

Human and social capacities should be the priority



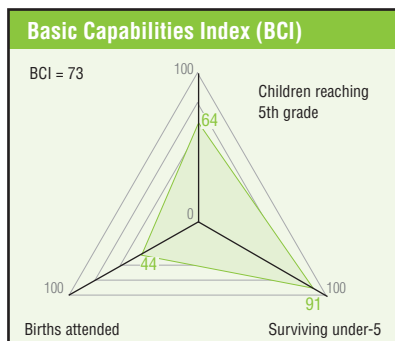
After 18 years of economic liberalization, the country faces pressing economic, social and environmental challenges, such as increasing vulnerability to natural disasters and lack of an appropriate irrigation system. The Government fails to protect the rights of the country's indigenous peoples, who are facing corporate takeover in the name of development. In order to sustain rapid economic growth, to provide jobs and to reduce poverty levels, Cambodia needs to diversify its economy but, prior to that, it must invest in human capital. Promoting economic development without taking basic steps to strengthen internal social and human capacity will condemn the country to a widening gap between rich and poor.

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After two decades of civil war and following the 1993 election sponsored by the United Nations, Cambodia has joined the world economy. Since then, the country has joined the World Trade Organization (WTO) in 2000 and the Association of Southeast Asian Nations (ASEAN) in 2009. The country has also embraced a structural adjustment process which encompasses the privatization of State businesses and services; after 18 years of economic liberalization, Cambodia has seen some prosperity mostly due to the adoption of new and modern infrastructure. However, questions remain to be asked whether the development models applied are in fact sustainable and if they could lead to narrowing the gap between rich and poor Cambodians.

The country's GDP growth reached peaked at 13.4% in 2007, and then dropped to 7.2% in 2008, climbed to 10.1% in 2009 and reached its nadir in 2010, with -1.5%.¹ The key growing industries have been tourism, garment manufacturing, and construction, but all these sectors have been heavily hit during the recent economic and financial crisis.

Also, the benefits of growth do not extend to all. For instance, in 2010 nearly 4,000 tourists visited Angkor Wat per day, bringing about USD 4.5 million per month in revenue.² However, this benefit has not reached the poor; even though Cambodia's tourism industry has created 10,000 jobs, a large portion of its profits do not filter down to local communities. Six to 10% of Siemreap City's population of 173,000, for example, earn no more than USD 2.5 a day, according to 2010 statistics from the Ministry of Planning.³ Last year, 289,702 tourists came from South Korea and 177,000 from China, but that was of little help to the local economy.⁴ According to the *Cambodia Daily* newspaper, "they (South Korean and



Chinese tourists) fly on their own carriers, sleep in pre-booked hotels and eat in restaurants that serve their own national dishes."⁵

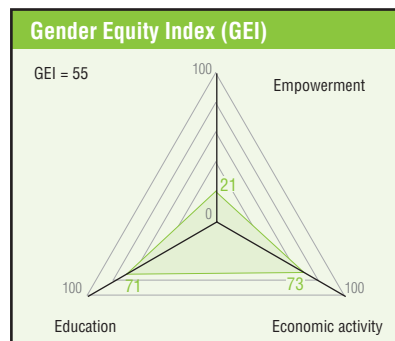
Environmental and economic vulnerability

Cambodia is especially vulnerable to extreme weather and economic downturns, since it lacks a proper social safety net. A study conducted by the Cambodian Economic Association on several poor communities in targeted villages made apparent that there has been an increased vulnerability to food insecurity among the rural poor.⁶

The strategies adopted by poor communities to cope with their decreasing income are tremendously harmful to their human dignity and well-being. For example, 55% of Cambodians in this situation tend to reduce the amount of food consumed; this is more common among the female population, since 64% of mothers and girls are reducing their food intake in order to leave more to the other members of the family.⁷ If we also consider the quality, as well as the amount of food consumed per family member, then 75% of the people of the targeted villages are seriously jeopardizing their nutrition, health and quality of life.

Mining

Management of the mining industry has also been a matter of concern recently, not only because it has a heavy impact on the environment but also because it exemplifies the Government's economic



and social mismanagement. A copper mine in the Kvav Commune (Siemreap province), for example, was almost fully operative while little was known about it by the neighbouring villagers. According to an article in *The Cambodia Daily*, "An official said the Royal Cambodian Armed Forces (RCAF) and Chinese business are behind the mining. It is kept under a blanket of secrecy. The agreement was signed by the Ministry of Industry, Mining and Energy and the Chinese building corporation Nim Meng Group, stating that the data of the exploration, the feasibility study and the mining operation were all confidential."⁸

The agreement granted 80 km² for both extraction (6 yrs) and exploration (up to 30 yrs). A patronage system has existed between RCAF and the business community since 2008, and this has become the official policy. The militarization of the Cambodian mines is now emerging, and reporters were escorted out of the compound of the mining site in Siemreap. The company said that they will build an irrigation system for the rice field and roads for the village, but six neighbouring villages have already filed claims that the company has encroached on their land.

Challenges in agriculture

In order to support the agricultural sector, the Government has to improve public services to support farmers. The irrigation scheme – that serves about a third of the country's farmland – is mostly falling apart as local management fails to address its maintenance.⁹ Furthermore, Japan's International

1 Index Mundi, *Cambodia GDP – real growth rate*, (2011), <www.indexmundi.com/cambodia/gdp_real_growth_rate.html>.

2 Khmer News, "Angkor Wat revenues rise on Chinese flights," (2010), <khmerweekly.com/2011/02/18/angkor-wat-revenues-rise-on-chinese-flights>.

