for the strengthening of medical education and technical schools for medical care (nurses, laboratory technicians and physiotherapists), the training of paramedics and co-medics, the re-education and training of local medical staff, and the strengthening of medical care ethics

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area		Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Development of human resources					
Improvement of education standards	<p><Present state></p> <ul style="list-style-type: none"> • High illiteracy rate (males 48%, females 80%) • Low vocational skill level • Low level of education indicators and quality • Large regional disparities in access to education • High dropout and failure rates • Disparity between the sexes in school enrollments <p><Problems of the education system></p> <ul style="list-style-type: none"> • The lowering of quality due to an expansion in the number of enrollments • The limitations of planning and implementing capabilities under the centralized system • The influence of political motivations in educational administration (the lack of staff with expertise in educational administration) • The lowering of morale among teachers and educational institution staff 	<p><Expansion of basic educational opportunities></p> <ul style="list-style-type: none"> • To eradicate the disparities between the sexes and among regions in primary education • To sharply reduce the dropout and failure rates • To strengthen education to improve the teaching of practical knowledge, such as foreign languages, science and mathematics • To improve the educational infrastructure as well as the quality and quantity of educational staff involved in basic education, especially in the first half of the secondary level of education • To improve a regional system of educational administration that is responsive to the demands of the regional society and economy as well as to further the decentralization of control over education <p><Secondary education></p> <ul style="list-style-type: none"> • To reform secondary education in terms of both quality and quantity • To increase opportunities for access to secondary education using various means of delivering education • To develop curricula taking into consideration the actual society and daily life • To develop educational texts and teachers' guides to go with the curricula • To construct a secondary education system that can meet the demands of students and parents • To train or retrain teachers in order to achieve the reforms • To train educational managers such as educational administrators in the regions, as well as school principals 	<p>(1) Raising school enrollment rates and improving the quality of education</p>	<ul style="list-style-type: none"> • The Cambodian government is proposing a plan referred to as the "Pro Poor Education System" along with the creation of SEDP2. Japan is also implementing "school building plan with community participation" (overseas development study). On the basis of the above plans Japan should give priority to assistance for improving the quantity and quality of primary education such as offering educational services to meet the demand and managing schools with community participation. • Because many donors have already been providing assistance in the field of primary education, careful consideration is needed in sector-wide approaches. It is also important to focus on the targets of assistance. 	<ul style="list-style-type: none"> • Assistance for guaranteeing access to schools • Assistance for improving education delivery • Assistance for tackling the issue of the high dropout and illiteracy rates • Assistance for enhancing the administrative capacity of local primary education systems
			<p>(2) Expansion of secondary and higher education</p>	<ul style="list-style-type: none"> • Although training people to gain expertise and skills is urgent with regard to the development of a market economy, it is unlikely to receive assistance due to the large budget required for secondary and higher education. Therefore, it is essential that Japan provide assistance in this area. • Japan has been providing assistance for the expansion of secondary education services to meet the demand through the Program for Improving Secondary Science and Mathematics Education at the secondary education level. In future, the increase in the number of enrollments and eradication of the disparity between the sexes in secondary and higher education should be given priority. 	<ul style="list-style-type: none"> • Support for improving access to schools • Support for expanding opportunities for vocational training and employment • Education in the knowledge and skills related to vocational life • Support for review and modification of the science and mathematics education system • Assistance to advisory services for education and future choice of courses
			<p>(3) Training or retraining of educational professionals</p>	<ul style="list-style-type: none"> • Japan should give priority to the improvement of the quality of primary education professionals in local areas, especially to assistance for improving the quality of primary school teacher training centers and regional secondary school teacher training centers. • Assistance for retraining officials in the Ministry of Education and provincial offices of education should also be given priority. 	<ul style="list-style-type: none"> • Support for the integration and reform of primary and secondary school teacher training centers • Support for transforming primary and secondary school teacher training centers into two-year and four-year colleges • Support for transforming high school teacher training centers into colleges and graduate schools • Support for conducting teacher qualification examinations and issuing teaching licenses • Support for the training of science and mathematics teachers

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area	Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Development of human resources				
Improvement of working skills of adults	<ul style="list-style-type: none"> The gap between the contents of education and the needs of the society as well as the economy Discrepancy between the contents of education and the required human resources for industrial promotion Low level of the capability of the organizations that are in charge of the guidance of agricultural and vocational skills 	(1) Raising the literacy rate	<ul style="list-style-type: none"> Assistance for basic adult education such as for literacy and arithmetic at the commune level should be given priority. Due to the fact that the promotion of adult education is tied up with rural development, the cooperation and liaison with NGOs should be carried out carefully. 	<ul style="list-style-type: none"> Support for literacy education and vocational skill training that contributes to the improvement of life skills and ability in living as a part of rural development
		(2) Improvement of agricultural and vocational skills	<ul style="list-style-type: none"> Assistance for strengthening the capabilities of the organizations that are in charge of the guidance of agricultural and vocational skills in Cambodia - the National Training Committee, the Ministry of Agriculture, the Ministry of Education, the Ministry of Social Welfare, the Ministry of Women, - needs to be given priority at first. It is also necessary to provide assistance for enhancing agriculture extension services, as a part of rural development. In this case, international assistance as well as the cooperation and liaison with NGOs should be carefully coordinated 	<ul style="list-style-type: none"> Support for strengthening the capabilities of the organizations that are in charge of agricultural and vocational guidance Support for enhancing agriculture extension services as a part of rural development
		(3) Training of civil servants to upgrade their administrative capacity	<ul style="list-style-type: none"> Priority should be given to the education of various civil servant across the sectors ranging from the central government to the local governments, in order to upgrade their administrative capacity. It is necessary to establish the special programs for Cambodia, targeting the human resources generally with low level of administrative capacity. 	<ul style="list-style-type: none"> Providing various training programs such as advanced training programs carried out in Japan, moderately advanced training programs carried out in the ASEAN countries, and local training programs carried out in Cambodia

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area	Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Promotion of agriculture and rural development (including the reduction of extreme poverty)				
<ul style="list-style-type: none"> • 88% of the poor people live in rural areas. • Underdeveloped distribution system of agricultural products • Lack of working opportunities other than farming • Pervasion of the market economy and land disputes as the land reform proceeds • Problems of landless farmers: they are obliged to sell their land due to the redistribution of land or burden of healthcare expenditures • Rain-fed rice cultivation with low productivity • Underdeveloped diversification of agricultural production - too much dependence on rice cultivation • Undeveloped industries related to agriculture 	<ul style="list-style-type: none"> • Increase of rice production to maintain the household economy, diversification of crops, and increase of cash income • Intensification of rural administration capability to improve resistance to natural disasters and disease, development of agricultural productivity through the development of infrastructure and improvement of cultivation techniques, diversification of income resources, and maintenance and fostering natural environment within/ surrounding villages • Protection of de facto cultivation rights of farmers, development of crop markets, and development of rural finance to accommodate further trends towards the market economy 	(1) Rural development	<ul style="list-style-type: none"> • As for rural development the welfare level of rural households should be improved by implementing various measures comprehensively. • Support for rural development to limited areas by cross-sector approaches should be started with, and then aid should be expanded based on the result. Cooperation with NGOs including UNDP is necessary. 	<ul style="list-style-type: none"> • Draft and implement a comprehensive rural development program in which project constituent required in each village (refer to Table 7-17 in Section 2, Chapter 2, Part II) are appropriately combined.
		(2) Improvement of agricultural productivity and diversification	<ul style="list-style-type: none"> • Japan should support improvement of the productivity of rice as well as diversification of agricultural production. <p>Stable provision of food and increase of cash income for farmers should be sought through the stable and large harvest of basic food.</p>	<ul style="list-style-type: none"> • Provision of technical cooperation to improve irrigation facilities, experiments/research, extension, micro-credit services, and the development of the market and infrastructure • Establishment of system of agricultural cooperatives, etc.
		(3) Promotion of agriculture related industries	<p>Japan should prioritize;</p> <ul style="list-style-type: none"> • Creation of job opportunities and increase of national income by adding value to crops and enabling domestic processing to occur. • Improvement of distribution system, which hampers selling or buying crops and production materials at the appropriate time. 	<ul style="list-style-type: none"> • Promotion of resource-oriented industries such as food processing, canneries, furniture, flooring production and construction • Formulation of master plans to foster industries related to agriculture • Establishment of finance and insurance system of small- and medium-sized enterprises • Vocational training for the workforce and fostering managers • Support for establishment of distribution system • Support for institution building and fostering human resources
		(4) Creation of non-farm job opportunities	<p>Japan should prioritize;</p> <ul style="list-style-type: none"> • Establishment of a system in which specified areas can take initiatives for local industrial promotion such as "one special product for one village", promotion of tourism-related industry and development of infrastructure by employing local inhabitants 	<ul style="list-style-type: none"> • Development study for tourism development and fostering human resources for tourism • Vocational training through NGOs • Improvement of the quality and productivity of local craftwork

