

Generating decent work for poverty reduction in Cambodia

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Preface

This paper provides an abstract of the ILO's proposed strategy for integrating a decent work dimension into the design of the poverty reduction strategy in Cambodia. This work was carried out in 2002 by the Regional Office for Asia and the East Asia Multidisciplinary Advisory Team, in collaboration with the Policy Integration Department. It was part of an ILO/World Bank pilot scheme to support the PRSP process and to strengthen the employment and decent work aspects of poverty reduction strategies.

The Government of Cambodia embarked upon the preparation of an Interim PRSP (Poverty Reduction Strategy Paper) in 2001. The ILO in cooperation with the United Nations Development Programme (UNDP), World Bank and other institutions carried out policy research and analysis focussing on the relationship of work and poverty in Cambodia's context. It also broadened the participatory process by engaging the tripartite partners in a dialogue on the characteristics of poverty and on the policy proposals for putting decent work goals at the centre of national poverty reduction strategy.

This paper by Moazam Mahmood highlights the key interlinked areas for policy action that would enhance the ability of the Cambodian economy to generate work, would improve the productivity and conditions of work of the working poor and would move towards removing structural social discrimination and protecting the most vulnerable.

At the macro level, it addresses the institutional fragmentation of Cambodia's economy – a disjuncture between the manufacturing and agricultural sectors. The institutional fragmentation is based on a geographical disjuncture between the manufacturing sector in the South-East and the bread basket region in the North-West, each one trading with the neighbouring country rather than with each other. The policy recommendation is for integrating the fragmented economy into a larger domestic market to generate higher growth, employment and incomes. At the sectoral level, the policy advice is to focus public and private investment in agriculture, especially through canal irrigation and roads, using demonstrated labour-intensive technology, to generate both agricultural incomes, and infrastructure based employment. Social policy needs to particularly focus on the plight of trafficked women and children, on promoting equality in education and wages and on social safety nets that provide emergency protection systems for the poor.

The policy analysis initiated through this work led to a series of consultations and dialogues by social partners which in turn enabled them to have a more visible role and influence in the design and implementation of the Poverty Reduction Strategy in Cambodia. The newly formed coalition government is beginning to move on the implementation of the poverty reduction policies.

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February 2005

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1. Introduction

Cambodia has come far from the era of conflict in terms of political reconstruction. Two national elections and communal elections have been held in the past decade, which are important steps towards democracy and decentralization. Economic reconstruction has also been significant, based on the transition from a centrally planned to a market based economy. The macro-instability of the 1980s has been replaced by the concerted reforms of the 1990s. These reforms have yielded growth and development, but not enough. Poverty has remained very high. And growth has proved fragile.

The International Labour Organization (ILO) holds that the only sustainable route out of poverty is through the generation of productive work, and through enabling workers to do that work. Because the poor largely work, poverty reduction implies even more importantly an improvement in their conditions of work, the generation of decent work. The generation of decent work has to be enabled by a number of elements, including: generating demand for labour; increasing the productivity of labour and its returns; increasing the security and protection of labour; improving working conditions; enhancing workers' rights; and strengthening dialogue to underpin all of these elements. A critical aspect of decent work is the reduction and elimination of particularly glaring vulnerabilities and deficits in such areas as children in hazardous work, child labour in general, the trafficking of children and women, discrimination against women and the protection of the vulnerable, with particular reference to the disabled, orphans and HIV/AIDS victims. The only sustainable route out of poverty is therefore through the generation of decent work and by equipping workers to do that work.

These policy proposals for the reduction of poverty in Cambodia are put forward by the ILO, based on the identification of critical problems and orientations for policy solutions by its tripartite constituents, namely the representatives of workers, employers and the Government, as well as representatives of civil society. The ILO has also brought to bear its cross-country experience in the world of work.

The first section of this paper evaluates the growth and poverty dilemma for Cambodia, based on macro data and, more importantly, the voice of workers, employers and government representatives in identifying their needs and possible directions for policy solutions. The following policy proposals address the problem of poverty in two parts. The first set of proposals focus on strategies for the generation of decent work. These are by their nature more demand-generating strategies, focusing on enhancing the demand for decent work. The second set of proposals concentrate on strategies to improve conditions of work and to enable workers to do that work by equipping them better for it. These are more supply-oriented strategies, directed towards enhancing the capabilities of workers for decent work.

