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Land, Labour and Rural Livelihood in Focus

Working Paper 21

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Responsibility for the ideas, facts and opinions presented in this research paper rests solely with the authors. Their opinions and interpretations do not necessarily reflect the views of the Cambodia Development Resource Institute.

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Contents

Preface

This working paper stems from a collaborative research project carried out between the Nordic Institute of Asian Studies, Copenhagen, and Cambodia Development Resource Institute, Phnom Penh, in the year 2000, with the support of the Swedish International Development Agency (Sida). An earlier version of this paper was published by Sida in early 2001 entitled, Country Economic Report 2001. The CDRI edition, being published as Working Paper 21, is for distribution in Asia and the Americas.

The paper is written in three discrete chapters; the latter two chapters do not necessarily flow from the first. The first chapter presents an assessment of the prevailing macroeconomic situation. It is meant to provide the readers with a succinct picture of different features of the economy. Being more generic, it may be of interest to a wider audience. The following two chapters are on issues of contemporary importance to policy makers and others interested in the Cambodian economy. The second chapter analyses the extent of land ownership, access to land, land inequality and landlessness. Each of these topics is of critical importance to Cambodia since over three-fourths of its population is critically dependent on land and agriculture for livelihood. The third chapter looks at the possessions, entitlements and livelihoods of the landless and the near landless. These latter two chapters provide detailed information necessary for formulating both agricultural policies and anti-poverty schemes.

This paper is meant to be a kind of report card on the economy, hence it has an unconventional structure. It is hoped that, in subsequent years CDRI will be able to bring out such reports annually that include a main essay on the status of the economy followed by a thematic presentation.

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Abstract

Political stability has improved greatly in Cambodia since the installation of the elected coalition government in November 1998. This is reflected in resumed economic growth and improved macro-economic indicators across the board. The conditions for institutional reform and consolidation, which are much needed for sustained economic and social development, also seem to have improved considerably.

GDP grew by 4.5 percent in 1999 after two years of zero growth. The rapid development of the garment industry is an important factor behind the growth, but agricultural production has also improved. Inflation has slowed from 15 percent in 1998 to a mere 4 percent in 1999. Foreign trade picked up sharply in 1999, but large deficits in both the trade and the current account balances remain. Garments account for over half of the export revenues. The year 1999 also saw a much-needed improvement in the fiscal base. Government revenue increased by over 30 percent to 11.2 percent of GDP. Public expenditures kept pace with revenue and the budget deficit remained large at 5.2 percent of GDP. Social sector expenditures increased both in absolute and relative terms (from 22 to 28 percent of current expenditures), but they remain sorely inadequate. Defense expenditures are falling slowly, but still make up more than 40 percent of total public expenditure.

Following a sharp decrease in 1997, external assistance has increased again, but has yet to attain the pre-crisis peak of over $500 million. Still, Cambodia remains highly dependent on external assistance to cover large deficits in the external accounts and in the government budget. Donors also augment public sector endeavours to provide public services and invest in infrastructure. In 1998, external assistance was equivalent to 14 percent of GDP, 70 percent of domestic exports and 167 percent of government revenue. Slightly more than half of the assistance is bilateral, a third is multilateral, while NGOs account for the rest. Approximately four-fifths of the assistance is in the form of grants.

As a result of its turbulent past, Cambodia has an extremely young population. Some 55 percent of the population are below the age of 20, while the 50+ age bracket is exceedingly small. As a consequence, the labour force is growing very fast. Very high growth rates in the labour force will continue well beyond the present decade. In the 1998 – 2003 period alone, the labour force is estimated to grow by one million, or 20 percent. At the same time, the dependency ratio will fall, as the economically active age groups will make up an increasing share of the population. The ability of the economy to generate productive employment for the large number of new entrants into the labour force is arguably the greatest development challenge facing Cambodia at present. With 84 percent of the population living in rural areas, 77 percent of the labour force in agriculture, and no less than 63 percent of the total labour force in subsistence farming, dynamic development of agriculture and the rural economy at large is crucial to enhancing employment opportunities. Agricultural production lags far beyond that of neighbouring countries. Only one harvest is reaped per year and yields are low. An intensification of agriculture will need to go hand in hand with a shift from subsistence to market-oriented farming. This transition will require more secure property rights, improved

physical infrastructure and access to markets and inputs, a concomitant development of the non-farm economy in rural areas, and improved rural-urban linkages. Agricultural production has been encouraging in recent years. After three decades of stagnation, rice production has increased significantly in the past five years. The increase has been achieved in part through an expansion of the cultivated area, largely as a consequence of cessation of hostilities. It is also the result of increased yields and double cropping, which suggests that an intensification of farming has commenced in at least some parts of the country. However, there is still inadequate information on the extent, nature and sustainability of such development.

The recent positive developments notwithstanding, there are severe constraints to sustained dynamic development of the rural economy. The level of education remains dismally low. A third of the rural heads of households and half of their spouses are illiterate, suggesting that they will be very handicapped if they venture into commercial farming or non-farm economic activities. The health standards in rural areas also give cause for concern.

Increasing levels of landlessness and near-landlessness also constrain dynamic rural development. In the absence of comprehensive nation-wide statistics, it is difficult to get an accurate overall picture of the structure of land holdings. However, available evidence clearly suggests that there has been a rapid differentiation with regard to access to land since the decollectivisation in the late 1980s. Some 12-15 percent of the rural population would appear to be landless. As might be expected, the majority of them do not derive their main source of income from agriculture. Economically, they form a very heterogeneous category. Some are relatively prosperous households, while others are impoverished. More worrisome is the high incidence of near-landlessness. Close to 40 percent of rural households have less than 0.5 hectare of agricultural land. This is clearly too little for subsistence, yet the overwhelming majority of them depend on agriculture for their living. The main factors behind the economic marginalisation of increasingly large numbers of the rural population are very rapid population growth, a lack of non-farm employment opportunities, and generally depressed economic conditions. This development puts the challenge of large-scale employment creation in a rather sombre light.

Acronyms and Abbreviations

ASEAN	Association of Southeast Asian Nations
ADB	Asia Development Bank
CASD	Community Action for Social Development
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CPR	Common Property Resources
EIU	Economist Intelligence Unit
ESAF	Enhanced Structural Adjustment Facility
FAO	United Nations Food and Agriculture Organization
FDI	Foreign Direct Investment
HRD	Human Resource Development
IDP	Internally Displaced Persons
LADIT	Landlessness and Development Information Tool
MRC	Mekong River Commission
NBC	National Bank of Cambodia
NIS	National Institute of Statistics
PET	Protracted Emergency Target (Survey)
SOC	State of Cambodia
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WFP	United Nations World Food Program

Chapter One

An Overview of the Economic Performance of the Cambodian Economy in 1998–99[1]

Cambodia has enjoyed relative stability in its political and economic environment since November 1998, when the new coalition government consisting of the CPP and FUNCINPEC came to power. The economy, which had experienced a slow-down from the two major crises in 1997 (an internal political crisis in July 1997 and the Asian financial crisis), improved in 1999 as a result of this political stability.

Since coming to power, the government has initiated several economic reforms. The introduction of the Value Added Tax (VAT) in January 1999 was one of the earliest measures to strengthen public finances. The government has also planned to lower tariff barriers by 2010 on most imports to below 5 percent in order to be in line with the rest of the Association of Southeast Asian Nations' (ASEAN) fiscal policy.[2] Cambodia also regained its seat in the United Nations in December 1998. The international donor community continues extensive monetary assistance,[3] on the assurance of continued reform and stability and the Japanese yen loans have resumed. Strong regional economic growth has contributed to increased demand for Cambodian tourism, though the regional recovery from the Asian financial crises has had little effect on export demand due to the limited relationship between Cambodia and these nations. A stable riel, with little inflation, and a tight budgetary policy has also contributed to economic recovery in 1999.

1.1. Population and Labour Force Data

The Census of 1998 provides the first aggregate numbers on the demographics of present-day Cambodia, and serves as a useful tool for better understanding the structure of the national labour force. The total population in 1998, according to the Census, was 11.4 million, of which approximately 52 percent were females (see Figure 1), and 84 percent lived in rural areas. The age distribution reveals that 54.6 percent of the population in 1998 was less than 20 years of age.

Table 1.1 gives the distribution of the labour force by gender and region. The figures in parentheses indicate the percentage of population actively employed (labour force participation rates) in each age group. Table 1.1 shows that labour force participation rates are higher for males (except in the 15–19 years category) and for the rural population. One of the

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[1] The authors are deeply indebted to Sok Hach for providing a wealth of statistical information, which provides the basis for the present chapter, and in particular for helping us evaluate and analyse this information.

[2] Cambodia joined ASEAN in April 1999.

[3] An IMF Enhanced Structural Adjustment Facility (ESAF) was approved in October 1999 to support reforms in the public sector. (World Bank, 2000).

reasons for the difference between the urban and rural sectors could be less participation in agriculture and a higher proportion attending school in urban areas.[4] The number of unemployed persons was 273,183, of which three-fourths were in rural areas. However, in percentage terms, urban unemployment rates (3.7 percent) were nearly those of rural areas (2.1 percent).

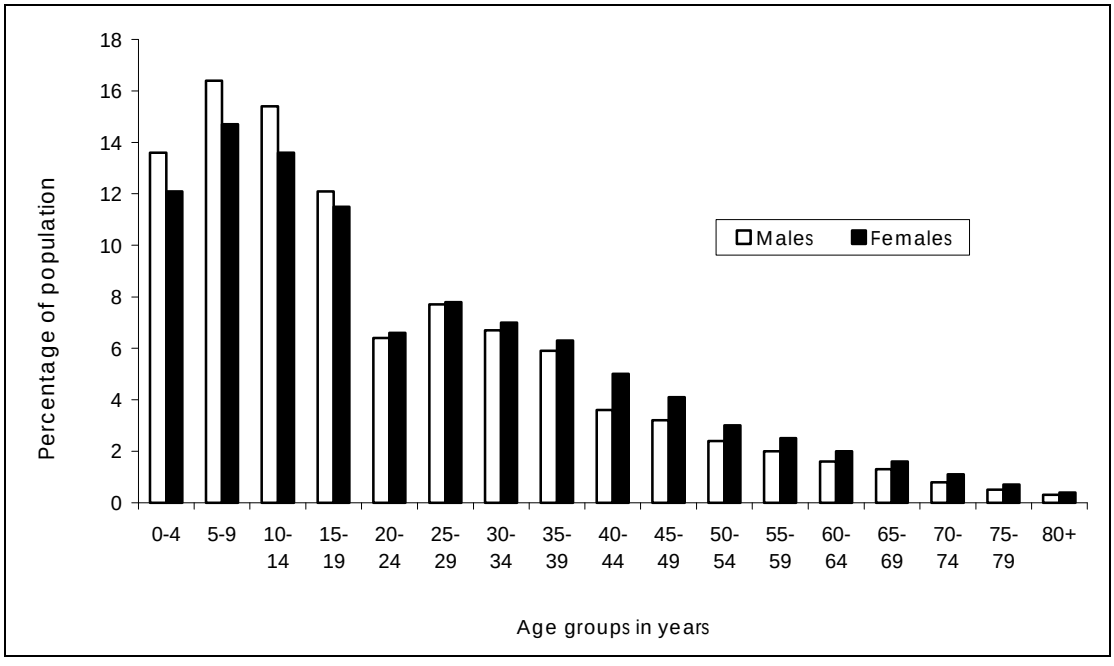
Table 1.1. Age Structure of Labour Force by Gender and Region ('000)

Age group (yrs)	Total	Male	Female	Urban	Rural
15–19	552.2 (41.1)	226.5 (34.1)	325.8 (47.9)	60.5 (25.9)	491.8 (44.3)
20–24	561.9 (75.4)	275.7 (77.8)	286.2 (73.1)	75.3 (58.8)	486.6 (78.9)
25–29	749.5 (84.3)	391.4 (91.7)	358.1 (77.6)	111.7 (70.8)	637.8 (82.3)
30–34	682.9 (87.2)	353.8 (95.6)	329.1 (79.8)	104.7 (76.3)	578.2 (89.6)
35–39	616.7 (88.6)	314.3 (96.6)	302.4 (81.6)	96.9 (78.6)	519.8 (90.8)
40–44	438.8 (88.3)	193.8 (97.0)	244.9 (82.4)	71.9 (77.8)	366.8 (90.7)
45–49	368.5 (88.6)	169.8 (97.0)	198.7 (82.5)	56.7 (78.0)	311.8 (90.8)
50–54	269.6 (86.3)	127.1 (96.0)	142.4 (79.1)	37.1 (73.4)	232.6 (88.8)
55–59	210.4 (81.9)	102.7 (93.2)	107.7 (73.4)	24.1 (64.7)	186.3 (84.8)
60–64	144.0 (70.3)	74.4 (85.9)	69.6 (58.8)	13.8 (48.6)	130.2 (73.8)
Total	4,594.5	2,229.5	2,365.1	652.7	3,941.9

Note: (i) Figures include the employed labour force only. (ii) Figures in parentheses denote percentage to total population in that age category. Source: 1998 Census

The distribution of the labour force (for all age groups) by region and category of employment is clear from Table 1.2. The table brings out the extent of dependence on agriculture, with 77 percent of the total population engaged in agriculture, of which an alarming 63 percent live off subsistence agriculture. A third of the urban population also depends on agriculture for its livelihood. There is thus an urgent need to both increase the non-farm employment base, as well as reduce the incidence of subsistence agriculture.

Figure 1.1. Age Distribution of Cambodia's Population by Gender. 1998



Source: 1998 Census

[4] Census (1998), p.20.

Table 1.2. Employment by Region and Category for All Age Groups, 19980

	Urban	Rural	Total
Agriculture	227,201	3,518,116	3,745,317
Of which subsistence agricultural, fishery and related workers	180,216	2,849,480	3,029,696
Industry*	49,814	100,395	150,209
Other*	396,597	553,639	950,236
Total	673,612	4,172,150	4,845,762
	Percentages to total		
Agriculture	33.7	84.3	77.3
Of which subsistence agricultural, fishery and related workers	26.8	68.3	62.5
Industry	7.4	2.4	3.1
Other	58.8	13.3	19.6
Total	100.0	100.0	100.0

** Sector definitions in the 1998 Census and National Accounts are not the same. The Census includes construction activity in the service sector (in the category "other" above), while the national accounts include it in industry. For the purposes of this report, the analysis follows the national accounts while the above table follows the Census definition with regard to construction activity. Source: Computed from the 1998 Census*

Table 1.3 shows the estimated labour force, based on the current age distribution, mortality, and labour participation rates in 1993 and 2003 (The detailed estimations are clear in Table 2.2). The numbers show an estimated 20 percent increase in the labour force between 1998 and 2003, an average 4 percent increase per year. With an already over-burdened agricultural sector, this puts enormous pressure on job creation efforts, especially in the non-farm sector.

Table 1.3. Summary of Labour Force Estimations, 1993 – 2003 ('000)

Age group (yrs.)	Adjusted Labour Force 1993	Labour Force 1998	Adjusted Labour Force 2003
10–14	61.5	74.9	79.0
15–19	366.0	652.7	796.3
20–24	744.9	615.9	1,093.6
25–29	702.9	785.4	648.5
30–34	643.6	704.2	777.0
35–39	461.7	631.9	694.4
40–44	381.7	448.2	616.2
45–49	292.3	376.4	434.5
50–54	235.4	275.7	351.8
55–59	178.6	215.6	252.3
60–64	130.2	148.5	171.8
65–69	35.9	48.7	54.1
Total	4,235.2	4,979.9	5,969.7

Source: Computed from the 1998 Census

Earlier estimates of the labour force and labour productivity were based on the socio-economic, labour force and demographic surveys from the National Institute of Statistics of the Ministry of Planning, as well as GDP estimates from the Ministry of Finance. These estimates provided only a rough idea of the situation, as there were no generally accepted numbers. The Census of 1998 now provides us with the "only" definite numbers on the population and characteristics of the labour force. However, in the absence of similar statistics on GDP and other indices, we are not attempting any analyses on productivity and inter-sector movements of labour in this report.

1.2. Real Sector Development

The macro-economic performance of Cambodia has been promising in 1999. Although real GDP grew at 1.0 percent in 1998, the same rate as in 1997, improved economic activity raised the estimated growth rate to 4.5 percent in 1999 (Table 1.4). Although Table 1.4 indicates negative growth rates in agriculture, these figures cannot be justified by the corresponding agricultural production statistics of the Ministry of Agriculture, Forestry, and Fisheries, which

show significant increases in both cultivated area and yields (see Table 1.5) of the dominant crops in 1999. The economic recovery of industry is mainly a result of the expansion of the garment industry, which accounted for $598 million of exports (despite quotas by the United States), and an increase in construction activity, which was financed mainly by international bilateral and multilateral assistance. Development in the service sector is accounted for mainly by increased tourism activity, which resulted from political stability and improved security. As a result of these developments, *per capita* GDP increased to $262 by 1999, after falling to $251 in 1998.

Table 1.4. Basic Macro-Economic Indicators, Cambodia

	1995	1996	1997	1998	1999[E]
Growth rate of real GDP	7.6	7.0	1.0	1.0	4.5
Agriculture	10.5	0.8	1.4	-0.1	1.4
Industry	6.8	17.9	2.4	6.1	10.6
Service	4.5	10.7	-10.0	0.3	5.5
GDP per capita $	284	292	276	251	262
Gross domestic savings (% of GDP)	3.3	3.8	3.5	2.7	2.4
Gross domestic investment (% of GDP)	8.5	9.7	6.9	5.7	5.3
Growth rates of CPI (annual average)	7.8	7.1	8.1	14.7	4.0
Growth rates of money supply (M2)	44.4	40.3	16.6	15.7	17.2
Exchange rates (riels/dollar parity yr. avg.)	2,462	2,641	3,000	3,800	3,820
Government operations (% of GDP)					
Expenditure	16.7	17.5	13.8	14.2	16.4
Revenue	8.9	9.1	9.7	8.6	11.2
Overall budget surplus/deficit	-7.7	-8.4	-4.2	-5.6	-5.2
Balance of payments					
Growth rate of merchandise exports (%)	75.5	-17.5	5.7	-0.1	31.2
Growth rate of merchandise imports (%)	57.4	-2.3	-9.1	-1.3	27.6
Balance of trade ($ million)	-377	-499	-349	-335	-401
Balance of current account ($ million)	-403	-487	-312	-314	-359
Balance of current a/c (% of GDP)	13.8	15.6	10.3	11.0	11.6
Foreign direct investment ($ million)	151	240	150	120	150
Foreign debt					
External debt outstanding ($ million)	131	222	259	308	351
Debt-service ratio (amortisation as % of export revenues)	0.45	2.7	-	0.13	0.13

E-Estimated by Ministry of Economy and Finance. Source: Sok (2000)

Inflation, which had reached double digits in 1998 as a result of the tumultuous two preceding years, slowed down to 4 percent, reflecting good rice harvests in the region in 1998/99. This, in turn, put downward pressure on food prices. During 1999, the riel also depreciated only slightly (by less than 1 percent), compared to the high 13 percent depreciation in 1998. This also contributed to monetary stability.

The government continues to operate on current and capital account deficits, although the overall deficit decreased in 1999 (Table 1.4). Although increased imports in 1999 would also lead to increased trade deficits, these could be offset by increased foreign direct investment (FDI), increased garment exports, and improved tourism. External debt continued to increase throughout 1998 and 1999, but Cambodia's debt-service ratio is still low and will not be a problem provided economic activity continues to grow steadily in the short run.

1.2.1. Agriculture

Agriculture occupies a very important place in the Cambodian economy. In addition to providing employment to about 77 percent of its population, it constituted about 35 percent of the national GDP in 1999. Table 1.5 shows the cultivated area and production of the most important crops. Rice tops the list, with over two million hectares and an average yield of close to two tons per hectare (Tables 1.5 and 1.6). Table 1.5 also shows that the cultivated area and production of all other crops declined in 1998–99, but increased in the harvest year 1999–2000. Increased productivity can be seen in all crops in the 1999–2000 period, reflecting an improved economic climate in the nation. Fluctuations in the supply of agricultural products are caused by a lack of adequate irrigation, which means that agricultural production remains largely dependent on rainfall. However, a lack of statistics on irrigation limits any further analysis beyond this statement. Surplus rice production in 1998-99 and 1999-2000 was 30,070 and 260,710 tons of milled rice, respectively, thus enabling increased rice exports. Rice processing facilities and road conditions need improvement in order to maintain the surplus in rice production. The EIU Country Report 1999 states that many rice processing projects involving foreign investment are being held up by land disputes. Existing rice mills are old and ill equipped to meet international standards, with the result that neighbouring Thai and Vietnamese traders often buy unprocessed paddy from Cambodia to process elsewhere. This represents a potential revenue loss for Cambodia.