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area	Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Expansion of the size of the economy and the creation of job opportunities				
<ul style="list-style-type: none"> • Dual structure comprising traditional industry in Cambodian society and modern industry by the capital of overseas Chinese • Low level of savings and investment; excessive dependence on foreign aid • Rapid progress of economic liberalization and internationalization and distorting influences • Rise of and limits to export-oriented labor-intensive textile and apparel industries • Underdeveloped environment of industrial promotion • Insufficient development of small- and medium-sized enterprises • Agriculture and the Angkor Wat as tourism resources 	<ul style="list-style-type: none"> • Development of a legal framework related to the economy • Fiscal reform • Reform of the financial system • Improvement of the investment environment • Formulation of industrial policies • Rural development • Development of human resources • Fostering and promotion of private sectors • Designing measures to attract foreign direct investment 	(1) Improvement of the Condition for industrial development	<ul style="list-style-type: none"> • Support for the administration of macro economy, formulation of industrial policies, and establishment of systems promoting small- and medium-sized enterprises • Strengthening of capabilities and development of human resources of organizations in charge 	<ul style="list-style-type: none"> • Support for the development of a legal framework related to the economy • Support for a market economy through advisory support and human resources development in ministries and agencies related economy • Long-term training in Japan (utilizing Japan's domestic capabilities)
		(2) Fostering urban small- and medium-sized enterprises	<ul style="list-style-type: none"> • Fostering of small- and medium-sized enterprises in urban area and establishment of measures required based on the analysis of the present situation 	<ul style="list-style-type: none"> • Guidance in business management for private enterprises • Organizing market information systems • Support for the formulation of policies fostering small- and medium-sized enterprises and development of human resources • Examination of the possibility of cooperation with human development enterprises by private sectors that have been active in Phnom Penh
		(3) Inducement of foreign direct investment	<ul style="list-style-type: none"> • Support for the drafting of potential development enterprises including the establishment of free trade areas /export processing zones at the back of the Port Sihanoukville and Thai-border region 	<ul style="list-style-type: none"> • Regional integrated planning development studies

Appendix 1: Matrix Recommended on Japan's Assistance to Cambodia (Continued)

Current conditions and problems in priority assistance area	Directions for solving problems (development issues)	Priority development issues for Japan's Assistance	Principles of Japan's assistance	Example of Japan's assistance program
Conservation of natural resources and the environment; Restoration and preservation of cultural heritage sites				
<p><Natural resources></p> <ul style="list-style-type: none"> • Rapid decline in natural resources both in quality and quantity due to the illegal logging, overfishing, and poaching of rare species under the pressure to develop natural resources due to the growth in population • A lack of the policies, legal systems, and capacity to enforce the laws and regulation of agencies that have jurisdiction over the management of natural resources <p><Living environment></p> <p>Drinking water: Water from all sources is contaminated with coliform bacteria, and therefore unfit for drinking. With regard to water supply, water treatment plants and water distribution pipes have become dilapidated.</p> <p>Household discharged water and industrial wastewater The low rate of toilet installation is adversely affecting sanitary conditions. All household wastewater other than feces and urine, wastewater from offices, and industrial effluent are discharged without treatment.</p> <p>Solid Waste: The systems of solid waste collection and disposal have not been established yet in major cities. Medical waste is not treated separately from other waste.</p> <p><Cultural heritage sites></p> <ul style="list-style-type: none"> • Cultural heritage sites are falling into ruin. 	<p><Natural resources and the living environment></p> <ul style="list-style-type: none"> • Nature conservation is required for maintaining and augmenting living systems, including for human beings. • Tightening control over natural resources • Reinforcement of the system for enforcing laws in environmental administration • Enhancement of public awareness concerning public health and environmental protection • Construction of water supply and sewerage, facilities and establishment of solid waste management systems that are the basis of a healthy life <p><Cultural heritage sites></p> <ul style="list-style-type: none"> • Training of Cambodian staff for the restoration and preservation of cultural heritage sites by themselves • Establishing linkages between research on cultural heritage sites and projects for their restoration and preservation • Developing mid- and long-term perspectives for the study of the restoration and preservation of heritage sites; the formulation of a master plan for restoration and preservation over a period of 30 to 50 years 	(1) Management of natural resources	<ul style="list-style-type: none"> • Assistance should be focused on the establishment of systems and the training of human resources centered on the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Environment in order to reinforce the management system for natural resources. • Attention needs to be paid to international aid co-ordination and liaison with NGOs. 	<ul style="list-style-type: none"> • Dispatch of Japanese experts to Cambodia and the training of Cambodian staff in Japan for the acquisition of measuring technology • Provision of equipment and materials for sampling analysis • Assistance for the utilization of the Internet in the Ministry of the Environment
		(2) Conservation of the natural environment	<ul style="list-style-type: none"> • Assistance should be focused on the restoration of the environment in the basins of Tonle Sap Lake and the Mekong River on which many people depend for their livelihood. • Assistance should be provided for the formulation of plans to restore the environment based on assessment of the present state and the identification of issues in the environment concerned. Assistance then should also be provided for training human resources, raising the level of their capacity for analysis, and establishing information systems to implement these plans. • Attention needs to be paid to international cooperation and liaison with NGOs. 	<ul style="list-style-type: none"> • Support for a survey to prepare inventories of animals and plants and a comprehensive survey on Tonle Sap Lake
		(3) Improvement of the urban living environment	<ul style="list-style-type: none"> • Assistance should be focused on waterworks, sewerage, and waste management in cities. Priority should be given to the capital, Battambang, then other cities. • Local technologies should be adopted as far as possible, provided that the technologies are suitable for the conditions of each city and involve a lower financial burden in their maintenance and management. • At the same time, assistance should also be provided for the establishment of administrative systems and the training of human resources to improve the related administrative capacity of each city. 	<ul style="list-style-type: none"> • Assistance for the rehabilitation and construction of water supply in cities other than the capital, including Battambang, by formulating a nationwide master plan • Assistance for the construction of sewage treatment plants in the capital and Battambang by applying treatment technology that is low cost and low energy consuming as well as being suitable for the present conditions • The provision of logistics related to water supply and the transfer of technology related to their maintenance and management
		(4) Restoration and preservation of cultural heritage sites	<ul style="list-style-type: none"> • Ownership of the restoration process by Cambodia is the most important aspect of the restoration and preservation of cultural heritage sites. Assistance therefore should be provided for the training of human resources in restoration technology so that Cambodia can undertake the restoration work by itself. 	<ul style="list-style-type: none"> • Support for the training of human resources to restore and preserve cultural heritage sites

Appendix 2: Suggestions from the People's Forum on Cambodia, Japan

CONTENTS

I. NGO activities in Cambodia - Historical background and present state	330
1. Under the Lon Nol regime	330
2. The era of the Pol Pot regime	330
3. Collapse of the Democratic Kampuchea - The era of the People's Republic of Kampuchea ..	330
4. After the Paris Peace Agreements (1991)	331
5. Basic perspective of the current NGOs	332
(1) Good governance	333
(2) Development of human resources	333
(3) Reaching the poor	333
6. NGO activities	333
II. Issues and points to be noted in assistance to Cambodia suggested by	
NGOs in Cambodia	334
1. Good governance	334
(1) Introduction	334
(2) Recognition of the historical, political, and economic situation, and establishment of	
'good governance' and 'the rule of law'	335
2. Development of agriculture and rural areas	336
(1) Introduction	336
(2) Various problems with Japan's agricultural modernization policy	336
(3) Present state of agriculture and rural areas in Cambodia	336
III. Issues and points to be noted in assistance to Cambodia suggested by	
the People's Forum on Cambodia, Japan (Sector-specific remarks)	338
1. Agriculture	338
2. Fisheries	339
3. Forestry	339
4. Small-scale financing	340
5. Public health	341
6. Education	343
7. Support for mine clearance and the independence of demobilized soldiers	343
Reference	344

I. NGO activities in Cambodia - Historical background and present state

This section summarizes NGO activities in Cambodia, where substantial human and physical sacrifices had to be made mainly under the Cold War structure.