1.1 Current macro conditions

There has been growth in Cambodia, although it has not been high compared to Cambodia's neighbours, and it is fragile. Prior to the Asian crisis, the economy was growing at a rate of 5-6 per cent a year. In comparison, the Vietnamese economy has grown at 8-9 per cent a year over the past decade. The crisis lowered Cambodia's growth to 2 per cent (see table 1). Recovery of the growth trend was short-lived in 1999 and 2000. The global synchronized recession again pulled growth down to 2-3 per cent in 2001. Recovery by 2003 had been up to 5% (EIU 2004).

The growth has had a narrow sectoral basis. Industry has led, with growth rates of above 10 per cent (see table 2), and agriculture lagging badly with growth rates ranging from negative to 5 per cent. Services have fared no better. Industry's share of GDP accordingly rose to almost a quarter of GDP by 2000. The share of agriculture dropped to 38 per cent, and that of services to 35 per cent.

The industry-led growth has been based strongly on exports, which have doubled in the past half decade to US\$1.1 billion, contributing one-third of GDP (table 1). Garments account for one-half of these exports and timber for another US\$0.1 billion. Approximately 40 per cent of garment exports are to the United States and the European Union.

As a result of export growth, Cambodia's reserves have risen to US\$0.5 billion, and the exchange rate has stabilized at just under R4,000 to the US dollar. The current account deficit has been stabilized at around 10 per cent of GDP.

Cambodia's fiscal performance has also improved over the past three years. Beginning with a very low revenue base of 9 per cent of GDP in 1998, the introduction of a value added tax has helped raise this revenue by 3 per cent. Defence expenditure peaked in 1995 at around US\$170 million, and has now been brought down to US\$114 million (table 3). The share of social expenditure in GDP has risen (RGOC, 2002). The fiscal deficit has been contained at below 6 per cent of GDP. The domestic financing of the budget has been avoided since 1999, allowing room for the expansion of private credit. Inflation has been brought down to single digits over the past three years.

The Government of Cambodia has also undertaken administrative reforms to improve governance (RGOC, 2002). These include a civil service reform strategy, restructuring the banking system, tabling a new forestry law and approving a new Governance Action Plan.

1.2 Poverty, the working poor and agriculture

The problem is that, despite these reforms and the growth process over the past decade, poverty remains stubbornly high. Cambodia's per capita income of US\$238 in 2000 made it the poorest country in South-East Asia. Demographic pressure does not account for this low per capita income in the usual way because, with a population of 12.2 million in 2000, Cambodia has the lowest labour to cultivable land ratio in the Association of Southeast Asian Nations (ASEAN) (table 4).

The level of poverty was estimated by the first Socio-Economic Survey (SES1) at 36 per cent in 1997 (table 5). Unfortunately SES2, which was conducted in 1999, gives a higher figure of 51 per cent. There are serious problems of comparability between the two surveys, but poverty has probably not declined since 1997. Cambodia's growth strategy over the past half decade has a major shortcoming, in that it has at the very least left a high level of poverty, with over one-third of the population falling below the poverty line. There is also a possibility that poverty may even have increased.

The exclusion of over one-third of the population from growth implies a narrowly based growth strategy. This is borne out by the demographic and educational characteristics of the poor who are excluded from growth (table 6). Larger households, with a higher number of children, tend to have a higher incidence of poverty. Illiterate heads of households, and those with the least schooling, also tend to have a higher incidence of poverty. Households with a lower proportion of working members, a lower number of jobs per person and a lower average wage have a higher incidence of poverty (table 7).

However, the poor cannot easily be identified as those who are formally unemployed in the labour market. The rate of open unemployment in 2000 was 2.5 per cent of a labour force of 5.5 million (table 8). The poorest households are not those of the unemployed, but of own-account workers and unpaid family workers (table 9). The poor cannot afford not to work, as the opportunity cost of unemployment is too high. So the poor are largely the working poor.