Table 1.5. Cultivated Areas and Production of Main Crops, 1995 – 2000[5]

	1995–96	1996–97	1997–98	1998–99	1999–2000
	Cultivated area (thousand hectares)				
Rice	2,086	2,171	2,076	2,104	2,157
Maize	52	49	52	40	58.8
Vegetables	42	46	44	38	45
Mung beans	26	28	27	25	29
Soybeans	17	29	33	31	35
Sesame	**9**	**12**	**17**	**15**	**16**
	Total production (thousand tonnes)				
Rice	3,448	3,458	3,415	3,510	4,029
Maize	55	64	67	49	69
Vegetables	193	249	250	217	214
Mung beans	20	14	15	9	14
Soybeans	17	28	34	28	33
Sesame	4	5	7	5	8

Source: Agricultural Statistics (various years). Ministry of Agriculture, Forestry and Fisheries.

Table 1.6. Yields of Agricultural Crops. Tonnes per Hectare, 1995 – 1999

	1995–96	1996–97	1997–98	1998–99	1999–2000
Rice	1.79	1.83	1.77	1.79	1.94
Maize	1.22	1.37	1.24	1.22	1.27
Vegetables	4.92	5.96	5.1	5.88	5.91
Mung bean	0.78	0.51	0.56	0.56	0.58
Soya bean	1.07	1.69	1.72	0.89	0.95
Sesame	0.45	0.45	0.20	0.54	0.55

Source: Agricultural Statistics (various years)

Livestock and poultry production also shows the same trend as crop production. The year 1998 saw reduced cattle production, although poultry production was strong. Both livestock and poultry production have registered quite dynamic growth in the year 1999, especially cattle production, which made up for the 6.7 percent decline of 1998. Poultry production was highest in the last five years (Table 1.7), which is attributed to increased demand from the tourism sector (e.g. restaurants).

[5] Figures based on "harvest years," e.g. June–May.

Table 1.7. Livestock and Poultry Production, 1995 – 1999

	1995	1996	1997	1998	1999
	Thousands of heads				
Cows and oxen	2,778	2,762	2,872	2,680	2,887
Buffalo	765	744	766	694	696
Pigs	2,039	2,151	2,237	2,339	2,362
Poultry	10,067	11,412	11,982	13,117	15,084
	Percentage change from previous year				
Cows and oxen	5.9	-0.6	4.0	-6.7	7.7
Buffalo	-6.0	-2.7	3.0	-9.4	0.3
Pigs	1.8	5.5	4.0	4.6	0.98
Poultry	-0.3	13.4	5.0	9.5	15.0

Source: Agricultural Statistics (various years)

Fishery production statistics also show that the total catch in fishing lots increased in both 1998 and 1999 (Table 1.8), except for freshwater fish. Fishing is an important source of livelihood for many rural Cambodians. Kato's (1999a) case study on landlessness in the village of Kompong Reap, which is located in a fishing lot, describes declining fish stocks in the 1990s. Such declines are attributable to the loss of flooded forest and use of illegal and destructive fishing methods, such as electric shock, fine-mesh nets and off-season fishing. It is probable that similar situations prevail in the rest of the country, which suggests that serious thought must be given to the regulation of common property resources in Cambodia. The situation is similar in forestry, which is another important source of revenue and livelihood. Processed wood and natural rubber are the two largest agro-exports of Cambodia. Over-exploitation of forests, initiated by large-scale illegal logging, is causing huge losses in potential government revenue. If left unchecked, this could greatly reduce the commercial potential of Cambodia's forest resource in less than five years.[6]

Table 1.8. Total Amount of Fish Caught, 1995 – 1999

	1995	1996	1997	1998	1999
	Tonnes				
Total fish caught	112,510	104,310	114,600	120,400	123,450
Freshwater fish caught	72,500	63,510	73,000	75,700	71,000
Maritime fish caught	30,500	31,200	29,800	32,200	38,000
Aquaculture	9,510	9,600	11,800	12,500	14,450
	Percentage change from previous year				
Total fish caught	9.0	-7.3	-1.4	5.0	2.5
Freshwater fish caught	11.0	-12.4	14.9	3.7	-6.2
Maritime fish caught	1.7	-2.3	-4.5	8.1	15.6
Aquaculture	n.a.	1.0	22.9	5.9	15.6

Note: The total freshwater fish caught includes those from fishing lots only. Family fishing is not included. For 1999, family fishing amounted to 115,000 tons and fishing in rice fields (wet season), amounted to 45,000 tons.
Source: Agricultural Statistics (various years)

1.2.2. Industry

Manufacturing constituted about 20 percent of the national GDP and, according to the Census, employed 3 percent of the labour force[7] in 1998. Although industrial growth slowed in 1997 due to the two crises referred to above, it has remained positive and on an upward trend since 1995 (see Table 1.4). Domestic and foreign investment in industry has reportedly not recovered fully, as seen in the number of investment projects approved by the Council for the Development of Cambodia (CDC). In 1999, 95 projects worth $474 million were approved, down by 44 percent year on year.[8]

[6] World Bank (1999:53).
[7] As noted earlier, the Census definition of manufacturing industry excludes construction activity.
[8] CDC data.

The dominant sector in manufacturing is the garment and textile industry, which was established in 1993, mainly to promote exports. Although the number of garment industry licenses issued has reduced, production and exports continue to grow at a rapid rate. The imposition of quotas by the United States, which has been the main market since 1997, has put a ceiling on expansion possibilities. Talks with the United States continue with the objective of raising the ceiling above the 6 percent annual increase that is currently permitted. In the first quarter of 2000, garment exports had risen by 47 percent, reaching a new record of $195 million.[9]

According to the definitions used in the national accounts, industry includes mining, manufacturing and construction. While detailed statistics are unavailable, it is reported that "…most manufacturing is conducted on a small-scale, informal basis. The fortunes of manufacturing activities, such as brick making and ceramics, are linked to the fortunes and performance of the construction sector."[10] The performance of industry in 1998 and 1999 is quite promising for the future of Cambodia. This will also help transfer surplus labor in agriculture into more gainful employment. Expansion in the construction sector is reflected in the building of hundreds of new garment factories, as well as new hotels. This has been possible because of the development of social infrastructure, which has been mainly financed by the government with bilateral and multilateral assistance.[11]

1.2.3. Services

The service sector, consisting of wholesale and retail trade, hotels and restaurants, transport and communication, banking, real estate, business and other miscellaneous intermediate activities, accounted for 45 percent of the GDP and employed about 17 percent of the Cambodian work force in 1998. This sector was adversely affected by the 1997 crises, with the result that its growth rate in 1998 was barely in the positive range. However, it performed admirably when we look at the decline of 10 percent in 1997 (See Table 1.4). In 1999, it has grown rapidly at 8.5 percent, and has been a major engine for the 4 percent estimated growth of overall GDP.

The tourism sector has also benefited from the restoration of stability in the national environment since 1998. The number of tourists arriving at Pochentong Airport in 1998 declined by 18 percent over the previous year, but increased by the same percentage in 1999. Other infrastructure development projects are in the planning stage, funded primarily by external assistance. For example, the Sihanoukville port has been upgraded with Japanese assistance, and France has provided technical assistance to the State-run electric company. The ADB has also provided a $1.45 million technical assistance grant to improve the regulation and operation of organisations providing small-scale savings and loan services, known as micro-finance.[12]

During the first quarter of 2000, the number of passengers arriving at Pochentong Airport increased 21 percent over the same period in 1999, even though the total number of tourist arrivals for the country actually declined. This is explained by the increase in the number of passengers arriving directly at Siem Reap-Angkor to visit ancient temples.[13]

1.3. Prices and Exchange Rates

The 1998 statistics on prices reflected the adverse impact of the 1997 crises. The Consumer Price Index (CPI) in 1998 rose rapidly until the election, but declined afterwards. The year-on-year inflation reached its peak at 17 percent in June 1998. This was mainly due to

[9] Cambodia Development Review (2000).
[10] Ministry of Planning (1999a:29).
[11] Sok et al. (2000)
[12] EIU (1999)
[13] Cambodia Development Review (2000)

extensive hoarding of food by the population and the depreciation of the riel, which led to higher import prices.[14] Details on the movement of the CPI are given in Table 1.9. The inflation rate for the entire year came close to 15 percent. In 1999, there has been an excellent recovery, which is attributed to the relative economic and political stability, a 10 percent decrease in the currency held outside the banks, and a slight appreciation of the riel.[15] The annual inflation rate for 1999 works out to be a little over 4 percent, and forecasts for 2000 hold it under 2 percent. However, these numbers are to be read with caution. The CPI is riel-denominated, which understates the impact of a dollarised economy like Cambodia's. While the extensive dollarisation of the economy appears to have helped moderate adverse effects on macroeconomic stability,[16] as noted in the previous Country Study on Cambodia (Chan et al, 1998), it reduces the relevance of the standard riel-denominated CPI as an indicator of the cost of living of Cambodia.[17]

Table 1.9. Percentage Change in Consumer Price Index in Cambodia

	Index (Base July-Sept 1994=100)	Quarter to Quater Change	Year to Year Change
1995 Annual Average	103.37		
I Quarter	101.31	-2.76	
II Quarter	99.64	-1.65	
III Quarter	105.46	5.84	
IV Quarter	107.06	1.51	2.75
1996	110.76	7.15	7.15
I Quarter	106.05	-0.94	4.68
II Quarter	107.62	1.48	8.01
III Quarter	112.68	4.70	6.85
IV Quarter	116.68	3.54	8.99
1997	119.58	7.96	7.96
I Quarter	111.94	-4.06	5.55
II Quarter	114.88	2.63	6.74
III Quarter	124.17	8.08	10.19
IV Quarter	127.32	2.54	9.12
1998	137.25	14.78	14.78
I Quarter	129.71	1.87	15.88
II Quarter	134.43	3.64	17.02
III Quarter	141.45	5.22	13.92
IV Quarter	143.41	1.39	12.64
1999	142.78	4.03	4.03
I Quarter	140.76	-1.85	8.52
II Quarter	143.00	1.59	6.37
III Quarter	144.01	0.71	1.81
IV Quarter	143.37	-0.45	-0.03
2000			
I Quarter	140.87	-1.74	0.78

Source: Ministry of Planning (2000)

The official exchange rate of the riel set by the National Bank of Cambodia (NBC) follows a market-based exchange rate policy. In 1998, the riel depreciated by 13 percent until the elections, but then stabilised, after the formation of the government, and then for a short period rose in value. Again, the extensive dollarisation of the economy reduced the effectiveness of the monetary policy of the NBC, which had to rely on interventions using

[14] Economic and Monetary Statistics Review (1998). No. 62 Dec. 1998.
[15] *Ibid.*
[16] Ministry of Planning (1999a).
[17] Chan et al (1998).

dollars to smooth the exchange rates and impart stability to the riel. In 1999, the riel depreciated gradually, with a slight appreciation in October, reflecting governmental stability, fiscal discipline, and the promise of continuing international aid. Overall, the riel has been more or less stable. This is also a result of the improved regional economic climate. Table 1 in the Appendix shows the movement of exchange rates for the riel and other ASEAN currencies, vis-à-vis the US Dollar. Most currencies, excluding the Myanmar kyat, have seen stabilising corrections in 1999.

1.4. Monetary and Financial Sector Development

Monetary statistics exhibited noticeable improvements in 1998, with the supply of both M1 and M2 money increasing by 41 and 16 percent, respectively (Table 1.10). The former was the result of a sharp increase in the currency held outside banks. However, the decline in foreign currency deposits (carried over from the reaction to the 1997 crises) offset the increase in currency held outside banks, and lead to an overall slowdown in liquidity[18] growth when compared to the previous year. In 1999, the converse (a rapid increase in foreign currency deposits) resulted in higher growth rates of liquidity.

Table 1.10. Monetary and Financial Sector Development, 1995 – 1999

	1995	1996	1997	1998	1999
	I. Money Supply (Billion Riels)				
Broad Money (M2)	650	912	1,063	1,230	1,442
Money (M1)	279	329	385	543	532
Currency outside banks	251	300	356	509	490
Demand deposits	28	29	29	34	42
Quasi-money	371	583	678	687	910
Time and savings deposits	5	8	13	20	31
Foreign currency deposits	366	575	665	667	879
	II. Percentage change from previous year				
Broad Money (M2)	44.4	40.3	16.6	15.7	17.2
Money (M1)	39.5	17.9	17.0	41.0	-2.0
Currency outside banks	34.9	19.5	18.7	42.9	-3.7
Demand deposits	100.0	3.6	0.0	17.2	23.5
Quasi-money	48.4	57.1	16.3	1.3	32.5
Time and savings deposits	-50.0	60.0	62.5	53.8	55.0
Foreign currency deposits	52.5	57.1	15.7	0.3	31.8

Source: Economic and Monetary Statistics Review (various issues), National Bank of Cambodia

The year 1998 also saw a slowdown in banking activity. Bank credit to the private sector rose by 15 percent in the first half of the year, but growth for the whole year declined to only 3 percent, compared with 47 percent in 1997.[19] The total credit of commercial banks expanded in 1998, although the rate was much higher in 1999 when total credit had increased by 15 percent by October (Table 1.11). The service sector accounted for most of the bank credit in 1998 and through October 1999, followed by industry, and then agriculture to a lesser extent. "During 1998, some commercial banks closed or down-sized their operations due to the continuing regional crisis. The increase in the growth rate of credit in 1999 was largely due to the improvement in political stability and the continuation of donor assistance."[20]

[18] Liquidity includes currency outside banks, and also foreign currency deposits.
[19] Economic and Monetary Statistics Review, No. 62-December 1998.
[20] Sok et al (2000).

Table 1.11. Credit Granted by Commercial Banks by Type of Business (Excluding Provincial Branches of National Bank of Cambodia – NBC), Million Riels

	As on				
	Dec. 95	Dec. 96	Dec. 97	Dec. 98	Oct. 99
Agriculture	15,015	31,685	27,531	39,078	32,521
Industry	44,970	64,006	114,481	120,504	157,293
Other	263,017	342,817	507,750	498,835	570,197
Total	323,002	438,508	649,762	658,417	760,011
	Percentage to total credit				
Agriculture	4.6	7.2	4.2	5.9	4.3
Industry	13.9	14.6	17.6	18.3	20.7
Other	81.5	78.2	78.1	75.8	75.0

Source: *Economic and Monetary Statistics Review (various issues), National Bank of Cambodia*

Table 1.12. Summary of Deposits with Commercial Banks (Excluding Provincial Branches of NBC), Million Riels

	As on				
	Dec. 95	Dec. 96	Dec. 97	Dec. 98	Oct. 99
Deposits in riel	32,294	40,007	42,886	49,769	66,240
Deposits in foreign currency	515,384	731,613	832,063	841,651	1,045884
Total	547,773	771,716	875,046	891,518	1,112,223

Source: Economic and Monetary Statistics Review (various issues), National Bank of Cambodia

On the liability side of the banks, deposits with commercial banks have steadily increased since 1995, and most noticeably since 1997 (Table 1.12). The share of deposits in foreign currency has also remained constant at 94 percent. However, in dollar terms, foreign currency deposits declined by 8 percent during 1998, compared with a 9 percent decline in 1997.[21]

1.5. Public Finance

Cambodia's fiscal performance, which deteriorated noticeably in 1998, showed signs of improvement in 1999 in terms of surplus/deficits and the growth of government revenue as a percentage of GDP (Table 1.13).[22] As Tables 1.13 and 1.14 show, the trend before 1998 was generally one of continuous fiscal and current account deficits, high current expenditure (mainly defence), government revenue constituting 8–9.5 percent of GDP, a high percentage of foreign financing and limited recourse to deficit financing. Fiscal adjustment mainly took the form of cuts in non-wage operating expenditures in order to limit recourse to bank financing. In 1998, fiscal performance worsened with overruns on budgeted defense expenditure. Bank financing of the budget deficit amounted to 125 billion riels and capital revenues dropped dramatically. All of these factors were the on-going effects of the twin crises of 1997. However, in 1999, government revenues grew much more than expenditures as a result of the introduction of VAT, increased revenue from import duties, and the licensing of garment exports). This created a surplus in the current account.

[21] Economic and Monetary Statistics Review, i*bid*.

[22] It is also important to note that there are no generally acceptable figures for the government budget and balance of payments for the years 1995-1999. Tables 1.13 and 1.14 present the official figures as per the Ministry of Economy and Finance data contained as addenda in the *Draft Budget Plan 2000 Report*. Further, the macro-data are revised backwards periodically, resulting in multiple data sets for every year. While the trend is more or less the same in all data sets, the magnitude is different. Other sources for the macro-data are the computations by CDRI presented in Tables 2 and 3 in the Appendix. Lack of a single statistical methodology has resulted in plurality of macro-data.

Table 1.13. Summary of Government Budget, 1995 – 2000 (Billion Riels)

	1995	1996	1997	1998	1999[E]	2000[P]
Revenue	794	903	979	944	1417	1611
Current Revenue	635	709	868	909	1354	1520
Tax revenue	445	534	597	679	995	1110
Non-tax revenue	189	175	271	230	359	410
Capital revenue	159	193	110	35	64	91
Expenditure	1248	1419	1268	1557	1795	2335
Current expenditure	737	790	816	934	1125	1315
Capital expenditure	511	629	452	623	670	1,020
Current deficit (accrual)	-102	-81	52	-25	229	205
Overall Deficit (accrual)	-454	-516	-289	-613	-378	-724
Financing	557	693	379	614	465	830
Foreign financing	559	680	446	508	461	845
Domestic financing	-2	13	-67	106	4	-15
o/w bank financing	6	-17	-75	125	-70	n.a.
GDP	7,200	8,250	9,100	10,750	12,130	13,450
			Percentage of GDP			
Revenue	11.0	10.9	10.8	8.8	11.7	12.0
Tax revenue	6.1	6.5	6.6	6.3	8.2	8.3
Non-tax revenue	2.6	2.1	3.0	2.1	3.0	3.0
Expenditure	17.3	17.2	13.9	14.5	14.8	17.4
Current expenditure	10.2	9.6	8.9	8.7	9.3	9.8
Capital expenditure	7.09	7.62	4.97	5.79	5.52	7.58
Current Deficit (accrual)	-1.4	-1.0	0.6	-0.2	1.9	1.5
Overall Deficit (accrual)	-6.3	-6.3	-3.2	-5.7	-3.1	-5.4
Financing	7.7	8.4	4.2	5.7	3.8	6.2
Foreign financing	7.8	8.2	4.9	4.7	3.8	6.3
Domestic financing	-0.02	-0.21	-0.70	0.98	0.03	0.11

Note: [E] Estimated, [P] Planned. Source: Working Table. Ministry of Economy and Finance (2000)

However, when we look at the structure of revenues, the relative contributions have not changed much over the last five years, except for the introduction of VAT (Table 1.14). International trade taxes, especially import duties, accounted for almost 84 percent of the tax revenue in 1999. The contribution of direct taxes is dismal, owing to the on-going economic conditions of Cambodia. In addition to the poor tax base and ad hoc tax and customs exemptions, the government extended the exemption from pre-shipment inspections to garments and cigarettes after the July 1997 events.[23] This also resulted in reduced revenues. As an indication that things are improving, the 1999 fiscal performance reflects improved collection performance of revenues. As a result, governmental revenues constituted 11.2 percent of the GDP.

On the expenditure side, defence claimed close to 30 percent of the total in 1998, but its share decreased to 26 percent in 1999, the lowest since 1995 (see Table 1.14). Governmental expenditure as a percentage of GDP was almost the same for 1998 and 1999 (Table 1.13), owing again to increased defence expenditures. Expenditures on the social sector, although increasing, are dismally low when compared to the demand for them. Foreign financing is used primarily to fund infrastructure developments, which puts the health sector at serious risk, while the health sector's needs stay unaddressed.

[23] World Bank (1999).