1. Under the Lon Nol regime (Khmer Republic)

Up to the early 1970s, religious NGOs were actively involved in various fields, including religious propagation, welfare, education, medical care, and agriculture. With the intensification of the civil war between the Lon Nol regime and the parties confronting it consisting of the Pol Pot faction and the royalist faction, NGOs gradually reduced their local activities, and finally in April 1975, when the “Khmer Rouge” (Cambodian Communist Party) overthrew the Lon Nol regime in Phnom Penh, NGOs had to give up their activities.

2. The era of the Pol Pot regime (The era of the Democratic Kampuchea from April 1975 to January 1979)

At the government level, diplomatic relations were severed or greatly restricted, with the exception of those with China and DPR Korea. Accordingly, NGOs were prohibited from engagement in activities in Cambodia or to stay there. During those years, NGOs backed by the Christian groups carried out refugee relief operations in Thailand at the Thai-Cambodia border, and accused the Democratic Kampuchea of purges and tyranny. However, as Cambodia was isolated from the international community, such accusations were not communicated, thereby failing to rouse public opinion in the international community. (Though the general public in Cambodia hated their miserable life under the Government, the number of refugees who actually crossed the border was relatively small because people were strongly controlled under the oppressive system of the Government.)

3. Collapse of the Democratic Kampuchea - The era of the People's Republic of Kampuchea

In January 1979, Vietnamese troops, with some hun-

dreds of Cambodian people consisting of pro-Vietnamese including Hen Samrin and people who had defected from the Pol Pot faction, overthrew the Democratic Kampuchea to release the Cambodian people from oppression. However, only the Soviet Union and the Eastern Bloc including Vietnam and Laos, and India recognized this newly established government. Other nations regarded it as a “puppet” government of Vietnam, and refused any diplomatic relations, foreign aid relations, trading, and economic relations. Moreover, Cambodia's seat at the United Nations was given to the exiled government. With the human sacrifice of more than 1.7 million people, Cambodian people suffered from extensive damage and exhaustion, which forced their living standards to return to primitive levels. Cambodia had to reconstruct the nation from nothing (or more precisely, from a negative situation) without any cooperation from the Western international community, including Japan. Under such tragic circumstances, more than ten organizations, including OXFAM in Great Britain, CIDSE in Europe, CWS in the United States, overcame the restrictions imposed by their governments and dared to enter Cambodia to implement emergency relief operations as well as medium- and long-term reconstruction. Though the capacity of NGOs was limited compared with the overall need, NGOs were actively involved in a variety of critical activities, such as water supply to health centers in districts (Srok) and communes (Khum), maternal and child health care, basic education including the reconstruction of school buildings, and support for orphans and handicapped people. At this point, UN agencies and Western government agencies still refused to provide development assistance, NGOs had to implement large-scale irrigation projects, and provide vocational training at the central government level, as well as provide support for soap factories, oil and fat plants, and ice plants, for example.

The NGOs actually working in Cambodia together with their supporting citizens' groups, consisted of 34 organizations (as of the time of the joint publication mentioned below), organized in 1986 in an NGO network called “International NGO Forum on Cambodia” which is currently called the “NGO Forum on Cambodia”, while continuously providing development assistance. This Forum conveyed the voice of the Cambodian people and strongly appealed to the international community, including the United Nations, and the governments and societies to which each NGO belonged,

regarding the following issues: (i) Cambodia's return to the international community, (ii) Diplomatic initiatives toward peace with the termination of civil war, and (iii) Correction of the extreme imbalance in assistance. Under the Cold War structure, with the severe conflict between East and West, and a regional conflict between the ASEAN member countries and the three countries of "Indochina" (Vietnam, Cambodia, and Laos) in the 1980s, NGOs tried to suggest initiatives to solve Cambodia's plight while maintaining a stance of political neutrality and humanitarianism. Ms. Eva Mysliviec, a former OXFAM staff member and the current Director of the Cambodia Development Resource Institute (CDRI), was commissioned by the Forum to write a book entitled "Punishing the Poor", later published in more than ten languages. In Japan, this book was published as "Kampuchea witnessed by NGOs - International bullying of the weak" by JVC. The book pointed out the following problems that needed to be improved: (i) Unfair isolation of Cambodia, (ii) Lack of peace diplomacy after coming to a deadlock, and (iii) Imbalance in assistance (The imbalance in refugee relief operations (\$142 per refugee and \$1.5 per person for those still inside the country) had led to an unnecessary outflow of refugees, possibly resulting in the continuation of the civil war and disputes in Cambodia).

The scale of assistance to Cambodia at this point (from the late 1980s to 1990) provided by about twenty NGOs was relatively small, amounting to a little over \$10 million, or between 1.2 and 1.5 billion yen, in total. However, without any assistance from the United Nations and Western countries, this served as a valuable resource for reconstruction, and a spiritual symbol of support for the Cambodian people who were struggling to reconstruct the nation in isolation.

4. After the Paris Peace Agreements (1991) (General election - reconstruction of the Kingdom of Cambodia)

Along with these NGOs activities, consultations were held between the United Nations, the superpowers responsible for the Cambodian conflict, major countries, regional countries, and the four Cambodian parties, with gradual progress. In October 1991, the Peace Agreements on Cambodia were finally signed. The Pol Pot faction, though a signatory to the Agreement, showed blatant opposition to holding the first general elections

in May 1993 under the auspices of UNTAC, staging destructive activities. This invited social unrest and instability. However, the fact that the movement towards peace was secured by the Agreements has laid a solid foundation for the Cambodian people with the nations and parties concerned to reconstruct the country and make a fresh start. With the Peace Agreements, Cambodian people were allowed in 1991 to establish NGOs by themselves. It is right and proper that the people should play the leading role in the reconstruction of their own country and society, which was finally achieved in Cambodia. Since then, international NGOs have gradually shifted their position to supporting local NGOs and CBOs in Cambodia from the sidelines.

International NGOs cooperated in the establishment and development of Cambodian NGOs. The first Cambodian NGO was 'the Kemara (Khmer Women)' represented by Ms. Sokua Loiper, who is now the Minister of Women's Affairs, and had the goal of social and economic self-reliance for women. It provided support for making handicrafts, running small businesses, and forming mutual aid groups. Following this, Mr. Thun Saray, who had been arrested and detained as a political prisoner, established the Cambodia Human Rights and Development Association. Through many seminars from the perspective of a civil society, it aimed to establish human rights, to democratize, and to hold and monitor a free and fair election. After this, the Cambodian people, including those who had returned from Western countries, established more than 100 NGOs, which included both active and inactive. Some Cambodian NGOs seemed to have been established merely to receive funds from foreign governments and NGOs. In fact, some of such Cambodian NGOs did not have sufficient ability to properly implement and/or report on their activities.

[Rapid changes in society and economy during these years and the problem of poverty]

The Peace Agreements in October 1991 can be considered generally the turning point from 'civil war and extreme poverty' in the 1980s to 'peace and hope' in the 1990s. However, things were not that simple. After the collapse of the Pol Pot regime, in the early 1980s, extreme poverty permeated the whole society. It was estimated that GNP per capita was less than \$100 or even \$50, though there were no proper statistics. However, people shared such poverty widely, and small-scale

farmers were guaranteed a minimum amount of land for cultivation and residence. Moreover, thanks to a system in which regional communities provided mutual help for households without labor force (men, oxen, etc.), poor farmers could survive. There were extremely few farmers without land, thus undesirable social phenomena, such as child selling and daughter selling, was mostly avoided.