The working poor and the poor are largely in agriculture. Some 70 per cent of the poor are in households whose head works in agriculture (table 10). In comparison, only 1 to 7 per cent of the poor are in households in which the head works in other sectors, such as manufacturing, construction, trade or the government.

The poor are also largely self-employed (table 11). Some 75 per cent of the poor are in households whose head is self-employed. So most poverty is found in households where the head is a self-employed farmer.

Poverty in Cambodia also has a strong gender dimension. Almost one-fifth of members of poor households are unpaid women workers. Virtually all female headed households fall into poverty (SES2).

If the poor are largely rural self-employed farmers, it is important to establish which parts of rural Cambodia are the poorest. Rural Cambodia is divided into five regions (table 12). Map 1 helps to locate these regions, namely rural Phnom Penh in the South East, the rural plains in the North-West, the rural areas around the Tonle Sap, the rural coast in the South-West and the mountains in the North-East. The map also shows population densities. The two main areas of high population density are around Phnom Penh in the South East and Siem Reap-Battambang-Banteaymeanchey in the North West. The area around the Tonle Sap has the next highest population density, while the coast in the South-West and the mountains in the North-East have the lowest population densities. The areas of high population density therefore run on an axis from the South-East to North-West, from Phnom Penh in the South-East along both banks of the Tonle Sap to Siem Reap and Battambang in the North-West.

Three-quarters of the rural poor are on the rural plains in the North-West and in the Tonle Sap rural areas (table 12). In contrast, rural Phnom Penh in the South-East has the lowest incidence of poverty. What this implies is that rural poverty is concentrated in the areas

distant from Phnom Penh, in the densely populated area of Siem Reap-Battambang in the North-West and along the South-East to North-West axis of high population density around the Tonle Sap. In summary, the spatial dimension of poverty is remoteness from the densely populated area of Phnom Penh in the South-East, travelling along the population axis around the Tonle Sap to the North-West. Moreover, if there is one archetype of poverty in Cambodia, it is the poor working woman in agriculture.

1.3 The voice of workers, employers and government representatives

The ILO held a series of consultations with representatives of workers, employers and the Government, plus representatives of civil society, such as non-governmental organizations (NGOs), academics and intellectuals, in addition to members of the donor community, and particularly the World Bank, the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB). These consultations took place at the outset of the project and over its course, individually and in bipartite and tripartite forums in Phnom Penh and Siem Reap over 1992. This social dialogue identified priority poverty issues in Cambodia, as well as establishing directions for policy solutions. The dialogue both enriched the understanding of poverty and firmly anchored the policy proposals made below in the aspirations of the working people. The dialogue sought inclusion of the ILO constituents in two ways, by pressing for their participation in the formal PRSP consultations and by seeking more voice for them. The dialogue was much appreciated by the development partners in the PRSP process especially the World Bank and UNDP.

Decent work

Workers, employers and government representatives clearly indicated that the poor consist predominantly of the working poor. There was general appreciation that the low rate of registered unemployment of 2.5 per cent simply confirms that the poor cannot afford to be unemployed. So, the poor are poor not because they do not work, but because their conditions of work are bad. The poor lack decent work.

The working poor are poor because:

- they work long hours for low returns, especially in the absence of a minimum wage;
- they suffer from low productivity, skills, education and literacy, and bad nutrition and health;
- women face discrimination in the labour market and in education, making them poorer than men;
- their conditions of work are onerous, often without holidays or overtime pay, especially in view of the overstretched capacity of the Ministry of Labour to monitor and ensure the implementation of existing labour laws;

-
- they have low security and frequency of work, as indicated by the high underemployment rate of about 13 per cent, especially in view of the weak investment climate in the major sectors, namely manufacturing and agriculture, and the post-September 11 (2001) decline in tourism;
 - they have little or no social protection, both in work (occupational safety and health and health insurance) and outside work (unemployment insurance, pensions at the end of their working life, or protection for vulnerable categories, such as orphans, the disabled and HIV/AIDS victims);
 - they have weak rights and little voice at work to change these conditions, with particularly glaring weaknesses in rights, as evidenced by child labour, especially in its most hazardous forms, and the trafficking of women and children.