Table 1.14. Government Revenues and Expenditures by Source and Sector (Billion Riels)

	1995	1996	1997	1998	1999[E]
Revenue	794	903	979	944	1417
Tax revenue	445	534	597	679	995
Direct Taxes	22	26	46	59	76
Payroll tax	1	3	6	8	10
Profit tax	18	18	35	42	60
Land and Property	2	2	2	3	n.a.
Indirect taxes	26	44	66	94	109
o/w Excise duties	9	7	11	16	19
VAT	-	-	-	-	54
International Trade taxes	397	465	486	527	810
Import duties	300	334	336	372	439
Exports	17	8	10	3	12
Non-tax revenue	190	176	271	230	359
Capital revenue	159	193	110	35	64
Expenditure	1248	1419	1268	1557	1795
Current expenditure	737	790	816	934	1125
Defense	430	406	419	453	470
Social sectors	148	179	189	203	316
Education	74	80	83	102	150
Health	26	42	45	43	80
Capital expenditure	511	629	452	623	670

Source: Ministry of Economy and Finance (2000)

1.6. External Transactions

Cambodia's balance of payments shows a continued trade deficit in 1998 and 1999. The volume of deficit had decreased in 1997 due to increased garment exports and retained imports, reflecting riel and dollar appreciation during that period. In 1998, the fall in forestry export revenues was higher than the expansion of garment exports, with the result that the trade deficit increased slightly. In 1999, due to higher retained imports, increased value of oil imports and falling forestry revenues, the deficit widened further to $401 million (Table 1.15).

Table 1.15. Balance of Payments of Cambodia 1995 – 1999, ($ million)

	1995	1996	1997	1998	1999
Trade (goods) balance	-350	-499	-338	-341	-401
Exports (FOB)	890	712	756	746	756
Of which	350	351	506	616	636
Domestic exports					
Re-exports	540	361	250	130	120
Service Balance	-29	5	27	6	27
Receipts	107	147	142	126	164
Payments	136	142	115	120	137
Balance of goods and services	-379	-494	-311	-335	-374
Net income	-18	-16	-15	-14	-12
Receipts	25	28	31	35	37
Payments	43	44	46	49	49
Private transfers	20	23	25	30	30
Balance of current accounts (incl. official transfers)	-30	-188	-100	-125	-164
Official sector loans (excl. IMF)	71	56	38	49	43
Gross Loan Disbursements	75	75	38	50	44
Amortisation	4	19	0	1	1
Private (net)	151	240	150	120	150
Direct investment, net	151	240	150	120	150
Portfolio investment, net	0.0	0.0	0.0	0.0	0.0
Net errors and omissions	0.0	0.0	0.0	0.0	0.0
Overall Balance	79		34	14	24
IMF Contribution	42	0.0	0.0	0.0	11
Net change in foreign reserves	40	54	33	126	24

Source: Ministry of Economy and Finance (2000)

Along with the trade performance, official aid, loans and foreign direct investment (FDI) all slumped in 1997 due to temporary suspension of foreign aid and the uncertain economic scene. Official transfers and loan disbursements fell further in 1999, although FDI picked up significantly, which caused the overall balance to improve from $14 million in 1998 to $24 million. Net foreign reserves also significantly increased in 1998 and 1999.

The ASEAN countries, mainly Thailand, Singapore and Vietnam, are Cambodia's largest trading partners. They accounted for 33 percent of exports and 38 percent of Cambodia's imports in 1998 (Table 1.16). The United States is the largest export partner, mainly due to garment exports, and accounts for 37 percent of total exports. Table 1.17 shows the place of pride occupied by the garment industry in Cambodia, accounting for close to 60 percent of the value of exports, followed closely by cigarettes and processed wood, in that order.

Table 1.16. Structure of Cambodia's Exports, Imports and Approved Investments by Country. Percentages

	Share of exports 1998	Share of imports 1998	Share of investment (fixed assets)
Total value	$795 million	$1,127 million	$2,543 million
ASEAN	32.9	38.2	34.9
Singapore	16.7	8.5	7.8
Thailand	9.7	14.9	6.4
Malaysia	0.8	4.1	20.4
Indonesia	0.1	2.5	1.0
Vietnam	5.3	8.0	0.0
Philippines	0.4	0.2	0.0
Laos	0.0	0.0	0.0
Myanmar	0.0	0.0	0.0
Other Asian countries	16.4	37.0	39.2
Taiwan	2.6	11.2	14.6
Hong Kong	3.4	11.5	8.5
China	5.3	8.5	8.3
South Korea	0.0	5.9	7.8
Selected industrialised countries	50.7	16.6	20.6
United States	36.8	3.5	8.7
Japan	1.0	6.3	0.3
France	1.5	3.6	7.5
Germany	9.0	0.9	0.0
United Kingdom	3.1	1.3	2.8
Australia	0.1	0.9	1.3
Others	0.0	8.2	5.3

Source: Ministry of Finance and Economy (2000)

Table 1.17. Cambodia's Export of Goods, 1998

	$ million	% share
Total	795	100.0
Manufactured goods	466	58.6
Garments	420	52.8
Cigarettes	36	4.5
Others	10	1.2
Agriculture and allied	135	17.0
Processed wood	102	12.9
Natural rubber	25	3.2
Fishing products	4	0.5
Others	3	0.4
Others	194	24.5

Source: Ministry of Economy and Finance (2000)

1.7. The Place of Official Development Assistance in the Cambodian Economy

The Cambodian government and economy are heavily dependent on external assistance in the form of both grants ($328 million in 1998) and loans ($75 million in 1998). Comprehensive details of the technical assistance to Cambodia are available only for the year 1998; hence, this section will focus on that year.

The magnitude of the importance of external assistance is brought out very clearly by Godfrey et al (2000) when they note:

> *External technical assistance is one of the Cambodian economy's biggest industries – far outstripping the government's revenue and non-defence current expenditure in recent years and a more important source of foreign exchange than any of the country's major exports.*[24]

The scale of external assistance can be seen in Table 1.18 in which the numbers in relation to government revenue and exports are extremely high.

Table 1.18. The Scale and Relative Importance of External Assistance (Total and Technical) to Cambodia, 1998

	Total external assistance[a]	Technical assistance[b]
Per head of population	$36	$21
As % of		
GDP	14	8
Exports	57	33
Domestic exports	70	40
Exports of services	370	211
Net foreign investment	335	191
Government revenue	167	95
Tax revenue	226	129
Government current expenditure	169	96
Non-defence current expenditure	305	174

Note: [a] Total external assistance includes: investment project assistance, budgetary and balance-of-payments support, food aid and emergency and relief assistance, as well as technical assistance [b] There are two types of technical assistance: free standing ($208 million in 1998) and investment related ($23 million). Source: Godfrey et al (2000), Table 2.1.

Total disbursements of external assistance by bi-lateral, multi-lateral and non-government institutions for 1998 amounted to $404 million, an increase of 7.6 percent from 1997. Development assistance grants amounted to $328 million (a 3 percent decline from 1997), while loans totalled $75 million (a 106 percent increase from 1997).[25] Of these, 33 percent came from multilateral donors, 53 percent from bilateral donors, and the rest from non-government organisations (Table 1.19). In terms of the sectoral distribution, the largest disbursement of external assistance was to the rural development sector (14 percent). This was followed by the development administration sector (12.4 percent), the transport/infrastructure sector (12 percent), the humanitarian aid/relief sector (11 percent), the economic management sector (11 percent), the education/HRD sector (9.4 percent), the health sector (8 percent), the agriculture, forestry and fisheries sector (7 percent), the social development sector (6 percent), and the energy sector (5 percent).

External assistance to Cambodia is divided into the following types: freestanding technical cooperation and investment-related technical cooperation (together termed as technical assistance), investment project assistance, budgetary aid/balance of payments support, and food aid/emergency and relief assistance. There were no disbursements on the last two types in 1998. The amounts for technical assistance and investment project assistance totalled $231 million (mainly grants) and $168 million, respectively. The Development

[24] Godfrey et al (2000).
[25] CDC (1999).

Cooperation Report of the Government of Cambodia also notes that many bilateral donor agencies implement their programmes, either in part or entirely, through agencies in the United Nations (UN) system and/or through NGOs.

Table 1.19. External Assistance to Cambodia, 1995 – 1998, by Donor (Million US Dollars)

	1995	1996	1997	1998
Multilateral donors	169.6	198.0	123.1	133.4
UN agencies	31.0	50.3	39.8	40.5
World Bank	29.6	40.4	28.1	29.3
IMF	42.3	0.4	0.0	0.0
ADB	37.9	49.2	18.4	41.3
EU	28.9	57.6	36.8	22.3
Bilateral donors	328.1	284.3	202.5	214.4
Australia	27.5	20.2	27.3	18.2
China	3.1	10.9	9.5	14.3
Denmark	5.1	20.8	5.1	4.5
France	62.2	42.9	26.5	29.5
Germany	13.9	9.6	10.1	9.8
Japan	117.9	111.0	59.8	71.4
Netherlands	3.4	11.5	3.3	5.7
Sweden	25.3	16.1	17.4	13.5
UK	10.7	4.1	2.3	6.0
USA	45.1	28.8	30.5	30.4
Non-governmental organizations	21.1	35.8	49.9	56.1
Total	518.8	518.1	375.4	403.9

Source: Godfrey et al. (2000)

Table 1.20. Composition of External Assistance: Grants vs. Aid Percentages

	1995	1996	1997	1998
Grants	80.0	81.0	90.0	81.0
Loans	20.0	19.0	10.0	19.0

Source: CDC (1999) Chart 3

Table 1.20 shows that most external assistance to Cambodia is grant-based. While the magnitude of overseas development assistance (ODA) is very high, it is insufficient in terms of the national needs, especially in the social sectors. There is also the issue of uneven regional distribution of assistance. For example, Phnom Penh has received a relatively larger proportion of aid compared to other regions in the nation. There is a need to improve the coordination of assistance from all the donors in order to correct such imbalances.

Chapter Two

Rural Livelihoods and Access to Land

2.1. Land, Labour and Agricultural Livelihood

Cambodia is a predominantly agricultural economy. In 1998, the agricultural sector accounted for over 35 percent of the total GDP, employed about 77 percent of the total labour force, and contributed a significant share of export earnings. Eighty-four percent of the total population lives in rural areas, where the main source of income is from agricultural activities. The development of this sector is, therefore, a high priority in order to improve the living standards of the rural and total population as a whole. Indeed, agricultural development is probably the single most important issue for economic development and poverty alleviation in Cambodia. However, agricultural development could be hindered by inefficient land management and a lack of well-defined laws,[1] as well as a failure to competently and appropriately implement the existing land-related legislation.

Of the total land area of 181,035 square kilometres (sq km), nearly 60 percent is forest cover area and only 4 million hectares (21 percent) is potentially cultivable land. Of this, 2.4 million hectares (ha) is currently under production of annual crops. Rice, the staple food of Cambodians, dominates agricultural cultivation and has occupied over 90 percent of the total cropland in the past two decades. It also employs most of the rapidly increasing labour force, especially in the rural areas. According to the Ministry of Agriculture, Forestry and Fisheries, approximately 83 percent of Cambodian households (nearly two million families) are rice growers, and 65 percent of the total labour force is directly engaged in rice production. Their livelihood is overwhelmingly dependent upon rice for subsistence production. As a result, rice land is the most important productive asset and, to a large extent, determines their economic and social status.

With 64 inhabitants per square kilometre, Cambodia is one of the more sparsely populated countries in Southeast Asia. However, the relatively low population density should be seen in the light of the rather small proportion of land suitable for cultivation. On average Cambodian rural families have only about 1.0 ha of cultivated land (mostly wet-season rice land) for subsistence agricultural production.

Within the past 20 years, agricultural production has increased significantly at an average annual growth rate of 2.5 percent, mainly derived from rice production. Rice production has increased remarkably, even though it relies mainly on rain-fed irrigation and other traditional practices. There has been a surplus since 1995, and in 1998, the total production peaked at 3.5 million tons, providing a surplus of 30,000 tons of milled rice for export. As a result, *per capita* productivity increased slightly to 0.88 tons in 1998 (Table 2.1).

[1] The new Land Law has been drafted and debated within various sectors and was expected to be submitted to the National Assembly by July 2000.

This table also shows that the recent increase in rice production has resulted from increases in both the area under cultivation and land productivity.

Rice-growing areas increased considerably from 1.4 million ha to 2.1 million ha at an average annual rate of approximately 2.0 percent between 1980 and 1998, and nearly reached the peak level of 2.5 million ha in the late 1960s. This increase was mainly due to the reclaimation of unused rice land, mine clearance and security improvement, which allowed farmers to access land previously under high security risk. Despite the high population growth rate, *per capita* rice land also increased slightly from 0.51 in 1980, to 0.53 in 1998 (Table 2.1). However, such increases will eventually diminish due to limited land availability.

During the same period of time, rice productivity also increased from 1.19 tons/ha to 1.68 tons/ha, which is much higher than the pre-war level of 1.0 ton/ha. The trend of increasing land productivity was particularly notable after major economic reforms in the late 1980s, including the pricing policy of agricultural products. According to Nesbitt (1997), this increase is due largely to the following reasons: increases in the use of fertilisers and other farm inputs in production, increases in the adoption of high-yielding varieties, improved accessibility to the transport system, favourable weather, increases in availability of rural credit, increases in private investment in this sector, and increases in the price of rice in the free market as a result of major economic reforms. Rice output *per capita* increased from 0.72 tons in 1993 to 0.88 tons in 1998. Unlike cultivated areas, there is still room for productivity growth by increasing the use of fertilisers, irrigation systems, and high-yielding rice varieties.

Table 2.1. Population, Labour Force and Land, 1980 –1998

	1980	1993	1998
Total population, '000 persons	6,500	9,900	11,438
Percentage of rural population	88	85	84
Total economically-active population, '000 persons[1]	3,100	4,235	5,118
Percentage of economically active population in agriculture	91	81	77
Total cropland, '000 ha [2]	1,619	2,021	2,298
Cropland per agricultural labour force, ha/capita	0.57	0.58	0.61
Rice land, '000 ha	1,441	1,857	2,095
Rice land per agricultural labour force, ha/capita	0.51	0.56	0.53
Rice productivity, t/ha	1.19	1.28	1.68
Rice productivity per capita of agr. labour force, t/capita	0.61	0.72	0.88

Notes: [1] includes those unemployed and never employed before; [2] cropland refers to area allocated to production of rice and other crops.
Source: Ministry of Planning (1989), NIS (1994), NIS (1997) and NIS (1999)

Apart from these significant developments, the rapid increase in population will certainly put greater pressure on agricultural production as a whole, and rice production in particular. The pressure will be greater on rice-growing land, which might hinder the development of the agricultural sector. According to the 1998 Census results, the total population nearly doubled between 1980 and 1998, from 6.5 million to 11.4 million (Table 2.1). Meanwhile, the percentage of rural population decreased only slightly from 88 percent to 84 percent. Thus, the majority of the population still lives in rural areas and engages in agricultural production due to the scarcity of off-farm job opportunities in the urban areas. This implies that the growth of other sectors, such as industry and services, which employed about 23 percent of total labour force in 1998, was not sufficient to absorb the rapidly increasing labour force.

In addition to the high population growth rate of 2.49 percent, the problems of land concentration might be accentuated by the skewed age distribution of the population. The 1998 Census shows that about 43 percent of the total population was under the age of fifteen, resulting in a much higher dependency ratio (non-working population supported by the labour force) than in other countries. This may be attributed to a baby boom, reported in the early 1980s as families reunited, and high fertility rates in the following years of that decade (NIS (1999:14). This young population will continue to rapidly increase the size of the labour force

during the next decade, thus adding to the pressure on land. As can be seen in Table 2.2, the labour force is expected to increase by nearly one million (19 percent) by 2003. This implies that an additional 200,000 people will enter the labour market annually, which will inevitably result in enormous pressure to create employment opportunities. If the pattern of employment in the agricultural sector remains the same (employing approximately 77 percent of total labour force), which is likely to be the case, about 150,000 of new entrants into the labour force every year will be seeking land in order to make farming their livelihood.

Table 2.2. Projected Growth of the Labour Force, 1998 – 2003

Age group	Population 1998	Labour force 1998 (1)	Participation rate (2)	Population 2003	Unadjusted labour force 2003	Adjusted labour force 2003 (3)	Change in labour force	% Change
10-14	1,658,196	74,904	4.52	1,772,820	80,082	79,041	4,137	5.52
15 – 19	1,344,258	652,735	48.56	1,658,196	805,175	796,318	143,583	22.00
20 – 24	745,687	615,936	82.60	1,344,258	1,110,354	1,093,699	477,763	77.57
25 – 29	888,540	785,409	88.39	745,687	659,137	648,590	-136,819	-17.42
30 – 34	782,682	704,222	89.98	888,540	799,468	777,083	72,861	10.35
35 – 39	695,868	631,919	90.81	782,682	710,755	694,408	62,489	9.89
40 – 44	497,067	448,200	90.17	695,868	627,457	616,163	167,963	37.47
45 – 49	415,931	376,350	90.48	497,067	449,765	434,473	58,123	15.44
50 – 54	312,463	275,263	88.09	415,931	366,413	351,756	76,493	27.79
55 – 59	256,930	215,638	83.93	312,463	262,246	252,281	36,643	16.99
60 – 64	204,994	148,489	72.44	256,930	186,109	171,779	23,290	15.68
65 – 69	166,928	48,794	29.23	204,994	59,921	54,109	5,315	10.89
Total	7,969,544	4,977,859	62.46	9,575,436	6,116,881	5,969,699	991,840	19.93

Notes: (1) includes unemployed and those never employed before. NIS includes all population aged over six in labour force. (2) the participation rate in the labour force of those aged under 10, and over 69, are not included due to their low rate of participation. (3) figures are adjusted for age-specific participation rates in the labour force and for age-specific mortality rates.
Source: authors' calculation based on Huguet (1997:5), and the 1998 Census Priority Tables (1999, CDROM #1).

Table 2.3. Population, Labour Force and Rice-Growing Land by Province, 1998

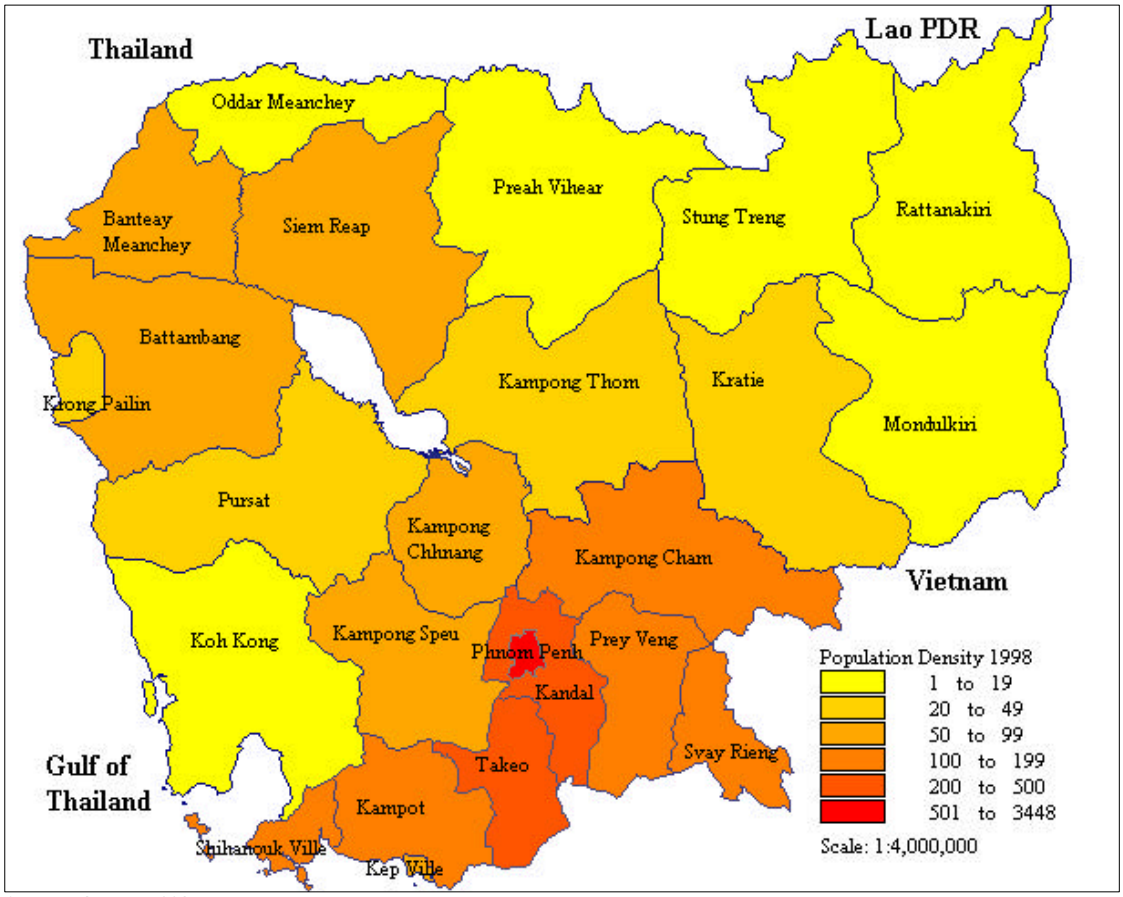
Province	Total pop. '000	Land area, '000 ha	% of rural population.	% of agr. Labour force	Rice land, '000 ha	Rice land/ agr. labour force
Kampong Cham	1,609	942	97	84.77	189	0.32
Kandal	1,075	357	95	76.27	88	0.25
Phnom Penh	1,000	37	43	9.64	9	0.24
Prey Veng	946	482	94	89.97	262	0.65
Battambang	793	1,245	82	70.11	203	0.96
Takeo	790	349	95	89.79	229	0.74
Siem Reap	696	1,196	83	81.93	192	0.76
Kampong Speu	599	682	93	88.92	85	0.36
Banteay Meanchey	578	671	83	74.63	158	0.88
Kampong Thom	569	1,245	88	86.05	123	0.65
Kampot	528	469	94	87.27	132	0.65
Svay Rieng	478	286	96	90.27	164	0.82
Kampong Chhnang	418	529	90	85.19	90	0.55
Pursat	360	1,160	84	82.20	77	0.61
Kratie	263	1,197	70	77.58	30	0.36
Sihanoukville	156	139	n.a.	49.81	10	0.33
Koh Kong	132	1,239	78	51.80	7	0.26
Preah Vihear	119	1,402	82	83.21	15	0.33
Rattanakiri	94	1,190	82	88.10	17	0.40
Stung Treng	81	1,190	70	79.17	16	0.51
Oddarmeanchey	68	511	7	78.80	n.a.	n.a.
Mondulkiri	32	1,366	78	74.28	5	0.45
Kep Ville	29	15	n.a.	81.71	3	0.26
Pailin	23	255	n.a.	48.78	n.a.	n.a.
Total Cambodia	**11,438**	**18,153**	**84**	**76.82**	**2,104**	**0.56**

Source: NIS (1999) and Dept. of Planning and Statistics (1999)

There are also large regional differences in population density and the land/labour ratio, which increase the pressure on land even further. The majority of the population is concentrated in the central plains area, which stretches from the southeast (bordering Vietnam) to the northwest (bordering Thailand). See Table 2.3 and Figure 2.1. According to the Census in 1998, over 90 percent of the total population resided in the central areas in fifteen provinces[2] in only 60 percent of total land area. Within this area, land pressure was already high. The average amount of rice-growing land *per capita* of the agricultural labour force ranged from 0.23 ha in Phnom Penh to 0.88 ha in Banteay Meanchey (Table 2.3).