In Cambodia, with little basic social infrastructure, democratization was hardly achievable and civil society was extremely limited. The measures to introduce a market economy and capitalism, which were regarded as makeshift measures in the early 1990s, as well as the rapid influx of foreign capital and international aid, aggravated the maldistribution of wealth. Consequently, politically and economically “strong” people along with their relatives and groups bound by a shared local heritage, took control over interests and rights regarding business and aid. On the other hand, according to a survey by OXFAM, about 13%, or more than 1 million farmers, who had survived from agriculture at the bottom of social ladder, due to “liberalization” regarding land-use rights and land ownership, were deprived of their land. This has created extreme poverty and an enormous gap between the poor and the rich. An NGO report stated as follows: “Cambodia has managed to survive several wars, the era of the Pol Pot regime, as well as its international isolation, including a trade embargo. However, some NGOs have been keenly aware of the question as to whether Cambodia can survive a hastily introduced market economy along with the flood of aid from aid organizations.)

5. Basic perspective of the current NGOs¹

NGOs highly evaluate the fact that a more peaceful environment has been established over the past decade. At the same time, NGOs are apprehensive about the fact that the introduction of a market economy and development focused chiefly on economic growth has created a tremendous gap between the rich and the poor, resulting in the emergence of circumstances of extreme poverty, such as farmers without land. While maintaining well-organized cooperative relations, including policy sug-

gestions and exchanges of constructive opinions and criticisms, with the Cambodian Government, the United Nations, international agencies, and the governments of donor countries, NGOs should share the basic philosophy of development, and jointly make every effort to integrate this philosophy into activities, aimed at the realization of a fairer and more balanced society.

NGOs should not make pointless criticisms, or act as opposition organizations against the government agencies. Rather, NGOs should share objectives, such as poverty reduction, with the Cambodian Government, and make every effort to achieve these objectives in cooperation with various public institutions as partners.

Based on the experiences, evaluations, and discussions over the past decade, NGOs consider that activities in the following fields should be given priority:

- (1) Good governance with particular emphasis on
 - 1) Promotion of control by the law
 - 2) Participation of people throughout the nation and communities in national projects
 - 3) Administrative reform
- (2) Development of human resources
- (3) Support for the poor

NGOs welcome the fact that the Cambodian Government has decided to reform its administration, military, judiciary system, finance, and forestry policy. Thus, NGOs will cooperate with the Government for policy implementation and law enforcement. Progress has been made in the following fields: i) As a result of the amendment of Article 51 of the Public Servant Law in 1999, prior permission from the Cabinet has become unnecessary for public prosecutors when prosecuting public servants, which has made it easier to pinpoint responsibility through a trial. ii) After the establishment of the National Mine Law, the Mine Treaty was ratified. iii) The Land Reform Law is now under discussion by the Government and NGOs. iv) Cambodia has become an ASEAN member country. v) Drafts of the Forestry Law, the Corruption Prevention Law, the Commercial Law, and the Civil Law are in preparation. vi) NGOs encourage efforts toward forestry reform, and highly evaluate the campaign against illegal deforestation.

¹ Based on the NGO statement in the Cambodia Consultative Group Meeting 2000, which was prepared jointly by CCC, Cambodia NGO Forum, and MEDICAM, in which local NGOs and international NGOs were included.

(1) Good governance

1) Promotion of the rule of law

In the present situation in Cambodia, the lack of respect for the law, public security, welfare, and reliance on the legislative and judiciary system has been significantly restricted, as well as the development of markets. A judiciary system with authority, independent from the administrative system, is indispensable for the development of the nation. Therefore, subordination and corruption in the judiciary system may result in a loss of public confidence, encouraging people to take unauthorized and, in some cases, violent measures. NGOs welcome the progress in drafting the Criminal Law, the Criminal Suit Law, and the Civil Law by the Ministry of Justice.

NGOs request that the independence and authority of the Constitutional Council and the Supreme Council of the Magistracy should be strengthened, and that appropriate funds and human resources should be provided for the proper exercise of their authority. As for the issues, such as the rule of law and human rights, it is necessary to formally establish working groups in which donor countries are included, and to report on the activities of these working groups at donor meetings held every quarter.

2) Participation of people throughout the nation and communities in state affairs

In the process of developing the Land Law, the Criminal Law, and the Civil Law, the Government has been gradually cooperating with civil society groups, such as NGOs and regional CBOs. Still, it is necessary to establish a system to ensure that the civil society can participate in the decision-making process, through the disclosure and dissemination (not excluding rural areas) of basic information in the Khmer language. NGOs also request that donors and aid organizations should take the lead in the promotion of democratic procedures, community participation, and information disclosure, in various fields of cooperation.

3) Public administrative reform

Excessive levels of personnel in public services creates a vicious circle of lower wages that in turn encour-

ages lower standards of services in various areas, including basic education and public health. Based on the results of surveys and functional analysis of public servants, working conditions should be improved to proper standards, personnel training should be provided, and public servants should be reassigned. Through efforts to reduce and eliminate corruption, transparency and accountability in the public sector will be enhanced, thus restoring people's confidence in the public sector.

(2) Development of human resources

NGOs consider that the development of the capacity and vitality of human resources is critical for social development as a whole. Thus, NGOs aim to enhance the capacity of public servants both in the central and local governments, and members of social and economic sectors. Donors, including NGOs, cannot achieve this objective without having a long-term vision. There is an urgent need to provide further opportunities for education while improving its quality, as education directly related to human resources development, which is the key to overcoming poverty. Donors should stress the need to provide broader access to education particularly for people in rural areas, girls and women, minority groups, and disabled persons.

(3) Reaching the poor

Economic growth in terms of domestic production in Cambodia was 4.5% in 1999. However, under the current situation, the benefits of such economic growth seem to be distributed unevenly, as a few powerful people exclusively enjoy the benefits. Though about 80% of the total population and about 90% of the poor live in rural areas, resources, services, and information are overly concentrated in urban areas. The widening poverty gap is a potential source of social unrest and instability, leading to conflicts in the next generation. Thus, both the Cambodian Government and international aid organizations should, while keeping in mind the improvement of the structure so as not to widen the gap between the rich and the poor, shift the target of assistance to the poor in rural areas and to those who have been left behind in the development process.

6. NGO activities

(Source: CCC, 1996. This is based on responses

from 70 organizations, mainly large international NGOs. In total, 400 organizations are active.)

In total, 400 organizations are actively working in Cambodia. CCC conducted a survey in 1996 on the larger international NGOs. Based on the responses from 70 organizations, a proportional breakdown of their activities and the total amount of funds for projects are given below:

• Education/Training:	23.1%
• Rural development:	19.2%
• Health:	14.6%
• Agriculture:	13.0%
• Water and hygiene:	6.8%
• Emergency relief:	5.7%
• Small-scale financing:	3.9%
• Rehabilitation:	3.5%
• Children's affairs:	2.7%
• Institutional management:	1.8%
• Women and development:	0.9%
• Support for Cambodian NGOs:	0.6%
• Human rights:	0.5%
• Environment:	0.3%
• Other activities:	3.4%

The total amount of funds for projects: \$41,769,101
(The total amount of funds for projects in Phnom-Penh: \$9,768,011)

Over the past three decades, Cambodia, devastated by civil wars connected to international politics, has suffered from severe physical damage including a heavy loss of human life. NGOs have therefore provided cooperation for activities focused on the development of the society and human resources, so that ordinary people, including farmers, can play a leading role in social reconstruction.

II. Issues and points to be noted in assistance to Cambodia suggested by NGOs in Cambodia

People's Forum on Cambodia-Japan (General Remarks)

Japanese NGO views on assistance to Cambodia are summarized below.

1. Good governance

(1) Introduction

When discussing cooperation for reconstruction and development in Cambodia, it should start from considering the social conditions; how ordinary people, in particular those at the bottom of the social ladder, think and feel in their daily lives. Over the twenty years since the collapse of the Pol Pot regime, or the Coalition Government of Democratic Kampuchea, in January 1979, NGOs have worked with the Cambodian people in various fields from emergency relief operations, including refugee relief operations, to reconstruction and development. At present, despite the emergence in the population of a few percent of wealthy people in the governing classes and some portion of people in the middle class, most people, including farmers without land, who have increased in number in the 1990s (accounting for more than 13% of all farmers), feel apprehensive and insecure about their lives, for the following reasons: i) The strong in society are monopolizing the means of livelihood and survival, ii) The weak feel too depressed to take pride in themselves, iii) The weak have to sell their children, and their family is broken up as a result, iv) The weak are likely to be involved in crimes, such as burglary and abduction, and v) Suspects in political murder cases and political incidents have not been arrested.