3 Ibid.

4 English People Daily Online, "Cambodia sees Chinese visitors as potential boost to tourism," (15 January 2011), <english.peopledaily.com.cn/90001/90777/90851/7261729.html>.

5 *The Cambodia Daily*, (24 February, 2011).

6 "The Impact of Economic Downturn on Households and Communities in Cambodia," CEA, (May 2010).

7 Ibid.

8 *The Cambodia Daily*, (1 March 2011).

9 *The Cambodia Daily*, 26, (27 February 2011).

Cooperation Agency study stated during a recent seminar in Phnom Penh that only 1 million hectares of farm land were served by irrigation in 2009 now, plans are underway to increase the irrigation area by 25,000 hectares annually.

Budget allocations to agriculture have been minimal, even though it is considered a priority. Between 2005 and 2009, allocations to the sector have been 1.5% to 2.5% of the total budget.¹⁰

Plundering sacred land

The Suy people are one of the country's smallest indigenous groups. Almost 900 Suy live in five villages in Treapang Chor commune, O Ral District, settled around the Mount O Ral Wildlife Sanctuary, established in 1997. This sanctuary includes their agricultural lands and customary-use forest and is traditionally considered the home of the Suy goddess Yeay Te.¹¹ In 2009 the Government awarded several concessions over 10,000 hectares¹² on the slope of Mount O Ral for corn plantations and tourism, without seeking permission from the local population, including the Suy, who immediately protested, asserting their right over their lands and resources.¹³ Corn planting began nevertheless in June 2009. Nine months later the Government handed back 6,000 hectares to the Suy, but as the non-indigenous population did not get any of their lands back, it was feared that they might try and settle the matter violently in the Suy people's area.¹⁴

Unfortunately, this is not an isolated case. Almost all indigenous communities in Cambodia are facing serious land problems largely associated with corporate takeover in the name of development. The Government continues to ignore its own laws on the legal recognition of communal land and reserves,

and fails to protect the rights of the country's indigenous peoples. It also violates international human rights obligations under the International Convention against Racial Discrimination (ICERD), the International Convention on Economic, Social and Cultural Rights, and the United Nations Declaration on the Rights of Indigenous Peoples.¹⁵

Economic development and diversification

Cambodia's economy is dependent on a narrow range of sectors, such as rice-based agriculture, garments, tourism and construction.¹⁶ The 2008 global crisis made apparent the vulnerability of Cambodia's limited economy, and many experts agreed on the need to diversify it. Rice remains the leading crop, and although pepper, palm sugar, cashew nuts and rubber are offering interesting prospects, the majority of farmers still depend almost solely on rice production. The garment sector has experienced steady growth, and is now a major industrial employer, especially for women. Yet it is keenly sensitive to international demand; in fact, it was very hard hit by falling demand from the US and the European Union during the crisis.¹⁷

It is clear that in order to sustain rapid economic growth, provide jobs and reduce poverty, Cambodia needs to diversify its economy, but this is not an easy task. To do so, the country needs to increase its competitiveness in the region, as well as acquire greater technology and know-how. This implies major efforts in terms of human resources, natural resource management and structural reforms. The search for diversification should also take into account the potential of micro, small and medium-sized enterprises across the country. These enterprises, along with farming could be the true engines of economic growth, and should be

included in any diversification strategy that aims to achieve sustainable development, better food security and decreased poverty.

Civil society organizations (CSOs)

Cambodian civil society has faced many challenges in the past few years, among them laws specifically designed to jeopardize their freedom of operation. The first is the Anti-Corruption Law, which requires reports of corruption cases to supply extensive evidence and sources. The other piece of legislation that will hit organizations directly is one regarding CSO registration, which demands that all members of a CSO register before starting any activity and requires all CSOs to file annual activities and financial reports to the Government. This will greatly restrict citizen initiatives and will mostly hit community organizations. Villagers and indigenous groups (such as the Suy and Phnong people) will not be able to act until they are registered.

This legislation has been seen as a threat to human rights and democracy, as it gives the Government carte blanche to close down organizations without any legislative proceedings.

The promising aspect of decentralization is that the Government has begun to introduce the second phase, giving local authorities responsibility for assessing democratic development.

Conclusions

Cambodia needs to take control of its own resources and improve their management in order to foster sustainable development. Promoting economic development without taking basic steps to strengthen internal social and human capacity will only condemn the country to a widening gap between the rich and the poor. ■

10 Ngo Sothath and Chan Sophal, *Agriculture Sector Financing and Services for Smallholder Farmers*, (Cambodia, NGO Forum, Action Aid Cambodia, September 2010), <www.ngoforum.org.kh/eng/dip/olddipdocs/AEP_Report_Agriculture_Sector_Financing.pdf>.

11 OMCT Action File, *Cambodia: Suy Indigenous Peoples at Risk of Extinction*, (2010), <www.omct.org/files/2010/03/6139/cambodia_action_file_.pdf>.

12 *Ethnocide: Cambodia's indigenous peoples under attack*. See: <indigenoupeoplesissues.com/index.php?option=com_content&view=article&id=4146:ethnocide-cambodias-indigenous-peoples-under-attack-aipp-public-statement&catid=62:southeast-asia-indigenous-peoples&Itemid=84>.

13 Ibid.

14 Ibid.

15 Ibid.

16 V. Salze-Lozac'h, "Diversifying Cambodia's Economy, Easier Said than Done," *In Asia*, (The Asia Foundation, 15 September 2010), <asiafoundation.org/in-asia/2010/09/15/diversifying-cambodias-economy-easier-said-than-done>.

17 Ibid.