The situation could be worse at the household level than at the aggregate level. The following sections attempt to identify the nature of land issues in Cambodia at the household level. Due to the lack of comprehensive data and surveys on land-related issues, it is difficult to assess the magnitude of land problems and their impact on individual households. Fortunately, there have been some surveys, which together provide some picture of the situation, albeit sketchy.

Figure 2.1. Population Density, 1998



Source: Census 1998

2.2. Access to Land

2.2.1 Brief Historical Background

Since land is the most valuable asset for the majority of the population, it has been considered in planning for economic development and sustainable poverty reduction by Cambodian

[2] The fifteen provinces are Phnom Penh, Kandal, Takeo, Prey Veng, Kampong Cham, Svay Rieng, Kampot, Kampong Speu, Banteay Meanchey, Kampong Chhnang, Battambang, Siem Reap, Kampong Thom, Pursat and Kratie.

governments. It has often been the central focus of government intervention, as the following review of land policies since the nineteenth century show.

Pre-*French Colonisation (Pre-1863):* It was believed that all land belonged[3] to the sovereign. In practice, most people were freely tilling their own land and could cultivate as much as they liked. With a small population and the absence of a land market, the cultivating proprietor could move freely from one area to another and assume ownership. They received an exclusive right to possess, use, and inherit agricultural land without having to fulfil any formalities except corveé or other feudal tribute.

French *Colonial Period (1863-1953):* After colonising Cambodia in 1863, the French changed the traditional land use system in Cambodia by first promulgating a *Land Act* in 1884. This act was not fully implemented before 1912 due to the resistance of Cambodian farmers. By 1930, most of the rice growing fields were registered as private property, and people were also free to sell their land. More importantly, all free areas and unoccupied land were made available for customary ownership rights[4] and sale after clearing and occupation. Virgin land also was still available, thus providing opportunities for those who sold their land to move to the forests. Most of the land was also divided into plots of less than five hectares, and large plantation farms were established (Greve, 1993).

Independent *Period (1953-1975):* After Cambodia gained independence from France in 1953, the Western system of property rights still continued along with an increase in land transactions. Meijers (1994) claimed that by 1962 more than 30,000 non-agricultural households had land. He added that the agricultural population was not well off, even though the 1962 Census showed that 84 percent of the 800,000 agricultural families were "owners only."

Since the majority of rice fields had low productivity of about 1 t/ha with rain-fed cultivation, farmers became indebted (e.g. three-quarters in 1952), and some eventually became landless. For both farm and non-farm expenses, farmers borrowed from private moneylenders at very high interest rates - often as high as 30 percent, but sometimes even in the range of 100 to 200 percent per season (Meijers, 1994). In order to repay debts, farmers had to sell their rice harvest to private moneylenders at less than its market price. As a result they did not have much rice left for family consumption, and had to borrow money yet again, which in turn had to be paid back from the next harvest. As this cycle continued, some poor farmers eventually sold their land to pay debts and became landless (Greve, 1993).

Democratic *Kampuchea (1975-79):* The Khmer communists, known as Khmer Rouge, seized power from the Lon Nol government and proclaimed 1975 as Year Zero. Under Khmer Rouge ideology, all people were supposedly equal and everybody had to work in the fields. As all land belonged to *angkar*, nobody could own even a small piece of land as private property (*troapsambat eckachun*),[5] and private ownership (*kamaset eckachun*)[6] of land was thus abandoned. Angkar was master of water and master of the earth *"Angkar mchah teuk mchah dei"* (Greve, 1993).

According to Khmer Rouge policies, rice production was the highest priority. Rice fields were redesigned into squares of one-hectare plots and the production system was collectivised with a tremendously heavy workload, up to eighteen hours a day. In the hope of increasing rice production to the level of 7 t/ha, many poorly designed irrigation systems, dams, canals and reservoirs, were manually constructed. Such hydrological interventions were mostly ineffective.

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[3] The sovereign possessed, theoretically, absolute right over the land (Meijers, 1994:3).

[4] The rights to clear virgin/unoccupied land for possession, use and inheritance.

[5] A property that does not generally benefit the public interest as a whole and that a private individual can own.

[6] The situation in which private individuals and households are allowed to own a property.

Centrally Planned Economy (1979-1989): After the failure of the Khmer Rouge regime in 1979, the country was devastated and faced the threat of a widespread famine. Millions of displaced and starving people returned to their homes. With limited foreign support (mainly from the former communist bloc), war-torn infrastructure and scarce human resources, the new government decided to establish collective property rights[7] for land and housing. Due to a shortage of labour, draft animals and production equipment, new forms of solidarity groups, *Krom Samaki*, were established in order to fulfil immediate food requirements.

These solidarity groups consisted of ten to fifteen families sharing land, labour and draft animals. The *Krom Samaki* was allowed to occupy and use agricultural land although all land, including homestead land, was officially the property of the State. Land was redistributed to the *Krom Samaki* based on the labour force, draft animals and land availability in the local areas. It is important to mention that even though all land belonged to the State, some homestead land was occasionally, albeit unofficially, transferred by mutual agreement in this period (Greve, 1993).[8]

Post-*1989:* By 1989, the failure of collectivisation and the planned economic system was obvious as the government realised that such policies could not be adopted in view of Cambodian conditions. Following a massive reduction in support from the former Eastern Bloc countries and the recognition of the failure of planned economy, the government reformed the entire economic system in favour of a free-market economy in 1989. In addition to the major economic reforms, the government took further steps to reform the existing land management system by reintroducing private property rights.[9]

According to the Political Instruction *(prakas)* No. 3, all land in Cambodia belongs to the State: *"the land of the State of Cambodia is the property of the State"*. But Cambodians have the right to possess and use land: *"the Cambodian population has the full right to occupy (kankap) and use (praeapras) the land and has the right to sell the land provided by the State for domicile and exploitation"*. Moreover, the ownership rights before 1979 were invalidated - *"no one can claim the rights (set) of the ownership (kamaset) prior to 1979 on the lands"* - and the occupation of land and residential buildings from 7 January 1979 onward was recognised: *"the State will not review and make a new division on the land that is already occupied from 7 January 1979 to the date of this instruction which shall be applied until there is a land law"*. The instruction also divided land into three categories, as follows:

- *land for domicile:* shall be provided as the ownership *(kamaset)* by the provincial committee or municipality;
- *cultivation land (dey damdos)/agricultural land:* is for production and exploitation. It is state land entitled to the farmers to manage *(krupkrong)* and use *(praeaprass)*; and
- *concession land (deysampatein):* could be greater than 5 ha. Concession is the right to occupy large areas of land (over five hectares) land *(kankup)* for the production of main perennial crops for the benefit of the national economy.

Of these three categories, private ownership rights could be obtained on housing land, whereas only possession and use rights, as well as exclusive rights to occupy, could be obtained on cultivation and concession land.

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[7] The rights given to group of population (collectivisation or *Krom Samaki*) to occupy and use land; the output was shared among all families in the group.

[8] The information was obtained from the interview on 23 June 1999 with Mr. Huy Phab, Vice-Chief of Land Conservation Office, currently Deputy-Director of Conservation Cadastre Department, of the General Department of Cadastre and Geography.

[9] The rights given to private individual/household to have ownership right, for residential land/buildings, and possession right, for agricultural land.

Along with the reintroduction of private property rights, Sub-Decree No. 25 and Instruction No. 3 also redistributed land among private households. Generally, the local authorities implemented the redistribution with full participation of the local communities. Land was divided according to the number of people in each family and the availability of land in the area, as well as soil fertility and actual location. As a result, each family often received several separate plots of agricultural land. The redistribution seemed to be fair for ordinary people, including returnees, as stated in the instruction that *"Cambodian refugees, overseas returnees, and Khmer Rouge returnees, if they return to village, shall be provided land for housing, paddy or farm on the free land or vacant claimable land"* (Meijers, 1994).

The size of land distributed to households varied according to the population density in a particular area. In some provinces with low population density, people could get up to three ha/family (e.g. Pursat). However, in the high-density areas they got only 0.5–1.0 ha/family, (e.g. Takeo).[10] Only residential/housing land and productive land were redistributed to people to be owned and possessed, while the remaining lands were kept as state/common land for future development.

In addition to Sub-Decree No. 25 and Political Instruction No. 3, the Land Law of 1992 contains significant provisions, such as Articles 1 and Article 2:

> *Article 1:* All the land in Cambodia belongs to the State and shall be governed and protected in agreement by the State. The State does not recognise the land property right existing before 1979. The property rights and any other rights related to land shall be governed by this law.
>
> *Article 2:* Cambodians have full right to possess and to use land and have the right to inheritance of the property provided by the State for living and for doing business.

Again, this means that all land in Cambodia belongs to the State, and that Cambodians have the right to possess, use, transfer and inherit land. It also means that the ownership rights that existed before 1979 will not be returned to the prior owners.

2.2.2 Data Description

This section attempts to identify and assess relevant land-issue indicators from four large-scale surveys: one from a Mekong River Commission (MRC) project, another one from National Institute of Statistics (NIS), and two from the World Food Programme (WFP). It is important to bear in mind that these surveys have different characteristics, as they focused on different groups of people in the country and were designed to fulfill different purposes.

Household Socio-Economic Survey in Fishing Communities (Socio-Economic Assessment of Freshwater Capture Fisheries of Cambodia), MRC 1995-96 (hereafter MRC Survey)

The main objective of the Socio-Economic Household Survey of Fishing Communities in Cambodia, conducted by the Mekong River Commission (MRC),[11] was to assess the socio-economic conditions of the households living in fishing dependent communes in order to provide the necessary information and appropriate perspective for the sustainable management of the freshwater capture fisheries in Cambodia.

[10] Huy, P. (1999). Interview on 23 June 1999, Phnom Penh.

[11] The title of the project was *Management of Freshwater Capture Fisheries of Cambodia*. See the report of Ahmed et al (1998).

The study identified eight provinces [12] with about 4.19 million people (more than 40 percent of the total population) in freshwater fisheries communities. From those provinces, a total of 5,117 sample households covering 83 sample communes in 51 fishing districts were randomly selected to represent 328 fishing-dependent communes. The selected communes also covered the two major systems of freshwater capture fisheries environment: the Great Lake and Tonle Sap River and the Mekong-Bassac Rivers and adjoining flood lands.

Cambodia Socio-Economic Survey 1997 (hereafter NIS Survey)

The Cambodia Socio-Economic Survey, the first large-scale multi-objective household survey, was conducted by NIS between May and June 1997. The principal objective of the survey was to collect data needed for measuring living standards as well as information required for poverty monitoring and analysis.

The survey was based on a two-stage stratified random sampling design with villages as the primary sampling units and households as secondary sampling units. The truncated frame used for the survey covered all the villages in Phnom Penh, 91.2 percent of villages in other urban areas, and 86.3 percent of the rural areas. However, due to security reasons, two provinces and a number of communes in fifteen other provinces were excluded from the survey. The proportion of excluded households amounted to only 4.8 percent of households in other urban areas and 1.6 percent of households in the rural areas.

Based on the above criteria, the distribution of the 6,010 households selected for interview is as follows:

Phnom Penh	120 sample villages and 1,200 sample households;
Other urban	100 sample villages and 1,000 sample households;
Rural	254 sample villages and 3,810 sample households;
Total	474 sample villages and 6,010 sample households.

Cambodian 1998 Baseline Survey of CASD Project and WFP Target Areas, UNICEF-WFP (hereafter Baseline Survey)

The Joint UNICEF-WFP Baseline Survey was conducted by WFP between May and June 1998. Its main purpose was to provide a comprehensive set of data for use in programme development, targeting and evaluation of current CASD programmes on health and nutritional status, as well as WFP programmes on food security and vulnerability. The survey focused on some of the provinces in which selected villages had CASD and/or WFP programmes. The survey limited the target sample to randomly selected households with at least one child under five years of age.

The survey was based on a multi-stage, random sampling procedure, with the village as the sampling unit. A random sample of approximately 50 villages was selected from the six CASD-UNICEF provinces, while only thirteen villages of CASD-PFD in Kratie and Stung Treng provinces were randomly selected. Another sample of 62 villages was drawn from five food economy zones of WFP based on the national distribution of villages by zone. A total of 125 villages were selected for the survey.

The number of households selected depended on village size. In some cases there were as many as 300, and in others as few as 50. The survey also limited the number of families to be interviewed to eight, ten and twelve if the villages had 80, 80–120 and more than 120 households, respectively. Accordingly, 1,230 households were actually selected for interview.

[12] The eight provinces are Siem Reap, Battambang, Pursat, Kampong Chhnang, Kandal, Phnom Penh, Kampong Cham and Kampong Thom.

Protracted Emergency Target Survey, UNWFP 1998 (hereafter PET Survey)

The Protracted Emergency Target (PET) Survey was conducted by WFP in late 1998. The main objective of this survey was to provide a benchmark on social conditions and the nutritional status of returnees and internally displaced persons (IDPs),[13] against which programme impact could be measured in the year 2000. Similar to the Baseline Survey, the PET survey targeted parts of some provinces where the surveyed villages were randomly selected from PET communes. Within the sampled villages, 26 households were selected from each village in order to produce a total sample of 1,040 households. The households that met the PET criteria (i.e. at least one child below five years of age and its mother in the house) were randomly selected using interval selection methodology. In the few cases where the villages were too small to provide enough mothers and children to reach the target of 26 households, a third village was randomly selected and the remaining households were selected and included in the survey.[14]

Comparability and Limitations of the Surveys

All four surveys differed in terms of geographical areas covered, time frame and target groups. Since they were designed separately and conducted to fulfil different purposes, certain information can be obtained from one or two surveys, but not from the others, and vice versa (Table 2.4).

Since the MRC and NIS surveys randomly selected the sample population within the surveyed areas, the percentage of female-headed households is high, 19 and 24 percent respectively. This figure is consistent (although slightly lower) with the results of the 1998 population census, i.e. 25.7 percent (NIS, 1999:4). However, the proportion of female-headed households was quite low – 6 percent in the Baseline survey and 8 percent in the PET survey – due to the selection of sampled households with at least one child under five years old and the fact that the vast majority of children were born in wedlock. Therefore, these households represent only those that have become female headed during the preceding five or six years, at maximum.

The main limitation of the surveys, from the point of view of this analysis, is the differentiation of sampled groups. The Household Socio-Economic Survey targeted the people who lived in fishing communes. The Socio-Economic Survey of NIS, on the other hand, focused on much broader samples, but some areas were excluded from the sample frame due to insecurity and the stratification was based on three strata (i.e., Phnom Penh, other urban areas, and rural areas). The Baseline Survey targeted only the people of CASD project and WFP target areas. In the PET survey, the groups of people in the PET communes and the sampled households were confined to those who had at least one child under five years of age and the mother present.

Despite this non-comparability, all four surveys provide valuable data. They contain detailed information on household demographics, land ownership, access to common property resources, other durable asset ownership, household income and expenditures, as well as other indicators. However, it is important to keep in mind that not all four surveys cover the same

[13] WFP-Cambodia defined Internally Displaced Persons as "those persons who have been displaced from their normal place of living by fighting in the period since 1989". (Helmers and Kenefick, 1999:13).

[14] Based on regional grouping and homogeneity of social conditions and IDP origin, the sample was stratified into four zones and a two stage, random sampling methodology was used to select samples. In the first stage, five communes from each PET zone were randomly selected. In the second stage, two villages per commune eligible by WFP criteria were selected, and non-PET villages were eliminated. The PET villages were then randomly selected for interview by using a random numbers table. However, communes and villages with unacceptable levels of risk from mine hazards, such as mines on the main road into the commune, were eliminated from the sample.

questions. Also, the ways in which the questionnaires were designed and administered are different.

Table 2.4. Summary of Available Information from the Surveys

Obtainable information	MRC's Survey	NIS's Survey	Baseline Survey	PET Survey
1. Sample size	5,117	6,010	1,230	1,040
2. Coverage province	8	20	14	7 (4 zones)
3. % of female-headed hh	19%	24% 1/	6%	8%
4. Household Demography				
• Age, sex, education, ...	√	√	√	√
• Displacement	√	×	√	√
• Employment	√	√	√	√
5. Land				
• Acquisition	×	×	×	√
• Tenure	√	√	√	√
• Ownership	×	√	×	√
• Sales	×	×	√	√
6. Common Property Resources				
• Access to CPR	√	×	√	√
• Trend of CPR	√	×	√	√
7. Asset Ownership				
• House type	√	√	√	√
• Valuable asset	√	√	√	√
• Animals, trees ...	√	√	√	√
8. Shocks/crises				
• Debts/loan	√	√	√	√
• Shocks	√	×	√	√
9. Income				
• Agr. production	√	×	√	√
• Sources of income	√	√	√	√
10. Expenditure				
• Food items	×	√	√	√
• Non-food items	×	√	√	√
11. Health				
• Nutrition	×	×	√	√
• Child & mother nutrition	×	√	√	√

Notes: Ô = Yes, the survey contains the corresponding question. ´ = No, the survey does not contain the corresponding question. 1/ percentage of female-headed households in both rural and urban areas, urban-27% and rural-23%.

Sources: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS 1997, Baseline Survey, UNWFP 1998 and PET, UNWFP 1998

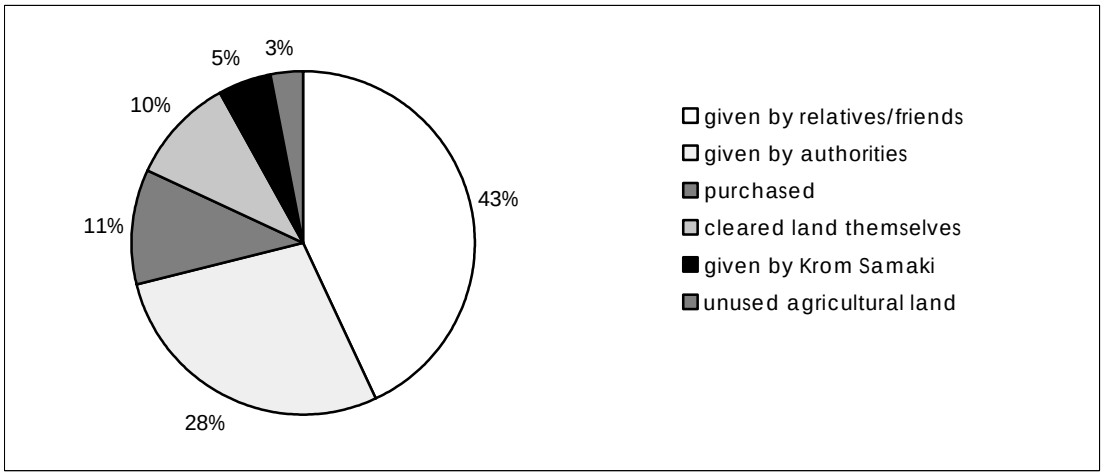
2.3. Land Acquisition

Based on the relevant regulations and land redistribution in the 1980s, it is reasonable to assume that a majority of the Cambodian population had access to residential and agricultural land during the 1980s. Furthermore, based on the procedures followed in the 1989 land distribution (see Section 2.1), it can be assumed that most of the people got land legally and were officially recognised as landowners by the local authorities.