In Cambodia, the rule of people with political and military power and 'money' is predominant, rather than 'the rule of law.' Therefore, in the medium to long term, the following activities should be given priority in Cambodia: i) Promotion of democratization in order to realize 'good governance,' ii) Reform toward fair and neutral legislation, judiciary, and administration, and iii) Human resources development. In rural areas, priority issues are: i) for local communities to be assured of the sustainable use and management of natural resources that serve as the basis for their livelihood, such as the land, forests, rivers, lakes and marshes, and the sea, ii) to establish a system for achieving 'good governance' where local residents can take the lead in regional development, and iii) to restore mechanisms and concepts of mutual assistance, such as rice banks, ceremonial unions, and loan groups. As long as there are people who are being left behind by the modern economy and society, for example, farmers without land, residents in urban slum areas, people who victims of human traffick-

ing, victims of child labor, prostitution, or abuse, and HIV positive individuals, then mechanisms for welfare, assistance, and relief, serving as a 'safety net,' should be reinforced.

(2) Recognition of the historical, political, and economic situation, and establishment of 'good governance' and 'the rule of law'

When considering the present state of Cambodia from a grassroots perspective, the problem of poverty must be given the highest priority. Here, it is necessary to distinguish between 'poverty,' existing as an actual problem, from 'impoverishment,' emerging along with changes in socioeconomic conditions. The latter ('impoverishment') is related to the following problems in rural areas: i) Farmers have been deprived of land and access to natural resources, and ii) Mechanisms for social cohesion, such as mutual assistance and cooperation, have ceased to function. Therefore, it is important to consider the means to regenerate and reinforce the subsistence of the community (or self-sufficiency) in rural areas that are on the verge of collapse. The former ('poverty') is related to the problem of how to sustain the urban and rural poor, who have been deprived of their means of subsistence, with a social safety net. In order for rural people to secure access to natural resources, actively participate in rural development, develop mechanisms for cooperation, and provide public services as a safety net, it is essential to provide support for the realization of 'good governance' and 'the rule of law,' including reforms in the public administration, judiciary, military, and police.

When discussing support for 'good governance,' it is necessary to fully understand the historical background and political and social conditions in Cambodia. Cambodia has experienced civil wars that extended for more than thirty years. Everyone agrees that proper support measures cannot be formulated without taking into account the negative impact of civil wars. The scars left by civil wars can be still observed everywhere, such as the great number of widows and victims of mines, the shortage of doctors, lawyers, engineers, and teachers as a result of massacres and outflows as refugees, and the dilapidated infrastructure. Other negative impacts of civil wars still remain as latent problems. For example, when disarmament of the various political powers was

not successfully implemented in 1993, this led to armed conflict in the capital city in 1997. Economic indicators clearly show that this armed conflict has caused tremendous economic and social damage. Thus, people recognized again that political and military disputes are not past history. Another example is that although one of the leaders of the Khmer Rouge, Khieu Samphan, surrendered to the government in December 1998, it was not until early 1999 that the remaining leader, Ta Mok, who kept on escaping, finally surrendered. As this shows, political and military disputes have hindered development in Cambodia in the 1990s as well. Civil wars and mines continued to generate casualties in the 1990s, and weapons were found everywhere in the society. This was why violent infringements on human rights did not decrease. The failure to disarm each political power faction meant that there still remained armed groups belonging to these factions, such as the military, police, military police, and private armies. Accordingly, there existed no neutral military and police, thus inhibiting fair application of the rule of law. In other words, political and military disputes hindered reform towards the fairness and neutrality of the judiciary and administration.

Support for the prevention of a recurrence civil wars or intensification of civil conflicts is also required. The example of the elections at the commune level to be held in 2002 should be considered in this regard. Since the time of the socialist government, the leader of a county, commune, or village has been incorporated into the power structure of a certain political party. The conduct of the next election will hinge on this fact, which may lead to political strife accompanied by casualties in rural areas. When the election was held in 1998, political strife intensified, and armed groups killed unarmed farmers and citizens who supported the opposition party. After the election, a protest movement arose in urban areas, claiming that the election was not free and fair. Although the neutrality of the election administration commission was questionable, no improvement was made, and the problem has remained unresolved. Therefore, in the next commune election and the general election in 2003, political strife with violence is highly likely to recur. Some NGOs have already implemented activities toward the actualization of a 'culture of peace' and 'free and fair elections' through seminars on dispute settlement, education on human rights and elections, and disarmament measures. Support for these activities

is extremely important.

While providing support for these grassroots activities, donors should also cooperate in deepening the understanding of Cambodian government officials, including leader, to create an environment for a neutral and fair election administration commission and free and fair elections. For the realization of 'good governance,' it is important to bring about a change in awareness of the upper and middle echelons of the Government. It is essential to provide human resources training for 'good governance.' However, it is more important to provide support for the structural reform so that such trained human resources can display their abilities. The progress in reinforcing individual expertise and technical skills may be of little effect without a radical change in the upper echelons, superiors, and social customs. This is obvious from many cases, including the following example: Even though a young man returning from Australia with a master's degree has a position in a government agency, he cannot use his abilities fully. Another example of a lack in neutrality is found in the judiciary system where personnel assigned by one political party still remain. Thus, practical and specific measures based on an analysis of the present state of Cambodia are required for structural reform.

2. Development of agriculture and rural areas

(1) Introduction

When Japanese people discuss agriculture and rural development in Cambodia, first of all, they should look back on Japan's own history of agriculture, and focus on the negative aspects resulting from enhanced agricultural productivity and commercialized agriculture. Only then should there be discussion of the measures to be taken for solving issues in agriculture and rural development in Cambodia and the support to be provided.

(2) Various problems with Japan's agricultural modernization policy

The three major pillars of Japan's agricultural policy in the 1960s, i) productivity improvement, ii) promotion of farm retirement, and iii) selective expansion of agri-

cultural production, were established with a view to adapting Japanese agriculture to its economic growth. In those years, various laws and systems were established in order to promote the implementation of this policy. Though this policy seems to have been implemented smoothly for the past forty years, some negative aspects have arisen, such as the vulnerability of Japan's food security that is heavily dependent on imports, and damage to humans and environmental disruption due to the application of substantial quantities of agrochemicals. The separation of agriculture from the natural environment, including ecosystems, has caused a loss of diversity and cyclical systems that had been created through the harmonious coexistence of man and nature.² Serious problems, such as the shortage of successors to farm households, are mostly caused by modern agricultural technologies and systems, as farmers have been deprived of the freedom to devise and decide on individual farming methods based on traditional forms of farming and their accumulated wisdom. It is doubtful whether the next generation will be attracted to a debt-laden agriculture exclusively devoted to profit. When discussing support for agriculture and rural development in Cambodia, these negative aspects as observed in Japan should be taken into account, in order to suggest appropriate policies to support sustainable agricultural development.

(3) Present state of agriculture and rural areas in Cambodia

The most conspicuous characteristics of agriculture and rural areas are discussed below.

First of all, it is necessary to focus on the increase in the number of migrant workers. In small-scale farming, the number of migrant workers is increasing due to the need to earn a living during the agricultural off-season. More than 100,000 workers in rural areas, especially young women, work in sewing factories.³ Agricultural technologies and agricultural infrastructure have caused various problems, including the recent land problems, for small-scale farmers whose production does not correspond to the demand from population growth. When these workers have health problems, they may have further problems, such as debts resulting from medical

² Misako Iwasaki and Kazutaka Ohno (1998).

³ CCC, MEDICAM, NGO Forum on Cambodia (2000)

treatment. The recent wave of commercialization has resulted in an increase in the growing of commercial crops in rural areas. In order to start commercialized farming, farmers have to raise funds, though most of them have limited access to proper financial services. Consequently, besides relatives and friends, they have no one to rely on except for loan sharks and merchants, thus aggravating their debt burden. In spite of the wide use of agricultural chemicals and fertilizers in rural areas, farmers have hardly been informed of the toxicity and proper use of these chemicals. As a result, the improper use of pesticides has impaired the health of many farmers.

While showing a keen interest in agriculture as a means of obtaining cash income, farmers are still concerned about securing rice for self-sustenance. On a national basis, the total yield from rice cultivation in Cambodia has been stable for the past five years, reaching a level of self-sufficiency. However, on an individual basis, it varies widely according to the region and the farmer. In fact, the number of farmers whose rice production is insufficient for self-sustenance is increasing due to the above-mentioned problems. Above all, the following two problems are serious: i) damage caused by rats, and ii) unaddressed technical improvements in rain-fed rice growing during the rainy season.