However, the results of the PET survey (the only one with questions on land acquisition), which focused on IDPs, reported that PET households had commonly acquired land through different means. The survey showed that 43 percent of the interviewed households got land from relatives/friends (Figure 2.2). This high figure is suspected to have resulted from the high displacement rate of the sampled population: three quarters of the surveyed households had been displaced since 1989 due to fighting, and hence, were vulnerable to loss of land in their villages of origin. They probably could not acquire land in the new resettlement villages (Table 2.5). The findings of PET survey also show that 28

percent of the PET respondents were given land by local authorities, whereas only 5 percent obtained land through the 1989 *Krom Samaki* distribution. This is a surprisingly low percentage given that it was probably the principal means of acquiring land in Cambodia in the period before 1989. Another reason for this pattern is the young average age of sample household heads, an assumption reinforced by the fact that many were given land by relatives.

Figure 2.2. Methods of Land Acquisition in Cambodia According to the PET Survey. 1998



Source: PET Survey (Question 601, Appendix A-4), UNWFP 1998.

Table 2.5 Household Mobility and Settlement

Household	Percentage
Displaced because of fighting since 1989	76%
Returned from Thai border camps with United Nations	8%
Lived in new village (which existed only after 1992)	11%
Currently displaced from normal place of living	4%
Moved more than 2 times since 1989	36%
Lived in more than 2 different settlements since 1989	28%

Source: PET Survey, UNWFP 1998

2.4. Status of Land Holdings

Land Tenure

In the first few months after the 1989 land privatisation, a large number of people made applications for ownership titles. However, only a small proportion of applicants had been issued ownership titles a decade later. According to the Director of the Cadastre Department,[15] only 14 percent of 4.5 million applications have received certificates of possession rights. However, those who applied for possession rights have presumably still got the application receipts they received from the local authorities (see Appendix B for details of the application process).

The NIS survey showed that a majority of households interviewed had some form of land titles, as approximately 80 percent of the respondents in both urban and rural areas reported that they owned/occupied residential and farmland with titles (Table 2.6). Yet, the property rights referred to were not clearly defined, as respondents perhaps were referring to the receipt that the applicant received when s/he applied for possession rights. The questionnaire also asked if respondents retained the application receipts. The high percentage of those reporting ownership with titles is probably the result of the vagueness of the question (Question 24, Appendix A-2 of the NIS survey). The question consists of only three options for those people who owned either residential or agricultural land: "owned with title", "ownership unsettled/held for free," and "rented/leased." Inevitably, the respondents who

[15] Currently the Deputy General Director of the General Department of Cadastre and Geography.

owned land would report that they owned/possessed land with title if they did not hold land for free and/or leased land. Hence, the level of land ownership titles cannot be reliably estimated from the NIS survey.

Table 2.6. Percentage of Urban and Rural Households Reported to Own Land with Ownership Status

Ownership Status	Residential land		Agricultural land	
	Urban	Rural	Urban	Rural
Owned with title	77%	82%	79%	87%
Ownership unsettled/held for free	22%	17%	19%	12%
Rented/leased	1%	1%	2%	1%
Total	100%	100%	100%	100%

Source: Socio-economic Survey (Question 24.1-24.3), NIS 1997

The question about land ownership documentation[16] that the PET survey used to identify the form of entitlement that people hold shows a different picture. Only a small proportion of PET households had application receipts to prove their possession rights, whereas a mere 2 percent of respondents were issued official certificates for their residential land and 1 percent of respondents had certificates for agricultural land (Table 2.7). More than 70 percent of the households had nothing with which to prove their possession rights for either residential or agricultural land.

The survey also reported that the proportion of female-headed households who had applied for title to their land was higher than that of male-headed households. Table 2.7 shows that the proportion of female-headed households who had papers - either receipts, applications for possession, or land investigation records - was slightly higher than for male-headed households. However, none of the female-headed families had certificates for the right to possess their residential and agricultural land. This difference might be due to the small proportion of female-headed households in the sample population of the PET survey (sample size of only 72), and therefore may not be statistically significant.

Table 2.7. Households Reporting to Have Land Ownership Title According to the PET Survey

Ownership Status	Residential land			Agricultural land		
	male-headed	female-headed	total[1/]	male-headed	female-headed	total[1/]
	n=934	n=72	n=1006	n=902	n=69	n=971
No paper	74%	60%	73%	75%	62%	74%
Receipt	14%	18%	15%	13%	16%	13%
Application for possession	2%	4%	2%	2%	6%	2%
Land investigation record	1%	3%	1%	1%	1%	1%
Certificate	2%	0%	2%	1%	0%	1%
No land	7%	15%	7%	8%	15%	9%
Total	100%	100%	100%	100%	100%	100%

Note:[1/] weighted average
Source: PET Survey (Questions 603-604, Appendix A-4), UNWFP 1998

The PET survey also showed that female-headed households were more than twice as likely as male-headed households to have no residential or agricultural land. To sum up, only 2 percent of the male-headed households and none of female-headed households who owned land had a legal title for their residential or agricultural land.

[16] Questions 603-604, designed by Shaun Williams (OXFAM), provide multiple options for respondents to give the appropriate answer of land ownership paper they had. However, the interviewers did not ask if the respondents still had those papers - receipts, application forms, land investigation record or certificate.

Possession of Land

With more than 80 percent of the total population living and working in rural areas, issues related to land ownership are clearly crucial to their livelihoods. Most of the rural population strives to own at least a piece of land for subsistence rice and inheritance.

Land is generally classified according to its use. For example, the MRC survey classified land in fishing-dependent communities as residential land, agricultural land, orchard land, fishpond, and other land. The survey reported that nearly 100 percent of the sampled population owned/possessed (*kankab*) residential land, even though they live in fishing communities. Approximately 75 percent of the respondents owned agricultural land, mainly rice land. A smaller proportion reported possessing other land, such as orchard land and fishponds within and outside homestead areas. The proportion of female-headed families who possessed any kind of land was slightly lower than households headed by males (Table 2.8).

Table 2.8 Percentage of Households Reported as Possessing Land

Land	male-headed n=3999	female-headed n=953	total[1/] n=4952
Residential land	99.1%	99.2%	99.1%
Agricultural land	76.9%	70.2%	75.6%
Orchard land	15.4%	13.2%	15.0%
Other type of land	0.5%	0.3%	0.5%
Fishpond in homestead	3.6%	2.6%	3.4%
Fishpond outside homestead	0.5%	0.1%	0.4%

Note: [1/] weighted average
Source: Household Socio-economic Survey, MRC 1995-96

The NIS survey, on the other hand, grouped land into residential land and agricultural land, and reported that more than 95 percent of the population reported "owning" residential land in both urban and rural areas. Meanwhile, over 80 percent of the rural population possessed agricultural land, while 27 percent of the urban population possessed 25 percent of total agricultural land. The urban population in this survey, from the point of view of this study, was not clearly defined because some of the suburban population of Phnom Penh, Sihanoukville, or other provincial cities, could be classified as rural. Some of these people still lived in the rural areas (although close to the cities), worked in the fields, and predominantly relied on farm work. Again, a marginally lower rate of possession of both residential and agricultural land can be observed among households headed by women in both urban and rural areas (Table 2.9). A significantly lower rate of possession for agricultural land among female-headed households can be observed in the rural area. This might imply that female-headed households have insufficient labour for land preparation or claiming additional land.

Table 2.9 Percentage of Households in Urban and Rural Areas Reported as Possessing Residential and Agricultural Land

Land	Urban			Rural		
	male-headed	female-headed	total[1/]	male-headed	female-headed	total[1/]
Residential land	95.7%	94.9%	95.4%	97.4%	97.3%	97.4%
Agricultural land	27.6%	26.5%	27.3%	87.0%	83.7%	86.2%

Note: [1/] weighted average
Source: Socio-economic Survey, NIS 1997

The Baseline and PET surveys, furthermore, divided agricultural land into wet-season rice land, dry-season rice land and *chamkar* land. The majority of households in the WFP target areas held either house plots, or rice lands or *chamkar* lands (land with multi-cropping systems composed of various combinations of tree crops, vegetables and non-rice field

crops).[17] Wet-season rice is the most important crop in terms of volume of production, and most of the sampled households reported possessing wet-season rice land. Dry-season rice was not common in Baseline and PET communes. The proportion of female-headed households holding land was smaller than in male-headed households (Table 2.10), which is similar to the results of the NIS survey.

Table 2.10 Percentage of Households Reported as Possessing Rice and *Chamkar* Land

Land type	Baseline			PET		
	male-headed	female-headed	total [1]	male-headed	female-headed	total [1]
Any land	..	..	..	93%	83%	92%
Wet-season rice	82%	86%	82%	74%	62%	73%
Dry-season rice	8%	8%	8%	2%	4%	2%
Chamkar	24%	19%	24%	42%	31%	41%
Home garden	32%	32%	32%	61%	62%	61%
House plot	..	..	..	89%	78%	88%
Other land outside this settlement	..	..	..	4%	3%	4%

Note: [1] weighted average
Sources: Baseline and PET Surveys, UNWFP 1998

2.5. Land Distribution and Landlessness

Land pressure and concentration are likely to become some of the most challenging problems of Cambodian economic policy. It is believed that the incidence of landlessness affecting both residential and agricultural land has been increasing in many urban and rural areas of the country. This seriously affects the livelihood of many Cambodians, since they do not have land to live on and/or do not even have enough land for subsistence cultivation.

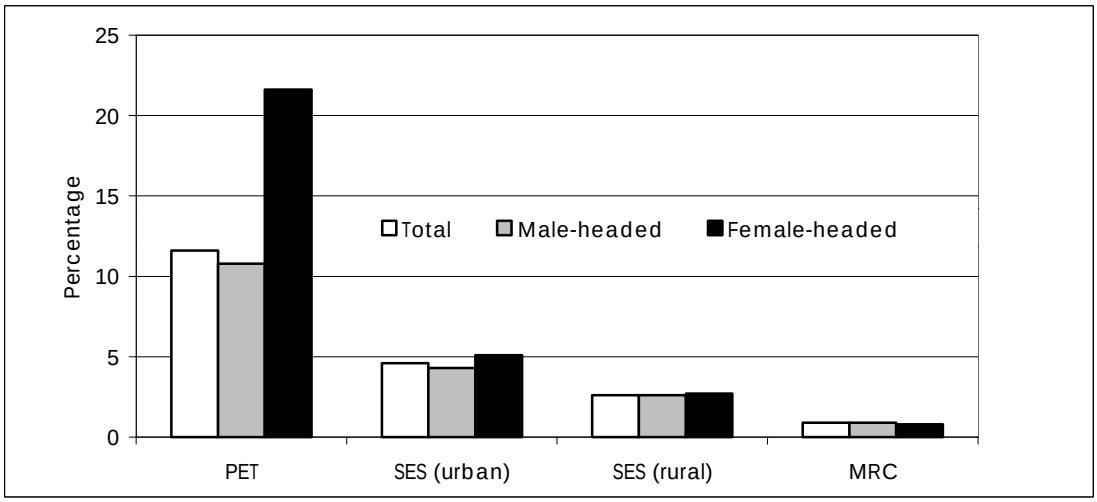
The proportion of households without housing land varied widely across the surveys. The MRC survey showed that only 0.9 percent of the population in fishing dependent communities had no homestead land. The NIS survey reported that 2.6 percent and 4.6 percent of the rural and urban populations, respectively, had no residential land. The PET survey, which represents IDPs, shows that in 1998 about 12 percent of the surveyed population had no residential land (Figure 2.3). This figure took into account only those people who had no residential land or did not own the plots upon which that their houses were built. This figure would be much higher if we could include those who have no housing land and have moved elsewhere for alternative income earnings. A higher proportion of landlessness can also be observed among female-headed households.

The total supply of agricultural land has increased by 14 percent between 1993 and 1998. However, many farmers complain about not having enough land for self-sufficient agricultural production. This is due to the combined effect of population increases and uncontrolled land concentration.

The average land size per household is quite low in Cambodia. According to the surveys, the average size of agricultural land among the rural population is around 1.0 ha per household, which is similar to national level estimation of 1.3 ha/household. The range is 0.75 ha to 1.32 ha per household, depending upon the survey and geographical location. The average agricultural land holding size was smallest, 0.75 ha/household, in the fishing communes of MRC survey, and about 1 ha/household in the other three surveys (Figure 2.4). Not surprisingly, the small average size of land holdings in the MRC survey seemed to be a consequence of the availability of alternative sources of income, either fishing or forest collection, in the sampled areas.

[17] Helmers and Keneflick (1999:26).

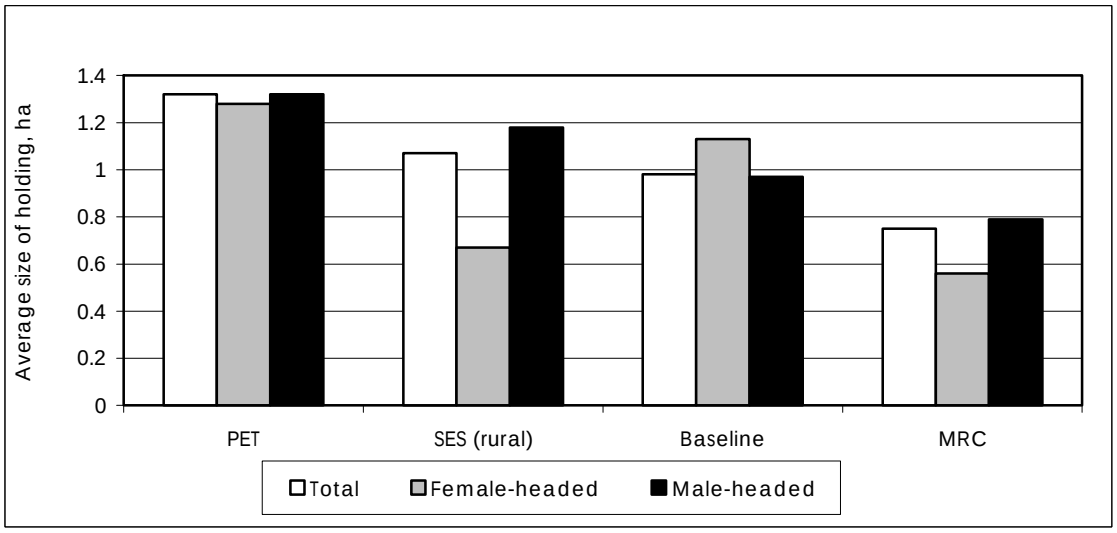
Figure 2.3. Percentage of Households without Residential Land



Source: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS 1997 and PET Survey, UNWFP 1998.

Furthermore, the gap between average agricultural land holdings for female-headed and male-headed households was significant in both the MRC and NIS surveys. The smaller size of agricultural land holdings among households headed by women was likely due to the lack of labour to acquire more agricultural land and/or farm profitably, thus resulting in pressure to sell land. The MRC and NIS surveys reported that female-headed households owned only just over 0.5 ha/household on average, which is much lower than the overall average in the surveys (Figure 2.4).

Figure 2.4. Average Size of Agricultural Land Holding per Household



Note: Only agricultural land was calculated from the MRC survey, while in the Baseline and Pet surveys agricultural land was the sum of wet-season rice land, dry-season land and chamkar land.
Source: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS 1997, Baseline Survey, UNWFP 1998 and PET Survey, UNWFP 1998.

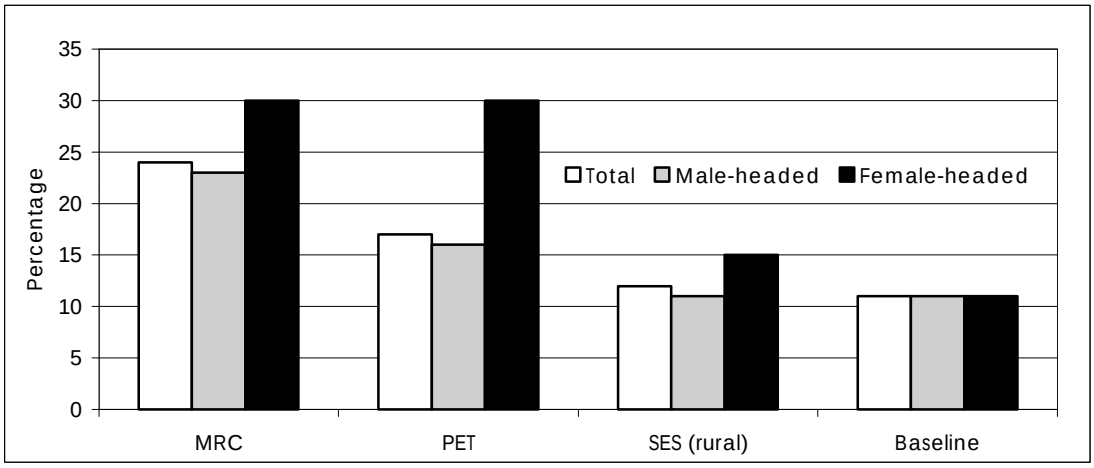
The surveys show that the incidence of landlessness (which refers to those people who do not have agricultural land for farming, but might have other land for homesteading or gardening) ranges from 11 percent to 30 percent, depending upon the geographical location of the survey areas and gender differentiation within the surveys. Both the NIS and the Baseline surveys indicated that just over 10 percent of total households interviewed were landless. The NIS survey, however, was much more comprehensive than the Baseline survey in its coverage, since the Baseline survey focused on only population in CASD and WFP target groups. Although these two surveys represent different groups of population within the country, the

rates of landless people were similar, which implies that the landless rate was approximately 10 percent in the rural areas of Cambodia in general.

The MRC and PET surveys, which targeted specific sampled groups, showed much higher rates of landlessness of 24 and 17 percent, respectively. These higher figures probably reflect the fact that the MRC survey concentrated on fishing dependent communities, which had alternative sources of income from fishing, forest or farming, while the PET survey concentrated on those people who have been internally displaced since 1989 due to fighting, as well as those who returned from Thai border camps. However, these surveys reported that the rate of landlessness in Cambodia, generally speaking, could be assumed to be more than 10 percent.

The incidence of landlessness among female-headed households is generally higher than among male-headed households (Figure 2.5) for the same reasons mentioned earlier. It appears that they tend to do other business for their living and sell their land.

Figure 2.5. Percentage of Households without Agricultural Land



Source: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS 1997, Baseline Survey, UNWFP 1998 and PET Survey, UNWFP 1998.

As access to agricultural land is very important for the livelihoods of the rural population, there has recently been a debate about levels of landlessness in rural areas. Recent studies by WFP and FAO reported that the landlessness rate in the rural areas of Cambodia is over 20 percent (Ministry of Agriculture, Forestry and Fisheries, 1999).

The average agricultural land size per household and the average incidence of landlessness vary significantly across provinces (Table 2.11),[18] as the surveys focused on different target groups. Table 2.1 illustrates that the major provinces, Battambang, Kampong Cham, Kampong Chhnang and Kandal tended to have a relatively high incidence of landlessness. However, they do not show any significant relationship between land availability in the province and the incidence of landlessness. For example, although the population in Battambang province is low, the rate of landlessness is still very high at over 25 percent. This might be due to the fact that the demand for land around those provinces is higher than the other remote provinces, and that there are more alternative income opportunities in those provinces than in the more remote provinces. According to the NIS survey, the landlessness in Koh Kong province was as high as 50 percent. This is probably because the people of Koh Kong province are largely fishermen and have more alternative income opportunities, such as businesses with Thai partners and logging activities.

[18] The way in which the surveys selected the targeted population is different although they chose the samples from the same provinces.

With the high level of landlessness and the small size of average agricultural land holdings, problems might be aggravated when the land is unevenly distributed. A rich minority holds very large areas of agricultural land, leaving the poor majority only a little to live and work on. Farmers have obviously had different starting points in terms of wealth.

First, some farmers might have inherited wealth. Although nobody could own anything privately during the Khmer Rouge period, some people were able to keep valuable assets and use them afterwards. After 1979, some families might have been financially supported by their relatives in other countries. These groups of people are likely to be better off in overcoming large and unexpected shocks or crises.

Second, people received land with different soil qualities in 1989. As mentioned earlier, people in densely populated areas, such as Takeo, Prey Veng and Svay Rieng provinces, seemed to receive smaller amounts of land than those in the north-eastern parts of the country or Battambang and Pursat. In addition, the soil quality in Battambang and Pursat provinces is much better than in Takeo, Prey Veng and Svay Rieng. As a result the people in those parts of the country were likely to be able to produce more, and hence, better able to supply themselves with sufficient food.

Finally, individual households may have faced different constraints to keeping their land. Naturally, some households experienced unexpected shocks, such as accidents, illness, and the death of a family member, while others did not.

Table 2.11 Average Farm Size[1] and Landlessness[2] by Province

Province	Pop. density[3]	1995-96 MRC		1997 SES		1998 Baseline	
		Av. Size	Landless	Av. Size	Landless	Av. size	Landless
Banteay Meanchey	86	..	..	2.05	13%	..	..
Battambang	64	1.76	25%	1.15	27%	1.32	29%
Kompong Cham	171	0.51	20%	0.63	19%	0.91	4%
Kompong Chhnang	79	0.81	25%	0.43	16%	0.44	17%
Kompong Speu	88	..	..	0.91	6%	0.71	7%
Kompong Thom	46	0.97	16%	1.31	9%	0.91	1%
Kampot	113	..	..	0.77	2%	0.83	..
Kandal	301	0.45	35%	0.79	17%	0.55	13%
Koh Kong	11	..	..	4.38	50%	..	..
Kratie	22	..	..	1.23	23%	0.48	37%
Phnom Penh	2,680	0.35	..	..	..	..	..
Prey Veng	196	..	..	1.09	7%	1.21	8%
Pursat	31	1.63	7%	1.81	13%	..	..
Rattanakkiri	8	..	..	0.42	3%	..	..
Siem Reap	58	1.10	12%	0.97	8%	0.99	4%
Sihanoukville	112	..	..	0.40	..	..	..
Stung Treng	7	..	..	1.87	..	1.04	2%
Svay Rieng	167	..	..	1.28	4%	0.57	6%
Takeo	226	..	..	0.83	3%	0.92	8%
Oddar Meanchey	13	..	..	..	..	0.86	6%

Note: [1] average farm size is the agricultural land size in hectares per household. [2] landlessness is the percentage of households without agricultural land. [3] census results.
Sources: Household Socio-economic Survey, MRC 1995-96; Socio-economic Survey, NIS 1997; Baseline Survey, UNWFP 1998; and, Population Census, NIS 1999.

Consequently, some people have been able to expand their land holdings by buying up more land, while others have had to sell their land, and as a result, have become landless or near landless. The rate of population growth and the poor land distribution system has exacerbated this process. The current land market distortions not only cannot prevent land concentration, but will also accelerate the concentration in the rural areas of Cambodia. Unfortunately, there are no comprehensive data of land concentration in Cambodia in general.

Based on the survey data, it is possible to construct a Lorenz curve [19] and calculate Gini coefficients[20] to represent the current degree of land concentration among households. The surveys showed that farmers who owned more than one ha of farmland controlled large areas of farmland, thus leaving the other households with too little land for agricultural production. Table 2.12 and Figure 2.5 provide two illustrations of the inequality in land distribution in Cambodia. The Gini coefficient of overall inequality in land ownership based on the survey data range from 0.47 to 0.66, which denotes a high degree of inequality. While Lorenz curves of all four surveys represent the degree of inequality in land distribution, Table 2.12 provides more details about the inequality in land ownership. This table illustrates the ratio of the percentage of owners to the percentage of land by size of holding.

Table 2.12. Land Distribution by Survey

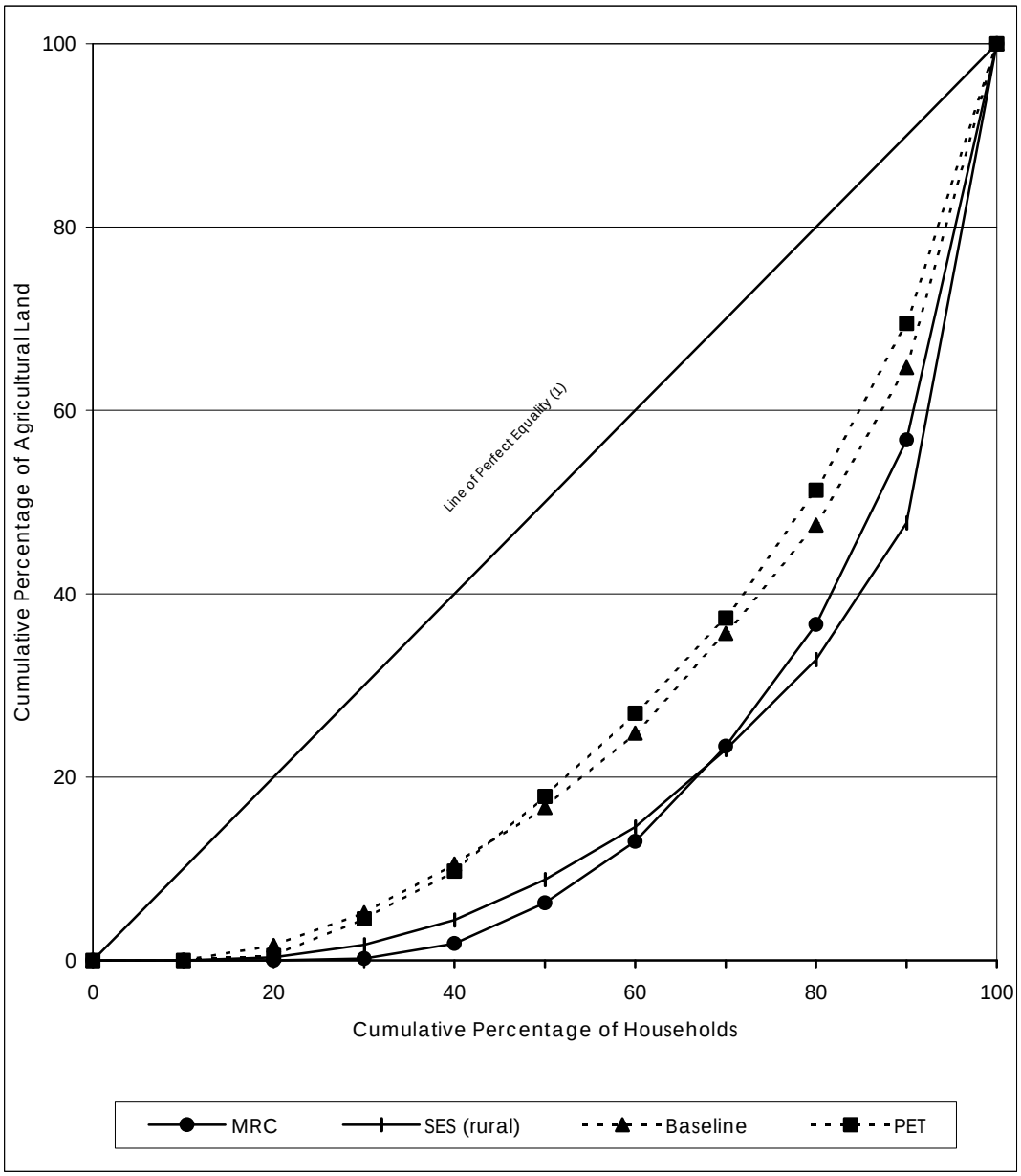
Land size categories	Percentage of Households			Percentage of Agr. land holdings		
	male-headed	female-headed	total [1]	male-headed	female-headed	total [1]
MRC Survey (Gini Coefficient of land concentration = 0.61)						
Landless	23%	30%	24%	-	-	-
>0-0.5 ha/hh	34%	37%	34%	12%	19%	13%
>0.5-1.0 ha/hh	22%	20%	21%	24%	32%	22%
> 1.0 ha/hh	21%	13%	21%	64%	49%	65%
SES (rural) (Gini Coefficient of land concentration = 0.66)						
Landless	11%	15%	12%	-	-	-
>0-0.5 ha/hh	37%	48%	40%	8%	18%	10%
>0.5-1.0 ha/hh	26%	23%	25%	19%	29%	20%
> 1.0 ha/hh	26%	14%	23%	73%	53%	70%
Baseline Survey (Gini Coefficient of land concentration = 0.50)						
Landless	11%	11%	11%	-	-	-
>0-0.5 ha/hh	34%	43%	35%	14%	14%	14%
>0.5-1.0 ha/hh	32%	23%	31%	31%	18%	30%
> 1.0 ha/hh	23%	23%	23%	55%	68%	56%
PET Survey (Gini Coefficient of land concentration = 0.47)						
Landless	16%	30%	17%	-	-	-
>0-0.5 ha/hh	19%	17%	18%	7%	8%	7%
>0.5-1.0 ha/hh	29%	23%	29%	24%	24%	24%
>1.0 ha/hh	36%	30%	36%	69%	68%	69%

Note: [1] weighted average
Sources: Household Socio-economic Survey, MRC 1995-96; Socio-economic Survey, NIS1997; Baseline Survey, UNWFP 1998; and, PET, UNWFP 1998

[19] It is indicative of the amount of inequality of land distribution in the society that it represents. The greater the extent of inequality, the further the Lorenz curve will be from the line of perfect equality (45° line).

[20] It is a summary statistic of inequality derived from the Lorenz curve, which gives the area between the observed Lorenz curve and the line of perfect equality as a proportion of the total area under the line of perfect equality. This coefficient has a maximum value of 1 (absolute inequality) and a minimum of zero (absolute equality).

Figure 2.6. Lorenz Curve for Agricultural Land Distribution



Note: 1/ line of perfect equality corresponds to the value of 1 of Gini coefficient denoting the perfect land distribution. It shows that ratio of landholders shares the same percentage of land size. For example, 10 percent of the lowest group shares 10 percent of land size and the 10 percent of the highest group also shares only 10 percent of land size.
Source: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS1997, Baseline Survey, UNWFP 1998 and PET, UNWFP 1998.

Three of the surveys, except the 1998 Baseline survey, indicated that a minority of about 20–30 percent of the total population who had more land than one ha/household occupied nearly 70 percent of the total agricultural land, thus leaving about 10 percent of farmland for the majority, who had less than 0.5 ha/household. Table 2.12 also shows that the farmers who had 0–0.5 ha/household occupied only about 10 percent of total agricultural land. The table further shows that about 30 percent of the total population who owned 0.5–1.0 ha/household occupied only 20 percent of the total agricultural land.

It is likely that the more representative and/or larger the sample size, the more reliable are the estimates of inequality in land distribution. The Lorenz curves and Gini coefficients of land distribution of all four surveys show significant differences in degree of land distribution. It seems that the large surveys such as MRC and NIS, which were more

representative, are farthest from the line of perfect equality and record greater values of Gini coefficients (over 0.60). This confirms that in general land distribution in Cambodia is very skewed.

2.6. Tenancy

The gap between rich and poor is further exacerbated by the inequalities of land distribution and ownership. The process results in increased tenancy as a common alternative to land ownership. Landless people and small landholders eventually have to rent land either in the form of a *fixed*[21] tenancy arrangement or *sharecropping.*[22] Fixed rent tenancy in cash and in kind seems to be the most favoured arrangement in rural areas.

The surveys clearly show that the land-lease market was relatively active in the surveyed areas. Nearly 10 percent of population in the MRC survey reported renting land, while 3 percent in the NIS survey did (Table 2.13). It is important to bear in mind that the MRC survey focused on fishing dependent communities, while the NIS survey was more representative of the whole country in covering 22 provinces. The rate of land rental was observed to be higher among male-headed families than among female-headed households.

Table 2.13. Tenancy of Land

Percentage of HH who	MRC Survey			NIS Survey		
	male-headed	Female-headed	Total[1/]	male-headed	female-headed	total[1/]
Rent land	10.7	5.9	9.8	3.2	2.2	3.0
Rent out land	5.1	6.5	5.4	..	..	..

Note: [1/] weighted average
Source: Household Socio-Economic Survey, MRC 1995-96, Socio-Economic Survey, NIS 1997

Tenancy of agricultural land is common, although not predominant relative to the owners' cultivation practices in the Baseline and PET sampled areas. Both the Baseline and the PET surveys reported that the proportion of rented wet-season rice land was much higher than for dry-season rice land and *chamkar* land (Table 2.14). This was obviously due to the smaller areas of dry-season rice land and *chamkar* land in the project areas. The proportion of farmers who rent land is higher than those who rent-out land, illustrating the inequalities of land distribution. Table 2.14 also provides more detailed information about tenancy rates among female-and male-headed households.

Table 2.14. Tenancy of Rice Land and *Chamkar* Land

% of households who	Baseline Survey			PET Survey		
	Male-headed	female-headed	total[1/]	male-headed	female-headed	total[1/]
Rent wet-season rice land	9.7%	2.6%	6.7%	7.1%	2.6%	6.7%
Rent-out wet-season rice land	..	..	..	2.9%	1.3%	2.8%
Rent dry-season rice land	0.9%	0%	0.8%	0.4%	0%	0.4%
Rent-out dry-season rice land	..	..	..	0.1%	0%	0.1%
Rent *chamkar* land	1.2%	0%	1.1%	1.3%	0%	1.3%
Rent-out *chamkar* land	..	..	..	0.1%	0%	0.1%
Rent-out land[2/]	4.5%	11.0%	4.9%	2.5%	0%	2.3%

Notes: [1/] weighted average. [2/] Question 148 of Baseline survey and Question 2008 of PET survey did not identify what kind of land was rent-out to other farmers to cope with the large and unexpected shocks/crisis in 1997 and 1998 respectively.
Source: Baseline Survey, UNWFP 1998 and PET, UNWFP 1998

[21] *Fixed rent*-the tenant pays a fixed sum of money or in kind to the landlord in return for the right to cultivate the land (Ray, 1998:419).

[22] *Sharecropping*-the tenant yields to the landlord an agreed-upon share of the crop (Ray, 1998:419).

2.7. Common Property Resources

Although common property in Cambodia is not clearly defined by existing regulations, such property has been diverted to private ownership at an alarming rate. Considerable areas of common property resources, such as forests, rivers, lakes and agricultural land (not redistributed in 1989) have become *privately controlled*. For example, millions of hectares of forests have been granted as concession forests to private companies, and many large plantations have been developed. Also, many fishing lots have been created along the main rivers and lakes, and a lot of unallocated agricultural land has been illegally encroached upon. As a result, such land has *de facto* become private property. Thus privatised common property is becoming less accessible to other people. As a result, the benefits available to many people in society have been reduced.

Even though it is believed that transactions involving common property have occurred in the market, the available information is very scarce. The 1989 redistribution and the Land Law of 1992 did not clearly identify which land was common property. Moreover, none of the four surveys provided significant information on common property transactions. All we have is the official figures for forest concessions, agricultural concessions, and fishing lots that have been allocated to private use. According to the Ministry of Agriculture, Forestry and Fisheries, nearly five million hectares of forest area and 0.7 million hectares of agricultural land have already been granted to private companies for long-term investment. Another one million hectares of fishing lots have also been auctioned off to private companies or individuals for exploitation.

The trends in the availability of products and benefits derived from common property are also shown in three of the surveys, excluding the NIS survey. In general, the benefits from CPRs have been dramatically decreasing over time. The MRC survey classified these resources into five categories: inundated forests, big rivers/lakes, flooded rice fields, banks/beds of rivers/lakes and irrigation canals/dikes/small rivers. The findings of the survey showed that the trend in the availability of products and benefits derived from common property resources have been dramatically decreasing in the last ten years. The vast majority (over 80 percent) of the sampled households reported a decrease in the benefits and products from inundated forest, big rivers/lakes and banks/beds of river/lakes (Table 2.15). A somewhat smaller proportion of respondents reported decreasing trends in the availability of products from flooded rice fields and irrigation canals/dikes/ small rivers.

Table 2.15. Percentage of Households Reporting Change in Availability of Products and Benefits Derived from Common Property Resources in the Past Ten Years

CPR	Increasing	Decreasing	Constant
Inundated forests	1.7	95.3	3.0
Big river/lakes	5.6	83.2	11.2
Flooded ricefield	37.2	40.0	22.8
Bank/bed of river/lake	8.6	81.9	9.5
Irrigation canals/dike/small river	15.7	62.3	22.0

Source: Household Socio-Economic Survey, MRC 1995-96.

The Baseline and PET surveys also reported that the availability of products and benefits derived from common property resources had declined when compared to the previous year. About 37 percent of Baseline respondents and 65 percent of the PET respondents reported that they obtained fewer products and benefits from the forest than in the year before the interview. The discrepancy between the figures from these two surveys is likely due to ecological differences in the locations of the surveyed areas.

Similarly, the surveys showed that the availability of products and benefits derived from fishing has been declining dramatically when compared to the previous year. About 49 percent of the respondents in the Baseline survey and 77 percent in the PET survey,

respectively, reported that they had collected fewer products from their fishing activities than in the previous year[23] (Table 2.16).

Table 2.16: Percentage of Households Reporting Change in Availability of Products Derived from Common Property Resources Over a One-Year Period

Common property resource	1998-Baseline[1/]	1998-PET[2/]
Product derived from forest activities		
- less	37	65
- more	19	15
- same	44	20
Products derived from fishing activities		
- less	49	77
- more	10	4
- same	41	19

Notes: [1/] Baseline survey compared the trend in availability between 1997 and 1996. [2/]PET survey compared the trend in availability between 1998 and 1997.
Source: Baseline Survey and PET Survey, UNWFP 1998.

The declining trend in products and benefits derived from common property resources has been attributed to several important factors, particularly overexploitation. The MRC survey reported that as high as 77 percent of the respondents thought that overexploitation was the main cause of the reduction in the availability of products (Table 2.17). The MRC survey, which took place in 1995–96, indicated that 5 percent of the respondents claimed the conversion of common property resources to private use was another important factor.

Table 2.17: The Most Important Factor Affecting Availability of Common Property Resources as Perceived by the Households, Percentages

Overexploitation	77
Change of environment	7
Destruction of habitat	3
Increasing population pressure	7
Use of chemical in the rice fields	1
Conversion of CPR to private use	5
Others	0

Source: Household Socio-Economic Survey, MRC 1995-96.

Meanwhile, the 1998 PET survey showed that over 82 percent of the interviewed households complained about the declining availability of forest and fisheries resources. Similar to the MRC's findings, the majority of the respondents, over 80 percent, reported collecting fewer products from forest and fishery activities due to a decline in the availability of products. Over 10 percent of the respondents complained about restricted access to forest resources, though only 1 percent complained about such restrictions with regard to fisheries resources (Table 2.18). These responses are consistent with an increase in the transference of common property to private control.

Table 2.18. Reasons for Declining Benefits from Common Property Resources

Reasons	PET	
	Forest	Fishing
Declining availability of forest/fisheries resources	82	87
Lower prices for forests/fisheries products	2	0
Traders buying fewer forest/fisheries products	1	12
Restricted access imposed by other users	11	1
Forest/fisheries becoming more insecure	4	..

Source: PET Survey, UNWFP 1998.

[23] Baseline survey compared the availability of CPR between 1997 and 1996, while the PET survey compared the availability of CPR between 1998 and 1997.

2.8. Land Transactions

Although a small proportion of the population have an official title for their predominantly small plots of land, a high level of land sales and land speculation has been observed in many areas of Cambodia since the reintroduction of land privatisation. The official figure for the number of land transactions since 1995 provided by the General Department of Cadastre and Geography is over 10,000 (excluding transactions in Phnom Penh). However, the actual figure is believed to be much higher. Transactions have affected all three categories of land: residential land, agricultural land, and common property resources/land.

The relevant local authority must approve all land transactions. Both the buyer and the seller must fill out a Definitive Sale Form.[24] However, many transactions do not follow this procedure in practice, as the Definitive Sale Form is not necessarily used. Instead, an informal transaction agreement between the buyer and seller is signed with the endorsement of local authorities.

Residential Land

Residential land has been changing hands ever since the government reintroduced private ownership for such land.[25] These kinds of transactions occur particularly in the urban areas of Phnom Penh, Kampong Cham, Battambang, Sihanoukville, and Siem Reap. Some people who live in the central areas of major cities have sold their houses or land and moved to other areas because of poverty and/or price incentives.