Damage caused by rats, leading to a decrease in production, has been increasing year by year because the natural enemies of rats have been poached and their habitats have been destroyed. Rain-fed rice growing, on which most farmers in Cambodia rely to gain their livelihood, is a rational farming method suited to unstable natural environmental conditions.⁴ However, in large-scale rural development projects, focus is placed on rice growing by irrigation in the dry season, not on rain-fed rice growing or floating cultivation.

As activities such as research, education, and propagation in the agricultural field will lead to technical improvements, the Government has initiated these activities in rural areas. However, under the current circumstances, the related institutions are not ready for people to use or to give their opinions freely. Moreover, in Cambodia, there is no public training center that farmers can use.

Quite a few people in rural areas are engaged both in farming and fishing. Community fisheries can support

people's life through the efficient management and utilization of local natural resources. However, due to the lack of an effective legal framework, rural people have faced various disruptions. For example, people with fishing rights catch excessive quantities of fish using illegal fishing methods, and these people and armed groups have taken over community fishing areas. As a result, the prospects for benefits are uncertain for rural people, who have invested their labor, time, and resources into the management of community fisheries.

Another important factor in rural areas is the close relationship between forests and the people's daily life. For Cambodian people, forests are indispensable for their daily life, as forests provide certain necessities of life, such as firewood for cooking, materials for houses and household utensils, food, traditional medicines, animal feed, and a means of transportation. Moreover, forests provide cultural and environmental benefits.

However, the privatization of forest resources is now in progress, while ignoring the communities. Forest resources managed by communities for sustainable use have been decreasing sharply due to this privatization. This has resulted in civil strife and emigration, thus aggravating poverty.

Under these circumstances of rapid changes in forestry management, people in cooperation with NGOs are actively involved in implementing 'community forestry' (forest resources management by communities including villages), and preparing laws and policies to support it. However, the Government has not disclosed the amount of progress on preparing drafts of laws and policies on forestry, as well as the application of such laws, and people's opinions have not been fully reflected in the revised drafts. Such inadequate transparency has incurred the distrust of people and NGOs.

Though the Government launched a campaign against illegal deforestation somewhat successfully, illegal deforestation with the alleged involvement of politicians, the military, or large capital has continued to increase. This campaign had a negative impact on the poor in rural areas, as it targeted community-based small-scale dealers. Besides, this campaign put particular emphasis on law enforcement, not on the sustainable use and management of forest resources. Companies with concession rights are contributing to deforestation, as their concession rights extend beyond the reservation

⁴ Asian Population and Development Association (1999)

areas of more than 4 million hectares. Therefore, most of these companies have not been affected by this campaign. On the contrary, though these companies, by not complying with the law, have actually violated the rights of local people who depend on local forest resources, they have not been subject to any legal punishment, thus they continue to threaten communities and forest resources. Moreover, in places where these companies are infringing on the rights of indigenous groups, the Cambodian Government also violates the international treaty on the rights of indigenous peoples.

The last important focus should be on increasing land problems. Land is the basis for sustaining the livelihood of rural people. Eight out of ten Cambodian people live in rural areas, and one out of six households has never owned land or recently lost their land. About half of the poor households own less than one fourth of the total arable land. Thus, land problems regarding land distribution have emerged.

The Government still owns 80% of national land, however, the boundaries of these public domains have not been determined. Moreover, these domains have not been mapped, registered or managed properly. Accordingly, there has been constant trouble over land with no specific ownership. One out of thirty local households has joined in land disputes with the military or government officials over large-scale enclosure of unregistered land. However, the courts that should be the last resort for local people cannot arbitrate these land disputes. In addition, provincial agencies are not sufficiently capable of arbitrating and preventing land disputes. In recent years, high officials in the government have bought up unregistered land, such as pastures, ponds, and marshes, which should be for the use of any local resident. As a result, herds of cattle, having nowhere to go, have reportedly encroached on villages.

Land speculation is rampant in urban areas along the major roads. This has led to the underutilization of productive land by absentee landlords. Similarly, valuable national land has been sold for private profit. Under these circumstances, land ownership, publicly registered or legally protected, accounts for less than 15% of the total land area of Cambodia.

III. Issues and points to be noted in assistance to Cambodia suggested by the People's Forum on Cambodia, Japan (Sector-specific remarks)

1. Agriculture

- Land use planning should form the core of assistance for agricultural development, giving priority to instituting land ownership for farmers.
- In land use planning, certain areas should be secured to absorb the increasing number of small-scale farmers.
- Local communities should be allowed the right to manage and use natural resources. Moreover, these communities should be allowed the right to own pastures, ponds, marshes, and secondary forests that are jointly managed and used by communities.
- In order to establish an effective and sustainable system to spread agricultural techniques and public services, public facilities should be decentralized. Besides, farmers should participate in the spreading of techniques and services.
- A system should be established to provide support for an organization formed jointly by farmers and reliable private sector enterprises, such as small-scale companies in the fields of agricultural materials, processing, and marketing.
- In order to respond to the national demand for personnel training in the agricultural sector, institutions for agricultural education and research should be privatized to ensure independent administration.
- In order to provide farmers with various types of training, training facilities should be established according to the characteristics of the region, and support for farmer training should be provided.
- In order to protect the health of small-scale farmers, minimize environmental disruption, and establish standards for agricultural materials, effective laws should be introduced and enforced.
- Education regarding hazardous agricultural chemicals should be implemented widely as well as the promotion of alternative pest control methods and the Integrated Pest Management (IPM).
- Support for agricultural development should be focused on rain-fed crop cultivation. In particular, emphasis should be placed on the development of multiple cropping and diversified farming in rain-fed

paddy fields, and the conservation of farm soils and water.

2. Fisheries

- The local people's right to live around the fishing areas where they earn their livelihood should be protected. Fishing areas for common use by communities should be authorized in order to ensure the sustainable use of fishery resources and avoid a conflict of interests.
- In order to formulate a clearer and more practical fishery bill, local communities, NGOs, and related institutions should be approved to participate in the deliberations during the formulation process.
- When providing assistance to the fishery sector, aid agencies should focus on improvements in the welfare of local communities that are likely to be affected by the development of the fishery sector. A narrow view aimed at a rise in the nation's revenue through fishery must be avoided, as this may lead to the depletion of limited natural resources.

3. Forestry

3-1 Policies and laws

- For the implementation of 'community forestry' and concession management, appropriate laws and government ordinances regarding forests and land should be enacted or enforced. The drafting process should be participatory and transparent, and secure community participation in forest resources management.
- The process of formulating forestry policies should be open and participatory, and provide information to the public. When deciding policies that may affect local communities, due consideration must be given to listening to the opinions of local communities. Without community participation and transparency in decision-making, these laws and policies will have little significance for Cambodian people.

3-2 'Community forestry' (Forest resources management by communities including villages)

- In order to apply 'community forestry' to any local community that depends on local forests for its cul-

ture and livelihood, basic legal and administrative systems should be established, such as laws, government ordinances, and guidelines for 'community forestry.'

- 'Community forestry' should be given much higher priority, to provide additional support for development.
- By raising awareness and educating local communities, the international community should acknowledge local communities more. Thus, rural people can gain more funds for sustainable forestry management.

3-3 Regulations on illegal deforestation

- It is necessary to regulate the involvement of politicians, military officers, and capitalist entrepreneurs to avoid negative impacts on rural people due to the appropriation of their land, and to stop illegal activities that threaten rural people.
- In order to put an end to the custom in Cambodia whereby people with power are never punished and the poor may be falsely charged, regulations should be focused on large-scale illegal deforestation.
- It is possible to reduce illegal deforestation through 'community forestry,' that is, a strategy to secure livelihoods that are dependent on forestry.

3-4 Sustainable forestry management and the development of income sources

- Prior to resuming commercial logging, appropriate forestry policies should be formulated with sufficient capacity for forestry management.
- Revenues from forestry management should be allocated more to local communities for rural development.