Residential land transactions have also occurred in rural areas, particularly in areas with easy access to Phnom Penh and other main cities. Areas with fertile soil or near recreation areas are also affected by land speculation. Meijers (1994:10) stated that wealthy urban people like to buy fertile homeland where they can plant some fruit trees and visit on Sunday. This can be observed on the outskirts of main cities and towns.

According to the Baseline and PET surveys, land sales over a twelve-month period were high. The Baseline survey results show that as many as 3 percent of the surveyed households sold their houses in 1997 in order to cope with large and unexpected shortages of food or income for the household. Meanwhile, about 1 percent of the respondents in PET survey reported selling their land in 1998. This discrepancy was probably due to the fact that 94 percent of the Baseline survey's households had been in the same area since 1989. As a result, they may have had more opportunity to acquire residential land in the 1989 redistribution than IDPs or the returnees from border camps. The high level of displacement (76%) among households in the PET survey, as opposed to only 36 percent in the Baseline survey, could logically account for the low number of house plot sales (Table 2.19).

Table 2.19. Percentage of Households Reported to Have Sold House Plots

Percentage of household	Baseline Survey			PET Survey		
	male-headed	female-headed	Total[1/]	male-headed	female-headed	total[1/]
Sold house in '97	2.6	6.8	2.8	..	..	..
Sold house plot since 1989	..	..	..	1.0	2.6	1.2
Sold house plot in '98	..	..	..	0.8	1.3	0.9

Note: [1/] weighted average.
Source: Baseline Survey and PET Survey, UNWFP 1998.

A significant difference between female and male-headed households concerning the rate of transactions involving house plots can also be observed in both surveys. Among the

[24] One copy for the Department of Cadastres and another to be kept by the buyer and certified by local authorities.

[25] Renting of accommodation and land plots has also been observed to be high in urban areas, but the extent of transactions is hard to estimate since none of the four surveys provided any information on residential land transactions in urban areas.

Baseline survey respondents, female-headed households reported that they were more likely to sell their land when they faced large unexpected shocks or crises. This survey showed that the percentage of house sales among female-headed households was twice that of male-headed households in 1997 (Table 2.19). The PET survey also reported a similar difference between male- and female-headed families concerning house sales.

State-owned properties, such as buildings, lands, cinemas, factories and hotels, have also been sold, or leased for up to 99 years for long-term investment. As a result, many state properties and assets have been, for all intents and purposes, privatised. Commenting on the sale of state properties, Greve (1993: 52) observed that *"SOC officials have nonetheless sold, and may still sell, just about anything that can be exchanged for money, and pocket the proceeds"*. Unfortunately, the official figure of the transactions of state property has never been made available to the public.

In general, the price of residential land in rural areas, according to NIS was much lower than in urban areas, even though the information on land prices in specific markets in Cambodia is very limited. Fortunately, the Socio-Economic Survey of 1997 provides some information on land prices in the surveyed areas covering 20 provinces. Although it is difficult to identify the relationship between price variation and land transactions in those provinces, some observations can be drawn from the data. Question 24 of Social Economic Survey of 1997 was, however, poorly designed for estimating land prices. The respondents were asked to estimate the price of their land in local currency, and may have under-valued their land due to fear of paying tax on the reported value.

Table 2.20: Prices of Residential Land by Province

Province	Urban			Rural		
	Ave. price, R/m²	Median	n	Ave. Price, R/m²	Median	n
Kandal	921,400	254,600	40	10,300	2,500	454
Phnom Penh	593,800	216,600	1,136	..	..	..
Kampong Cham	258,400	37,600	40	4,000	1,100	663
Kampong Thom	160,500	3,000	58	5,700	2,000	206
Kampot	124,200	40,700	28	1,900	1,000	210
Battambang	101,600	12,600	146	9,200	1,200	224
Sihanoukville	65,700	2,700	140	..	..	..
Takeo	60,900	4,700	30	3,200	1,000	331
Rattanakiri	41,400	18,000	8	1,300	500	30
Svay Rieng	38,900	4,600	20	500	300	221
Koh Kong	22,200	6,400	21	5,000	2,000	25
Kampong Chhnang	21,700	11,100	30	13,700	2,000	131
Siem Reap	13,400	6,500	69	3,700	1,000	224
Kampong Speu	9,200	400	39	1,500	500	164
Bantey Mean Chey	4,900	2,100	68	3,100	1,300	158
Pursat	3,700	1,800	57	27,000	1,100	103
Prey Veng	2,200	700	60	3,000	960	461
Kep Ville	1,800	800	20	..	..	..
Kratie	1,600	1,100	69	2,100	1,100	73
Stung Treng	400	200	18	300	100	28

Note: n = number of sample. Exchange rate: 2,989 Riel/US$ (World Bank, 1999).
Source: Socio-Economic Survey (Questions 24.1-24.3), NIS 1997.

With this cautionary note in mind, one can look at variations in prices among provinces. The price of land differs from one province to another depending upon the location of both the province and the surveyed area. Generally, land in the major cities was more expensive than in the remote areas. The price of residential land in urban areas such as Kandal provincial town and Phnom Penh was the highest in the country, ranging from 0.5 to 1 million Riel/sq.m. in 1997. This was followed by the provincial towns of Kampong Cham, Kampong Thom, Kampot and Battambang, where prices ranged from 0.1 to 0.2 million Riel/sq.m.

(Table 2.20). The high price of residential land in Kandal provincial town may have been a function of the small sample size of 40. The high price of land in the urban areas seemed to reflect the high demand for land for development activities, as well as other factors such as location, road access, and size.

Table 2.20 also shows that the price of land in other major provinces and towns, such as Sihanoukville and Takeo, was about 100,000 Riel/sq.m., depending on the location and importance of the areas. As might be expected, the price was much lower in remote provincial towns. The relatively high price of 40,000 Riel/sq.m. for residential land in provincial towns of Rattanakiri, a remote province in the north-east of Cambodia, seemed to be biased by the small sample size in which only 8 households responded to the relevant question (Question 24.1, Appendix A-2).

The price of residential land in urban areas of Kandal (near Phnom Penh), Kampong Cham and Battambang, where there is a high demand for industrial use, was much higher than in the rural areas of those same provinces. As Table 2.20 shows, the difference in the prices between urban and rural areas in other provinces was much smaller.

Agricultural Land

Agricultural land has increasingly been transferred despite the weakness of tenure available for cultivated land. Even though only possession and use rights can be obtained for cultivated land, such land has been actively transferred wherever there is a land market and speculation. However, the PET survey reported that only 3.8 percent of PET groups sold rice land and 0.9 sold *chamkar* (non-rice) land over a ten period since 1989. Among those who reported selling their agricultural land, the percentage of households headed by women was more than double the percentage of male-headed households (Table 2.21).

Table 2.21: Relationship Between Land Sales and Incidence of Landlessness

% of households who	Baseline Survey			PET Survey		
	Male-headed	female-headed	Total[1/]	male-headed	female-headed	total[1/]
sold rice land since '89	..	..	..	3.4	7.8	3.8
sold *chamkar* since '89	..	..	..	0.7	2.6	0.9
sold land in previous year [2/]	5.2%	12.3%	5.6%	3.2%	5.2%	3.4%
- of which became landless	28.3%	22.2%	27.5%	22.6%	50.0%	25.7%

Notes: [1/] weighted average. [2/] Baseline survey referred to 1997 while PET referred to 1998.
Source: Baseline Survey and PET Survey, UNWFP 1998.

Surprisingly, the Baseline and PET surveys revealed a high level of land sales in the sampled areas within a one-year interval[26]. They showed that 5.6 percent and 3.4 percent of the respondents sold land in 1997 and 1998, respectively, to cope with unexpected shocks or crises. Again, the rate of land transactions among female-headed households was almost double that of male-headed families, thus implying that they were more vulnerable to such circumstances.

Questions 149 of the Baseline survey and 2009 of the PET survey clearly asked, *"did the household sell land because of these problems"* (for those households which had experienced one or more crises or shocks). According to the question, which had the same wording but referred to different years, 1997 and 1998 respectively, all of land sales in the previous year were distress sales. Consequently, the distress sales of land assets appear to have a causal relationship with the incidence of landlessness in the sampled areas. Both surveys reported that over a quarter of the respondents who had sold land in the previous year were landless the next year (Table 2.22). The proportion of female-headed families that

[26] Questions 149 of Baseline survey and 2009 of PET survey did not clearly identify what kind of land, residential land or agricultural land, was sold in 1998 and 1997 respectively.

become landless was observed to be twice that of male-headed households in the Baseline survey, but slightly lower in PET survey. The surveys could only identify the relationship between land sales and the incidence of landlessness among those targeted groups who still lived in the sampled areas. The land sales data would probably show a much closer relationship with landlessness if the survey had included those households that had sold land out of desperation and had migrated to urban or other areas.

As in the case of residential land, prices of agricultural land in the central provinces were much higher than in remote provinces.[27] In 1997, the price of farmland in Kandal province, which is on the periphery of Phnom Penh, was the highest at an average of 11,400 Riel/sq.m. This was followed by Phnom Penh, with about 5,000 Riel/sq.m. (Table 2.22). Among the surveyed provinces, farmland in the rural areas of other provinces was as cheap as a few hundred Riels per square metre.[28] Again the reliability of this information may be low due to the poorly designed question. Moreover, respondents normally under-priced their land due to fears about paying tax on the reported value.

Table 2.22: Prices of Agricultural Land

Province	Price, Riel/sq.m.	Median	n
Kandal	11,140	7,400	378
Phnom Penh	4,750	4,000	140
Kampot	440	130	224
Kampong Cham	240	250	547
Takeo	170	160	349
Battambang	140	150	192
Kampong Speu	110	90	186
Kampong Thom	100	80	224
Svay Rieng	100	60	224
Bantey Mean Chey	..	..	..
Kampong Chhnang	..	..	..
Kep Ville	..	..	..
Koh Kong	..	..	..
Kratie	..	..	..
Prey Veng	..	..	..
Pursat	..	..	..
Rattanakiri	..	..	..
Siem Reap	..	..	..
Sihanoukville	..	..	..
Stung Treng	..	..	..

Note: n = number of sample.
Source: Socio-Economic Survey, NIS 1997

[27] Question of NIS survey did not identify the location, province or town, of farmland owned by the urban or rural population. Urban population could obviously possess farmland outside the urban areas where they lived.

[28] The high price of farmland owned by the urban Rattanakiri respondent is the exception case due to n=1.

Chapter Three

Characteristics of Landless and Near Landless Households

Various studies have reported different estimates of landlessness in rural Cambodia from as low as 10 percent to as high as 20 percent of all households. It is widely believed that those who are landless or near landless are the worse off in the society, while large landholders are better off. However, landless households are not necessarily poor, as they may derive income from sources other than agriculture. Also, landlessness is not always the result of involuntary loss of land.

In order to provide a better understanding of the welfare of landless and near landless people in the rural areas, it is important to identify the differences between different groups of households according to the size of landholdings and their characteristics. As the 1997 Socio-Economic Survey of the NIS survey covered most of the provinces in Cambodia with an appropriate sampling methodology, it is better to use this survey to represent some patterns of land-related issues in Cambodia. The following section discusses the characteristics of household groups by size of landholdings. These categories include landless (no agricultural land at all), near landless (agricultural land, >0-0.5 ha), medium landholders (agricultural land, >0.5-1.0), and large landholders (agricultural land, >1.0 ha).

3.1. Household Demographic Characteristics

Overall, it can be observed that the average household size of rural Cambodians interviewed is about five persons, which is similar to the 1998 Census average of 5.1 persons. Large landholders tend to have a larger household size than other groups. Table 3.1 shows that the average household size of landless, near landless, and medium landholding households was five persons, whereas the average household size of the large landholders was slightly higher with six persons.

However, the dependency ratio, which measures the percentage of the population in the younger (0-14) and the older age groups (65+) to the population in the adult working age group (15-64), in the landless and near landless households is slightly higher than in the large landholding group, although the difference is not statistically significant. The average dependency ratio of the Socio-Economic Survey was 92 percent (slightly higher than 1998 Census of rural Cambodia of 89.7 percent), which means there are 92 dependants for every 100 persons of working age in the sampled population. The dependency ratios of landless and near landless households are over 100 percent and 90 percent respectively, while it is only 89 percent for large land holding households (Table 3.1).

The above indicators suggest that landless and near landless households often are new families. Although the average age of all heads of household is 44 years, the distribution of average age across the landholding size is significantly different. The proportion of younger

heads of household is higher among the landless and the near landless (Table 3.1). Table 3.1 also shows a higher proportion of landless and near landless households headed by those aged over 60. This seems to reflect the fact that the young families tended to miss out on the opportunity to acquire land during the 1980's land redistribution. It also suggests that households headed by those over 60 years old might have given up all their land to their successors, and as a result no longer have land. It is also possible that the younger families might have married after the massive land distribution in the 1980s and their parents did not have enough land to give them. This observation is consistent with the findings of a recent study by the Landlessness and Development Information Tool (LADIT) of Oxfam GB, which interviewed nearly 4000 landless families[1] in sampled villages. The study reports that over 50 percent of the landless households were new families who never had land before.[2]

Table 3.1. Household Demographic Characteristics by Size of Landholdings

	Landless	>0-0.5	>0.5-1.0	>1.0	Average
Household size	5	5	5	6	5
Dependency ratio	106	90	92	89	92
Age distribution of household head					
- under 21	1%	1%	0%	0%	0.4%
- 21 – 30	22%	23%	20%	14%	20%
- 31 – 40	31%	26%	30%	28%	28%
- 41 – 50	21%	17%	21%	24%	20%
- 51 – 60	10%	16%	15%	21%	16%
- over 60	15%	17%	14%	13%	15%
Average age of household head	42	44	43	45	44
Sex of household head					
- Male	73%	72%	79%	86%	77%
- Female	27%	28%	21%	14%	23%

Source: Socio-Economic Survey, NIS 1997.

3.2. Education and Literacy

The education levels of family members, especially of the household head and spouse who traditionally make most of the family decisions, are very important indicators of a household's human resources. Their education levels could have significant effects on the extent to which the household is able to meet its requirements and manage family difficulties. Some reports also suggest that the education levels of the household head/spouse might determine the household's ability to keep its land. For example, in a case study of poverty and landlessness in Kampong Reap village of Takeo province, Kato (1999b) reported that:

> *One point which villagers repeatedly suggested as prevention to land loss was education. Their argument was that people who sold land did so because they were not educated and did not have the habit of thinking things through or planning. ... While education will not immediately solve the problem of land loss, at least it will give children more options than their parents have had.*

The results of the Cambodia 1997 Socio-Economic Survey in support of this argument are inconclusive. One third of the household heads in the rural areas were unable to read and write simple sentences in any language. However, the literacy rates are found to be highest for the landless and for those with more than one hectare of land (Table 3.2). The relatively higher rates among the landless may reflect the inclusion of professionals and the diverse nature of this group. However, as education is also correlated with age, the different age structures of the four groups may also explain much of the difference in educational levels.

[1] Landlessness was defined by the Oxfam Land Study Project as 'not having agricultural land and not having the means to purchase it'.

[2] Biddulph (2000:11)

Table 3.2. Education and Literacy of Household Heads and Spouses by Size of Landholdings. Percentages

Ability to read and write a simple sentence	landless	>0-0.5	>0.5-1.0	>1.0	average
- household head	68	63	62	69	65
- spouse	54	49	49	48	51
Highest education grade of household heads	6	5	5	5	5

Source: Socio-economic Survey, NIS 1997.

3.3. Household Income

Rural household income is the value of food and services accrued from agricultural and non-agricultural activities, as well as other sources such as wages/salaries and business. Agricultural income is basically derived from crop production and other activities, such as raising animals, fisheries and forestry activities. The 1997 Socio-Economic Survey further separated income sources into cultivation and other agricultural activities (i.e. raising animals, fisheries and forestry activities).[3] Non-agricultural income includes income from sources such as wages/salaries, business and other non-agricultural activities.

Generally, agricultural activities provide the main source of rural income. Over 80 percent of rural household heads derive most of their income from such activities, including fishing and forestry. Some 74 percent of household heads obtained their primary income from cultivation, while another 7 percent derived their primary income from other agricultural activities, such as raising animals, fishing, and forestry (Table 3.3).

Table 3.3. Main Source of Income of Household Heads in the Last Twelve Months by Size of Landholdings. Percentages

Sources of income	landless	>0-0.5	>0.5-1.0	>1.0	Average
Agricultural activities (cultivation)	20	81	82	84	74
Livestock, fisheries and forestry activities	9	6	7	7	7
Non agricultural activities	38	7	5	4	10
Wages/salaries	33	6	6	5	9

Source: Socio-economic Survey, NIS 1997.

There is a significant difference in the sources of income between landless households and those with land, no matter how small the holding (Table 3.3). Among the former, cultivation provided the main source of income to only 20 percent of the heads of households, as compared to 81 – 84 percent among those with land. The vast majority of the landless derive their primary income from non-agricultural activities (38 percent) or from wages and salaries (33 percent). Non-land based activities, such as animal husbandry, fishing and forestry, are the main sources of income for about 6 – 9 percent of all households heads, irrespective of how much land they possessed.

Two main conclusions may be drawn from Table 3.3. First, access to non-agricultural employment opportunities and wage employment is of vital importance to those who lack land. This category is likely to be quite diverse. On the one hand, there are likely to be relatively prosperous households of professionals and successful entrepreneurs. On the other hand, the vast majority are likely to be households that have been forced to work for low non-farm wages because of a lack of land. Second, the very high dependence of the near landless on agriculture suggests that this is indeed a very vulnerable group. Even under the best of circumstances, half a hectare of land does not suffice to provide an adequate living for a household. This group's dependence on land-based income also points to a dearth of non-farm employment and income opportunities. It can also be safely assumed that income from common property resources is very important for many households with little or no land.

[3] Fisheries and forestry products are regarded as products derived from common property resources.

3.4. Housing Conditions and Ownership of Durable Assets

Housing conditions and ownership of durable assets are the main indicators that reflect the wealth and socio-economic status of rural households. As subsistence farmers, Cambodians tend to satisfy their annual basic needs, especially for food, before satisfying other needs. It is common in rural areas that people they sell their produce and keep gold as savings for future use when they have surpluses. Whenever they accumulate enough savings, they tend to spend it on other assets and necessities, including housing.

The better off households tend to have better houses, which are made with more durable and reliable materials, than those of the poorer households. However, the size of dwelling does not vary much. The floor area of the houses of the surveyed population is generally small (around 34 square meters), though the difference between the landless and large landholders is only 4 square meters (Table 3.4).

Table 3.4. Housing Condition by Size of Landholdings

	landless	>0-0.5	>0.5-1.0	>1.0	Average
Floor area of the house, sq. m.	32	33	33	36	34
Primary construction materials of the wall					
- bamboo thatch	49%	64%	59%	56%	59%
- plywood	23%	22%	23%	28%	24%
- other	9%	9%	11%	7%	9%
- Wood or logs	9%	4%	6%	8%	6%
- concrete, brick, stone	10%	1%	1%	1%	2%
Primary construction materials of roof					
- thatch	51%	56%	55%	47%	53%
- tiles	16%	30%	31%	34%	29%
- galvanised iron/aluminium	24%	12%	12%	17%	15%
- fibrous cement	6%	1%	1%	1%	2%
- other	3%	1%	1%	1%	1%
Primary construction materials of floor					
- wood, bamboo planks	57%	76%	74%	76%	73%
- earth, clay	22%	17%	17%	11%	16%
- parquet, polished wood	10%	6%	8%	12%	8%
- cement	10%	1%	1%	1%	2%
- other	1%	0%	0%	0%	1%

Source: Socio-economic Survey, NIS 1997.

Almost three out of five houses in the rural areas are built of bamboo or thatch, while only slightly more than one fifth use plywood for outer walls. The proportion of houses built of bamboo with thatch and plywood is similar across different groups of landholders. It may be noted that the proportion of landless households that have concrete walled houses seemed to be significantly higher than others groups. Table 3.4 shows that 10 percent of the landless households lived in better houses that were built with concrete, brick, or stone walls, while only 1 percent of the other three groups used such materials. This further supports the conclusion that the landless category is in fact economically diverse.

The main construction materials used for roofing in the rural areas are thatch, tiles, and galvanised iron or aluminium. Over half of all rural dwellings have thatched roofing, while only a third have tiled roofs. The use of tiles is somewhat more common among the large landowners, while landless households more frequently use galvanised iron/aluminium or fibrous cement (Table 3.4).