3-5 Management and evaluation of concession rights

- Until concession management, forestry policies, and forestry management capacity are proved to be adequate, transfers and trading of concession rights should be halted.
- Concession contracts should be terminated for the following concession holders: those who have had a record that indicates illegal operations, those who have infringed on the concession rights of native resi-

dents, those who have not been able to ensure the rights of local residents to use forest resources, and those who have not consulted with local residents about management planning and implementation. (In the sustainable forestry management project funded by the Asian Development Bank, NGOs have requested the termination of concession contracts, by identifying concession holders who have threatened local residents by imposing restrictions on the use of forest resources.)

- More aggressive measures should be implemented in order that concession holders may become responsible for the social, environmental, financial, and cultural standards. Communities within each concession area should be able to have consultations regarding forestry management planning, monitoring, and evaluation, prior to the classification of concession rights.
- Surveys should be conducted on the impact of concession rights on local communities, such as the number of affected communities, social, cultural and economic impacts, mechanisms and processes of deciding the areas for logging and for community use, mechanisms for solving conflicts, and established priorities.
- It is necessary to evaluate whether concession rights are being managed properly, and whether the industrial use of forest resources in Cambodia is consistent with well-balanced social and economic development.

4. Small-scale financing

- *It is necessary to have clear understanding and awareness regarding the responsibilities of the lenders.* Excessive emphasis is being placed on the lenders to maintain financial sustainability in rural financing. Lenders have continuously acted in their own way with no regard for the situation of the borrowers. Consequently, this has allowed financial businesses to make large profits by squeezing money out of farmers. When public financial institutions lend money backed by governmental aid, standards for their public responsibility must be clearly established.
- *Criteria should be improved to include social impacts on the borrowers' life.* There is no balanced criterion for judging between profitability for the lender and the public interest. For example, the World Bank

evaluates the outcomes of rural financing projects based on 'outreach' and 'financial sustainability.' In order to evaluate the public interest, it is necessary to fully understand the impact on the life of the borrowers, such as farmers and the poor, at the microscopic level.

- *Information disparities in the lending process should be corrected.* In most cases where borrowers are farmers and the poor who have not been educated, lenders do not give sufficient explanation to the borrowers, and continuously finance them without confirming how much the borrowers understand. This is mainly because the lenders are under pressure to secure profits. Negotiations between the lenders and borrowers should be conducted on an equal basis.
- *The absolute difference in risk between the farmers and financial institutions should be eliminated.* The risk borne by farmers differs from that of financial institutions both in quality and degree. Farmers take the risk of using borrowed money as capital to improve their income, whereas financial institutions take the risk of lending money with no guarantee of repayment. Financial institutions can deal with their risk, for example, by reflecting a loan-loss reserve on interest or securing repayment through an improved portfolio. However, when farmers use the borrowed money in agriculture, they may be faced with an uncontrollable risk, such as effects from natural environmental conditions and market prices. If both lenders and borrowers want to enjoy the benefits from the financing process, a mechanism for both to share the risk should be established. Without such a mechanism to eliminate this qualitative and quantitative disparity in risk, debt-laden farmers and the poor will be forced to unilaterally take most of the risk.
- *Misinterpretation of self-made decisions and society's lack of understanding should be corrected.* In general, it is assumed that responsibility for the debt rests with the borrowers. In other words, the borrowers are responsible for their own decisions in the utilization of the borrowed money. In developing countries where people are strongly conscious of the responsibility of communities, self-made decisions are the key to saving face. Therefore, the fact that borrowers get into debt due to inappropriate lending never comes to the surface. In most cases, lenders, including public financial institutions, overlook this fact and continue financing. Moreover, due to a lack of

proper understanding of what is actually happening at the grassroots level, the society tends to be sympathetic to the lenders. Therefore, it is important for public financial institutions to investigate the actual situation in detail and to correct society's understanding through a disclosure of the results of such an investigation. In a word, transparency and accountability may be the key factors.

- *Rural financing should contribute to the revitalization of the local economy, not serve as a bridge to the macroeconomy.* Rural financing will expose farmers to the market economy. However, farmers can control only a few economic factors, such as market prices and natural environmental costs. In order to provide a 'stable life' to people through credit, it is necessary to reduce dependence on external assistance. The size of the economy should be small enough for farmers to control and absorb the various impacts. In this regard, rural financing should contribute to the revitalization of the local economy. For this purpose, it is necessary to decentralize public financial institutions, encourage farmers and staff members of financial institutions to learn mutually, and strengthen the mechanism of judgment and supervision for appropriate financing. Flexibility is required to solve as many debt problems as possible within the local area.

5. Public health

5-1 HIV/AIDS

- Currently in Cambodia, it is estimated that about 2% of the total population, or 3.75% of people in the sexually active age range, are HIV positive, presenting the most serious situation in Southeast Asia. Any increase in the number of people who are HIV positive will not only lead to a decline in the productive population but also to the aggravation of poverty, as medical care requires a tremendous amount of social resources. Moreover, poverty makes it difficult to prevent infection, thereby forming a vicious circle. When discussing the development of Cambodia as a whole, the issue of HIV infection is a social problem that must be addressed. AIDS is spreading not only in urban areas but also in rural areas where the medical infrastructure has not been fully established. As the number of infected people increases in rural ar-

reas, productivity will drop, and the number of orphans will increase. This will lead to a setback for community development that has just started to occur.

- Rural areas with financial difficulties are faced with a shortage of hospitals and other medical facilities. Therefore, in order to deal with an increase in the number of infected people, local communities must accept these infected people to provide medical care at home.

In order to live together with infected people in local communities, it is essential not only to disseminate knowledge on how to prevent infection, but also to eliminate prejudice against infected people through educational activities. At the same time, medical care should be provided to the extent possible within the limited rural infrastructure. Thus, the reconstruction of the basic infrastructure for public health services in rural areas should be carried out expeditiously.

5-2 Maternal and child health

- In order to further promote cooperation in the field of maternal and child health, it is necessary to strengthen cooperation between midwives at hospitals and health centers and traditional midwives, and referral systems.

5-3 Health education at school

- Japan should provide support in the field of school health education, based on its own experience. Though this field is a priority area for the promotion of primary health care in Cambodia, specific policies and programs have not been established, and major donors have not provided assistance, either.

5-4 Extending cooperation to the provinces

- It is desirable to extend cooperation to rural areas, especially to the provinces in remote areas where substantial assistance has not yet been provided. There is a significant gap between the situation in the provinces and that in the central regions. Therefore, when providing assistance to provincial hospitals in rural areas, it is necessary to fully understand the actual situation of the counterparts, such as the quality and quantity of staff members and problems they are

faced with, as well as the situation in health centers.

- It is necessary to introduce equipment, technologies, and systems suited to the situation and level of each area, so that counterparts can control and maintain these by themselves even after the completion of co-operation projects.
- There is no question that human resources development is extremely important. Focus should be placed on providing practical training in Cambodia and adjacent Asian countries whose circumstances are similar to Cambodia, rather than in Japan. It is also necessary to provide follow-up assistance in order to create an environment where learning acquired from training can be utilized.

5-5 Cooperation with NGOs

- Cooperation with NGOs, both at the central and local levels, should be actively promoted not only in the implementation phase, but from the preliminary survey and project planning phases to the evaluation phase as well.
- Joint evaluation of current cooperation programs with NGOs should be carried out.
- In the orientation prior to dispatching JICA specialists and Japan Overseas Cooperation Volunteers members, it is necessary to provide information on NGOs, in particular, on cooperation with NGOs.

5-6 Empowerment of local residents (Capacity-building for analyzing and solving problems on their own)

- Desirably, assistance and cooperation should focus not only on the preparation and efficient provision of specific administrative programs and services, but also on the empowerment of local communities and residents.
- Cooperation and support should be actively provided to local NGOs that promote such grassroots activities with health as an entry point.

5-7 Support for vertically-divided programs

- Major donors have persistently provided assistance to national programs and specific disease control programs, as these programs are easily implemented and evaluated. Consequently, both at the central and lo-

cal levels, in particular, in local areas with limited budgets, human resources and budgets have been allotted in a significantly unbalanced manner. Basic and steady activities, including those for public health education, that are not directly related to specific diseases have become depleted of personnel and resources. As activities are planned based on the vertically-divided programs to which budgets are allotted, Cambodian people working in such areas get demotivated to take initiatives.

- In order to promote comprehensive primary health care, it is necessary to provide support for utilizing resources in a more flexible way, in accordance with the capacity of the Cambodian counterpart.