The current ownership of household assets is also useful for identifying the socio-economic status of rural households. In general, the rate of household asset ownership is relatively low in the rural areas of Cambodia. Data presented in Table 3.5 show that only 60 percent of the rural households owned bicycles, 36 percent owned radio/cassette recorders, and 34 percent owned ox carts, which were mostly locally or self made.

Table 3.5. Household Asset Ownership by Size of Landholding. Percentages

	landless	>0-0.5	>0.5-1.0	>1.0	Average
Bicycle	53	55	63	70	60
Radio/cassette recorder	32	30	38	47	36
Oxen cart	4	29	41	54	34
Motorcycle/scooter	19	12	14	17	15
Television	17	12	12	16	13
Boat	10	7	9	13	9
Tractor/agricultural equipment	0	3	4	3	3

Source: Socio-economic Survey, NIS 1997.

Asset ownership increased with the amount of land owned (Table 3.5). A smaller proportion of landless and near landless households owned bicycles and radio/cassette recorders than larger landholders. Only 4 percent of the landless households owned ox carts, which are mainly used in agricultural activities. Possession of draft animals was also less frequent among the near landless than among those with more land, while few households in any category possessed a tractor or other agricultural machinery. As expected, the possession of high value consumer goods like motorcycles, scooters or television sets increases with the amount of land owned. However, the possession of high value consumer goods is also relatively high among the landless, which suggests that this group does not exclusively consist of poor households. In the case of motorcycles and scooters, it is also quite likely that they are used as a source of income, as motor taxis are common in rural areas. Similarly, the possession of boats among 10 percent of the landless households suggests that fishing is a source of income.

3.5. Possession of Animals

Raising animals is an integral part of Cambodia's farming system, and livestock are significant assets for rural households. Traditionally, different animals have different degrees of importance to rural livelihood. Normally, cattle and buffaloes are used for draft power for land preparation as well as transportation. They are also occasionally sold for family income or used for household consumption when they are no longer used for agricultural activities. Backyard pig and poultry production is also a major source of cash income for most rural households. Pigs are typically raised and bred for selling and rarely used for household consumption, while poultry is commonly used for household consumption of meat and eggs and also sold for household income.

However, only 86 percent of the sampled population reported owning animals. The rate of ownership of cattle and buffalo, the main source of draft power, varied significantly across the landholding groups. Again, this ownership rate increases along with the landholding size. The rate of ownership of cattle increases from 11 percent among landless household to 66 percent among large landholding households. The ownership rate of buffalo follows a similar pattern among landless and large landholding households with 2 percent and 22 percent, respectively (Table 3.6). This pattern suggests that landless and near landless households are either too poor to own cattle and buffalo, or they do not view cattle and buffalo as important for their daily life.

Not only is the ownership rate of cattle and buffalo low among the landless and near landless households, but also the average number of the animals per household is lower. Table 3.6 shows that landless households owned only one head of cattle on average, while landholding households owned 2-3 head of cattle. Landless and landholding households owned, on average, zero and 1-2 head of buffalo, respectively.

Possession of pigs and poultry is rather widespread. On average, 58 percent of the interviewed households owned pigs, and 67 percent owned poultry. The ownership rate of pigs increases from 31 percent among landless households, to 65 and 41 percent among

medium and large landholding households, respectively. Possession of poultry ranged from 41 percent among the landless to 76 percent among large landholders.

Table 3.6: Possession of Animals by Size of Landholdings

	Landless	>0-0.5	>0.5-1.0	>1.0	Average
Owned any livestock	55%	88%	92%	96%	86%
- owned cattle	11%	54%	65%	66%	54%
- average number of cattle per household	1	2	2	3	2
- owned buffalo	2%	10%	14%	22%	13%
- average number of buffalo per household	0	1	1	2	1
- owned pig	31%	55%	65%	41%	58%
- average number of pig per household	1	1	2	2	2
- owned poultry	41%	67%	74%	76%	67%
- average number of poultry per household	5	7	9	10	8

Source: Socio-economic Survey, NIS 1997.

The average number of pigs and poultry owned varies greatly among landholding groups. Landless and near landless households were found to have only one pig on average, while other landholding groups averaged two. Similarly, the average number of poultry owned by the landless and near landless households was much lower than the large landholders. The positive correlation between the possession of land and of animals suggests that animal raising is not an answer to land shortages.

3.6. Credit

Borrowing money or in kind goods is a common practice during severe crises or shocks in rural Cambodia. The survey reported that two out of five rural households had at least one outstanding loan, either in cash or in kind. Table 3.7 shows that the incidence of borrowing money among landless and near landless households is marginally higher than among landholding households. About 40 percent of the landless and near landless households reported having outstanding loans, while only about 35 percent of the large landholding households reported having borrowed.

The average amount of money borrowed varied across the different landholding groups, ranging from nearly 0.3 million Riel to just over 0.5 million Riel per loan. The average amount of loan was approximately 0.4 million Riel per household for the first loan and under 0.3 million Riel for any second loan. The average amount borrowed by landless and near landless households was higher than the amount borrowed by large landholding households. The average loan among landless households was nearly 0.5 million Riel, while the average loan among large landholders was 0.3 million Riel.

NGOs, supported by international donors, introduced micro-credit services on a small scale in 1989 to assist the rural poor. In order to broaden the micro-credit services, the Royal Government of Cambodia attempted to promote micro-finance by forming the Credit Committee for Rural Development in 1995, which led to the establishment of the Rural Development Bank in 1998. However, such services have yet to reach the targeted needy groups, and the informal credit system still actively operates in the rural areas. The NIS survey reported that a majority of the rural poor had never heard of or accessed formal credit. In all, nearly 90 percent of rural households borrowed from informal sources (e.g. relatives/friends, moneylenders, and traders), while formal credit services (e.g. NGOs) reached a mere 10 percent of the rural borrowers (Table 3.7).

A closer look at the sources of credit reveals that the main source of rural loans is relatives/friends. According to the NIS survey, over 60 percent of rural households borrowed money from their relatives or friends, probably at low interest rates. A food security study by Murshid of three villages in Cambodia in 1996-1997 reported that: *"there is a lot of lending at zero interest from close relatives"* (Murshid, 1998:46). The other important sources of loans

were local moneylenders and traders, who provided loans with very high interest rates. Murshid calculated that the annual interest rate of the rural loans from moneylenders and traders in three sampled villages was over 100 percent. Other sources of lending are government banks, commercial banks, employers and others. They provided loans to only 2 percent of the rural borrowers.

The interest rate was found to vary considerably across landholding groups. It was much higher for the landless and near landless households than for households with more land. This might be due to the fact that landless and near landless households were excluded from formal credit provided by NGOs who provide small loans at an interest rate of 4-5 percent per month to a significant proportion of rural borrowers. Even though NGOs provided loans to about 11 percent of the rural borrowers, only 5 percent of landless borrowers reported access to such loans. The rate of access to NGO loans increases from 5 percent among landless households to 10 percent among landholders with less than 1 ha, and to 17 percent among landholders with over 1 ha.

The main purposes of borrowing are to meet normal household consumption needs, predominantly for rice purchases, and to invest in agricultural production. On average, nearly 30 percent of the borrowers took loans for normal household consumption needs. As agricultural production is largely determined by climatic conditions, it varies considerably from area to area or from region to region. As a result, food insecurity occurs in many parts of the country every year, even though surpluses are reported at the national level. To cope with family food shortages, rural households eventually have to borrow in cash or in kind during periods of shortage and then repay the loans during harvesting season. The situation goes from bad to worse among landless households who have no land with which to produce food, or have too little to produce enough for their own consumption. Table 3.7 shows that about 30 percent of the landless and near landless borrowers took loans in order to cope with consumption needs, compared to only 20 percent of the medium and large landholders.

Table 3.7. Loans by Size of Landholdings

	landless	>0-0.5	>0.5-1.0	>1.0	Average
Household with outstanding loans	41%	42%	36%	36%	39%
- one loan	39%	41%	34%	35%	38%
- two loans	2%	1%	1%	1%	1%
Average amount borrowed per loan					
- first loan, Riel	466,000	381,000	324,000	321,000	367,000
- second loan, Riel	324,000	284,000	259,000	183,000	270,000
Source of first loan					
- relatives/friends	54%	62%	65%	57%	61%
- moneylenders	30%	20%	17%	18%	20%
- traders	9%	5%	5%	5%	6%
- NGOs	5%	11%	11%	17%	11%
- other sources, including banks	2%	2%	2%	3%	2%
Primary purpose of the first loan					
- normal household consumption needs	32%	28%	28%	20%	27%
- agricultural production	7%	26%	27%	38%	26%
- emergency needs (death or sickness, ...)	21%	18%	20%	17%	18%
- investment in business	18%	6%	7%	5%	8%
- purchase/improvement of dwelling	5%	10%	10%	7%	8%
- purchase of consumer durable goods	4%	4%	3%	4%	4%
- marriage or other ceremonials	1%	2%	1%	4%	2%
- other	13%	7%	5%	7%	7%

Source: Socio-economic Survey, NIS 1997.

About 26 percent of rural borrowers reported borrowing for investment in agricultural production in order to increase productivity. This type of borrowing obviously varies between different groups of landholders. The percentage of borrowing for agricultural activities is as

high as 38 percent among large landholding borrowers, and diminishes with the size of landholding to only 7 percent among landless households (Table 3.7). However, landless households tend to borrow to invest in business, as they do not have land for farming. Nearly 20 percent of the loans obtained by landless households were used for business investment, while only 5 percent of the loans obtained by large landholding families were used for such investment.

Borrowing to cope with large and unexpected crises, such as death of family member(s) or sicknesses, is also common in the rural areas. Nearly 20 percent of the loans were used for this purpose, though incidence of such borrowing was only marginally different across the various landholding groups.

3.7. Causes of Landlessness

There are no comprehensive national data on landlessness in Cambodia. However, many studies suggest that landlessness has rapidly increased in the last decade, and that it has had a great impact on social welfare, as well as the economic and political situation in the country. Although different studies classify the many causes of landlessness differently, there are several common causes that regularly lead to landlessness among rural households.

A combination of rapid population growth and the lack of an appropriate land distribution system is undoubtedly one of the most significant causes of landlessness in Cambodia. As mentioned earlier, a massive land redistribution was undertaken in the 1980s. Most families presumably obtained access to some land, though the amount received varied. In some areas where there was much land and a low population density, each household could get two to three hectare, while in other areas they received only one hectare.

The sharing of limited land resources as a means to assist newly married family members has also resulted in the rapid fragmentation of holdings into plots that are too small to support even a small family. From there, it is but a small step to landlessness. The World Bank (2000:23) provides an example of this process in a description of how 61 years old Chhoeun Sophea became landless.

> *Late in 1982, she received six hectares of land, for a family of six children and herself, from the commune chief. Beginning in 1988 her children were married and set up their own houses. She shared her land each time with her children by the time the last child, a daughter, was married in 1996, she had given up all of her share. She said "with no addition to our land holding, each of my children depend on smaller farms to eke out a livelihood which is very difficult for them."*

Kato (1999b:13) showed that eight out of 26 landless households in the village of Kampong Reap were landless because they had recently married and their parents did not have enough land to give each child a workable amount. The Oxfam GB LADIT study suggested that 50 percent of the landless are those people who never get land because they are new, recently married, families whose parents do not have enough land to share.

Internal displacement due to insecurity is another prevalent cause of landlessness. As Cambodia has gone through two decades of civil war and international isolation from 1970 to 1989, most people have been displaced at least one time. After the failure of the Khmer Rouge regime in 1979, most people returned to their homes to reunite with families, while others headed to the Thai border seeking resettlement in other countries. Only some of these people reached a third country, while the others remained in refugee camps until the 1993 repatriation. The 1993 returnees apparently missed the opportunity to obtain land during the 1980s redistribution, despite owning large amounts of land prior to 1979.

Some of these people who were given some land when they returned in 1993 have been susceptible to losing their land and becoming landless for two main reasons. First, other people with the alleged complicity of local authorities have sometimes taken the land they had received. Second, they were given land that nobody else wanted because of poor location and infrastructure, an unhealthy environment, or low productivity.

Internally displaced persons are also vulnerable in terms of losing their land. The factional fighting in 1997 forced many people in some parts of the north-western provinces of Battambang, Oddar Meanchey, Banteay Meanchey, Siem Reap, and Pursat provinces to leave their home and their fields. The IDPs were especially vulnerable given the almost complete absence of legal ownership papers in these rural areas. When they came back after the formation of the coalition government in 1998, they were unable to claim back their land because other people already occupied the land. Such land disputes are still going on.

Land grabbing is also a common reason behind land loss among rural and powerless households in Cambodia. As only a few landholders have legal land titles, such problems have dramatically increased over the last decade. Land grabbing is normally perpetrated by powerful people who act with impunity. Land grabbing eventually leads to land disputes that currently represent one of the most pressing governance issues in Cambodia. Most people and the government acknowledge that land grabbing is pervasive, and has occurred in every province of Cambodia since the reintroduction of private ownership of land and the emergence of an active land market. The Prime Minister also has publicly acknowledged the magnitude of the problem, and in September 1999 he issued an order to halt anarchical land grabbing. He also has issued sub-decrees cancelling the sales of state land by provincial officials. However, the problem still exists and the poor continue to lose their land. It is expected that the modified version of the new Land Law, which is being reviewed by an inter-ministerial committee, will be approved by the Council of Ministers as early as May 2000. Hopefully, it will better protect the limited land owned by the poor.

Distress sales, which occur when households liquidate their assets during periods of severe crises, are another common cause of land loss. A distress sale itself is caused by many factors, such as illness, accident, natural disasters, food shortages, and lack of rural credit. For example, the rural poor are easily exposed to diseases as they often live in poor sanitary conditions and have little or no access to public health care. Murshid (1998) observed that 40-50 percent of sampled households in a food security study in three villages between 1996-1997 reported someone being seriously ill over the previous year. Although the cost of poor health and illness cannot be assessed merely in terms of household expenditure, it normally results in high and unexpected expenditures for health care and a loss of earned income.

The ability to respond to such crises depends upon on the household's resources, irrespective of their origin. Those households that are better off might use their savings or receive support from their friends or relatives. However, poor households with less income and savings often have to resort to borrowing at high interest rates, and must put up their few assets as collateral. They normally must pay back such loans during the harvest season when their agricultural output is sold at very low prices. As they only have little land, they are often unable to produce enough with which to pay back the entire loan. As a result, they frequently must sell most of their output and then eventually have to borrow again later at higher interest rates when they need food. They are thus caught in a vicious cycle that leaves them increasingly heavily indebted. Eventually, they may have to sell their land, which is their only productive asset, in order to pay back the debts they have accumulated.

Agricultural production is predominantly rainfed. As a result, rural livelihoods will be affected by any changes in weather conditions, such as severe drought or floods. Cambodia had three successive years of severe floods in 1992, 1993 and 1993 as well as a drought in 1996. These natural phenomena might not have a direct impact on the distress sales of land but within the system of subsistence production the poor might have to borrow, normally in

kind at a high price, to cope with family food shortages. They have to pay back in kind when they harvest their product at a low price during harvesting season. Again with the small output left over for family consumption they have to borrow again and the process goes on. Successive years of bad harvest may raise indebtedness to such levels that distress sales of land remain as the only option.

The explanations mentioned above do not attempt to exhaust all the causes of landlessness in Cambodia. In a study of landlessness in Kampong Reap village in Takeo province, Kato (1999b) suggested several other causes of landlessness in the rural areas, including a lack of skills and ideas, gender differentiation, and land prices, as well as community factors such as an absence of solidarity and local leadership.[4] Such factors when taken individually do not necessarily lead to increased landlessness. Often, it is the combination of several adverse factors that drive households into landlessness.

[4] A detailed discussion can be obtained from Kato (1999b:14-19).

Appendix

Table 1. Movement of Exchange Rates of Riels and Other Local Currencies vis-à-vis US Dollar. Percentage Change in Units of Currency per USD, from Previous Year

	Currency	1996	1997	1998	1999
Cambodia	Riel	45.9	13.6	26.7	1.3
ASEAN					
Singapore	Sing. $	69.8	4.9	12.8	-1.2
Thailand	Baht	99.2	24.1	31.8	-10.3
Malaysia	Ringgitt	90.9	11.5	39.5	-3.1
Indonesia	Rupiah	132.6	24.2	244.2	-14.1
Myanmar	Kyat	91.6	5.4	1.6	4789.5
Philippines	Peso	1000.0	12.6	38.6	-5.1
Laos	Kip	158.7	36.8	161.7	66.8
Vietnam	Dong	n.a.	5.9	13.8	1.8

Source: Table 10 in Sok et al (2000).

Table 2. Summary of Government Budget 1995–2000 (Billion Riels)

	1995	1996	1997	1998	1999[E]	2000[P]
Revenue	643	749	881	939	1,318	1,505
Current Revenue	635	710	869	905	1,304	1,485
Tax revenue	446	534	597	679	956	1,065
Non-tax revenue	190	176	271	226	348	420
Capital revenue	8	39	12	33	14	20
Expenditure	1,201	1,441	1,260	1,553	1,933	2,385
Current expenditure	690	813	808	930	1,113	1,315
Capital expenditure	511	629	452	623	820	1,070
Current deficit (accrual)	-54	-103	61	-24	192	170
Overall Deficit (accrual)	-558	-692	-379	-614	-615	-880
Financing	558	692	379	614	615	880
Foreign financing	559	680	446	508	611	895
Domestic financing	-2	13	-67	106	4	-15
o/w bank financing	6	-17	-75	125	-70	0
GDP	7,200	8,250	9,100	10,900	11,800	12,700
Revenue	8.9	9.1	9.7	8.6	11.2	11.9
Tax revenue	6.2	6.5	6.6	6.2	8.1	8.4
Non-tax revenue	2.6	2.1	3.0	2.1	2.9	3.3
Expenditure	16.7	17.5	13.8	14.2	16.4	18.8
Current expenditure	9.6	9.9	8.9	8.5	9.4	10.4
Capital expenditure	7.1	7.6	5.0	5.7	7.0	8.4
Current Deficit (accrual)	-0.8	-1.2	0.7	-0.2	1.6	1.3
Overall Deficit (accrual)	-7.7	-8.4	-4.2	-5.6	-5.2	-6.9
Financing	7.7	8.4	4.2	5.6	5.2	6.9
Foreign financing	7.8	8.2	4.9	4.7	5.2	7.0
Domestic financing	-0.0	0.2	-0.7	1.0	0.0	-0.1

E Estimated. P Planned. Source: CDRI.

Table 3. Government Revenues and Expenditures by Source and Sector (Billion Riels)

	1995	1996	1997	1998	1999
Revenue	643	749	881	939	1,318
Tax revenue	446	534	597	679	956
Direct Taxes	21	27	46	59	79
Payroll tax	1	3	6	9	11
Profit tax	19	19	35	42	58
Land and Property	1	5	5	8	11
Indirect taxes	104	164	204	244	444
o/w Excise duties	9	57	74	76	92
VAT	77	98	122	156	350
International Trade taxes	321	344	347	376	433
Import duties	299	331	336	373	415
Exports	17	8	10	3	17
Non-tax revenue	190	176	271	226	348
Capital revenue	8	39	12	33	14
Expenditure	1248	1419	1268	1557	1795
Current expenditure	737	790	816	934	1125
Defense	430	406	419	453	470
Social sectors	148	179	189	203	316
Education	74	80	83	102	150
Health	26	42	45	43	80
Capital expenditure	511	629	452	623	670

Source: CDRI

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Cambodia 1999-2000: Land, Labour and Rural Livelihood in Focus

This working paper stems from a collaborative research project carried out between the Nordic Institute of Asian Studies (NIAS), Copenhagen, and Cambodia Development Resource Institute, Phnom Penh, in the year 2000, with the support of the Swedish International Development Agency (Sida). An earlier version of this paper was published by Sida in early 2001 entitled, Country Economic Report 2001. The CDRI edition, being published as Working Paper 21, is for distribution in Asia and the Americas.

The paper is written in three discrete chapters; the latter two chapters do not necessarily flow from the first. The first chapter presents an assessment of the prevailing macroeconomic situation. It is meant to provide the readers with a succinct picture of different features of the economy. Being more generic, it may be of interest to a wider audience. The following two chapters are on issues of contemporary importance to policy makers and others interested in the Cambodian economy. The second chapter analyses the extent of land ownership, access to land, land inequality and landlessness. Each of these topics is of critical importance to Cambodia since over three-fourths of its population is critically dependent on land and agriculture for livelihood. The third chapter looks at the possessions, entitlements and livelihoods of the landless and the near landless. These latter two chapters provide detailed information necessary for formulating both agricultural policies and anti-poverty schemes.

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