5-8 Improvement of the health care sector as a whole

- The health care sector as a whole should be improved from a long-term perspective, focusing not only on specific programs or facilities. For this purpose, co-operation is required to eliminate the following impediments to the development of the health care sector, including the extremely low salaries of public servants, budgetary allotment, administration, corruption, underdeveloped institutions for personnel training, and disproportionate allocation of human resources and facilities to central and urban areas.
- The user fee financing system for medical care expenses based on the benefit principle was introduced as part of the new health policy. It is quite doubtful whether this system is appropriate for the situation in Cambodia where civil wars have just ended. It is reported that the payment exemption system for the poor has not functioned efficiently. Even health centers that should be at the forefront of the protection of people's health are required to create a budget for maintenance, and to assume responsibility for compensating for low salaries. Under these circumstances, preventive and health education activities tend to be increasingly disregarded. It is essential for the government to be responsible for the provision of basic health care services. Therefore, it is desirable to cooperate in providing basic health care services based on Japan's post-war experience. It is also necessary to cooperate in conducting an interim evaluation and review of the new system.

6. Education

Suggestions

- (1) Education should be regarded not only as a means of human resources development for the development of Cambodia, but also as a means of empowering people by liberating them as human beings.
- (2) In primary education, the graduation rate from elementary school is low, while the rate for remaining in the same grade is high. Primary education should therefore be regarded as a priority area when providing support for public education. In order to improve the low literacy rate of adults, it is necessary to provide support for education both formally and informally. Support for education in communities, such as the literacy classes for women conducted by UNICEF and the literacy classes for adults held at temples by UNESCO, should be promoted.
- (3) NGO projects, such as teacher training and school building construction with community participation, have been implemented in Cambodia based on its traditional local characteristics, and are accepted by communities in most cases. NGO activities range from pre-school education and official school education to vocational training. More specifically, NGO activities focus on the improvement of education through teacher training, improvement of the curricula, and the development of textbooks and teaching materials, as well as the provision of educational infrastructure through the construction and repair of school buildings. Thus, NGOs provide assistance from a closer level to the actual site of education. Taking into account the vulnerability in educational administration, assistance should be provided not only for the improvement of educational administration and the educational system, but also for participatory programs for community revitalization. It is necessary to support and promote such programs implemented by NGOs.

7. Support for mine clearance and the independence of demobilized soldiers

7-1 Support for mine clearance

Background

At the September 2000 Second Meeting of State Parties (SMSP) to the 1997 Mine Ban Treaty, the ICBL Mine Action Workshop got the approval of the State Parties to the following statement: mine clearance should be carried out focused on the social and economic impacts on communities, not on the clearance itself.

Suggestions

Japan's support for mine clearance should contribute to promoting mechanization in CMAC and improving the overall impact of the equipment provided. Moreover, Japan should help CMAC to ensure a significant benefit of mine clearance to social and economic development in the stricken areas. For this purpose, it is suggested that specialists in regional development and another specialist in management should be dispatched in order to cooperate with CMAC in medium- to long-term development planning and management.

It is reported that in the middle of the year 2000, CAMC will lay off 2,000 staff members out of a total of 2,900 due to a shortage of funds. However, Japan provided CMAC with mine clearance equipment equivalent to 0.47 billion yen in 1999, and 0.33 billion yen in 2000. In spite of such assistance, CMAC has to lay off staff members, which seems to be a somewhat inexplicable situation.

Mechanization is necessary to improve the efficiency of mine clearance. However, what is more important is that CMAC deminers, who are in charge of eliminating mines under CMAC, can be engaged in everyday mine clearance activities based on the use of their conventional mine clearance technology that they should be able to take pride in. Mechanization should be regarded as a supplementary means. Therefore, assistance for the mechanization of mine clearance should be reduced proportionally until local people can fully handle the equipment through technical transfer. Instead, assistance for local deminers should be increased in order for them to contribute to regional development through continu-

ously being engaged in everyday mine clearance activities without any lay-offs.

In Afghanistan, in the middle of the year 2000, deminers have been laid off due to a shortage of funds. ICBL, the international network of NGOs involved in mine eradication from all over of the world, states that a large amount of funds are flowing to companies in advanced countries engaged in the development of mine clearance technology, instead of flowing into the local mine clearance sites. It also claims that the high technology developed by these companies is not being efficiently utilized, despite the amount of funds they received. That is, an imbalance in funding for high technology has resulted in a shortage of funds for local mine clearance sites using conventional technology.

7-2 Assistance to victims, their reintegration, and vocational training

Background

At the September 2000 SMSP, the scope of assistance to mine victims was expanded as follows: assistance should be provided not only for individual bodily injury, but also for mental incapacity as well as damage to families and communities, basic human rights that have been lost, social and economic rural reconstruction, and sustainable development strategies.

Suggestions

Based on the above definition, support for whole communities should be provided from a wider perspective targeted at the social and economic development of the local area, in order to offer workplaces for mine victims.

Reference

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Appendix 3: Main Indicators of Cambodia and Neighboring Countries

		Year	Thailand	Lao PDR	Viet Nam	Cambodia
Economic Indicators	GDP (million US\$)	1999	123,887	1,373	28,567	3,117
	GNP per capita (US\$)	1999	1,960	280	370	260
	GDP annual growth rate	1999	4.1	4.0	4.4	5.0
	GDP real growth rate	1999	4.0	4.0	4.8	5.0
	ODA received per capita (US\$)	1998	11	57.0	15	29.0
	Industrial structure (as % of GDP)					
	Agriculture	1999	10.2	51.2	23.9	37.4
	Industry	1999	42.9	22.9	34.7	22.1
	Services	1999	46.9	25.9	41.4	35.5
	Growth rate					
	Agriculture	1999	0.5	3.2	5.0	2.4
	Industry	1999	8.3	10.5	7.0	12.9
	Services	1999	1.4	7.9	2.0	2.6
	Inflation rate	1999	0.3	86.7	0.1	4
	Fiscal balance (as % of GDP)	1998	-7.7	n.a.	-1.1	n.a.
	Growth rate of Export of goods and services	1999	7.4	2.9	22.3	21.8
	Growth rate of Import of goods and services	1999	17.7	-2.9	1.2	20.4
	Current Account balance (as % of GDP)	1999	9.1	-10.3	2.3	-8.4
	Net FDI flows (million \$)	1998	6,941	46	1,200	121
	Gross domestic investment (as % of GDP)	1999	26.8	23.7	19.7	13.1
	Gross domestic savings (as % of GDP)	1999	36.4	13.4	22.0	4.7
	External debt (as % of GDP)	1998	11.8	2.5	4.0	0.4
	Debt Service Ratio	1999	20.4	12	11.1	2.5
	Foreign reserves (as % of monthly imports)	1999	9.4	2.2		3.9
Social Indicators	Land area (1000km ²)	(1999)	513	237	332	181
	Population (million)	(1999)	62	5	78	12
	Population density (person/km ²)	(1999)	121	22	238	67
	Urban population ratio	(1998)	21	23	20	16
	Annual population growth rate	(1990-98)	1.0	2.7	1.9	2.7
	Life expectancy at birth (years)	(1998)	69	53	68	53
	Maternal mortality ratio reported (per 100,000 live births)	(1990-98)	44	650	160	470
	Infant mortality rate (per 1,000 live births)	(1998)	30	96	31	104
	Under-five mortality rate (per 1,000 live births)	(1998)	37	116	42	163
	Population with access to safe water	(1990-98)	81	44	45	30
	People living with HIV/AIDS adult rate	(1997)	2.23	0.04	0.22	2.40
	Human Development Index	(1998)	0.745	0.484	0.671	0.512
	Gender-related development index	(1998)	0.741	0.469	0.668	0.503
	Adult literacy rate	(1998)	95.0	46.1	92.9	65.0
	Adult literacy rate (female)	(1998)	93.2	30.2	90.6	80 (illiteracy rate)
	Adult literacy rate (male)	(1998)	96.9	61.9	95.3	43 (illiteracy rate)
	Primary school gross enrolment rate (90-96)	(1997)	89	112	114	113

Source: World Development Indicators 2000 / WB
World Development Report 2000 / WB
Human Development Report 2000 / UNDP
The State of the World's Children 2000 / UNICEF
International Financial Statistics Yearbook 1999 / IMF
Asian Development Outlook 2000