The only sustainable route out of poverty is therefore through:

- the generation of work and the improvement of conditions of work, or in other words the generation of decent work; and
- the enhancement of the capabilities of workers to do that work.

The representatives of workers, employers and the Government also identified problem areas and directions for policy solutions.

Generation of decent work

In the area of the generation of decent work, the policy challenges were identified as:

- the expansion of markets;
- the modernization of the industry, agriculture and tourism sectors;
- the development of communications and transport, especially in the public sector;
- the diversification of industry;
- the improvement of governance and transparency in institutional structures and policies, with a view to improving the investment climate and increasing enterprise growth and employment; and
- the mainstreaming of consultation with workers and employers in decision-making on socio-economic policies and plans.

Improvement of conditions of work and the enhancement of workers' capabilities

In the area of improving conditions of work and enhancing the capabilities of workers, the policy challenges were identified as:

- low wage and income levels and low productivity, based on low levels of skills, education and literacy;
- the virtual absence of social protection, especially in the areas of occupational safety and health and health insurance, and for vulnerable groups, such as orphans, the disabled and HIV/AIDS victims;
- the glaring weaknesses in rights, especially as seen in child labour in its most hazardous forms and the trafficking of women and children; and
- the transformation of Cambodia's industrial relations system from being based on a planned economy so that it is adapted to a market economy.

2. Generation of decent work

2.1 Expansion of markets

Policy Proposal

Expansion of the domestic market for agriculture and industry by improving the integration of the two fragmented sectors. The expansion and maintenance of the national road network will link industry, which is concentrated in the South-East of the country, with agriculture, which is concentrated in the North-West. The expansion and maintenance of the local road network will improve the integration of farms and urban markets. The use of labour-based appropriate technology (LBAT) for the construction and maintenance of roads will generate both short- and long-term employment.

If there is one lesson to be drawn from the Asian crisis with regard to growth, it is the need to rely on both external and domestic markets. Cambodia's current growth strategy faces a number of challenges. It is based on two main sectors, namely textiles and garments and tourism. It has neglected the agricultural sector, resulting in the concentration of poverty in that sector. Such a strategy is sectorally narrow.

The challenge of competitiveness in textiles and garments

The textile and garment sector has made a remarkable contribution to the growth of industry and the economy over the past eight years, growing more than tenfold to US\$360 million (table 13). This sector now accounts for almost half of industry, and 12 per cent of the GDP. It employs 170,000 workers, or nearly 4 per cent of the labour force (table 14), of whom 85 per cent are women. The average wage of US\$60 a month compares favourably with the alternatives. A premium fee of half a month's wages appears to be paid by a significant number of workers to secure a job in the garment sector.

However, the problem that arises is that Cambodia does not appear to have an underlying comparative advantage in a cheap labour industry such as garments. If the hourly wage rates in garments across Asia are compared, Cambodia currently matches the low wage rates in labour surplus countries such as Viet Nam, India, Indonesia and Bangladesh (table 15). But unit labour costs in Cambodia are much higher than in countries with higher productivity, such as Viet Nam. And the Cambodian wage is depressed because of the stagnation in the agricultural sector.

In practice, the only reason that garment manufacturers have set up factories in Cambodia is to take advantage of the special concessions that the country has obtained on world markets. But these have already been eroded by China's accession to the World Trade Organization (WTO), and they will be further weakened by the normalization of Viet Nam's trade relationship with the United States. There has been a clear decline in investment in the sector since 1998, with a reduction in the number of factories and the workforce (table 14).

The challenge of increasing exports in a dollarized economy

Export competitiveness is also constrained by the dollarized economy. Cambodia is dollarized in that the US dollar is widely used as a store for wealth, a medium of exchange and a unit of account (Godfrey et al., 2000). So the dollar essentially serves the function of money in the Cambodian economy. This constrains the use of exchange rate policy to boost exports in the usual manner (Menon, 1998). If the prices charged by foreign suppliers, the prices of the same goods on Cambodian markets and the prices of Cambodian goods on world markets are all denominated in dollars, this amounts to a nominally fixed exchange rate. The exchange rate cannot therefore be varied to influence the price of exports.

The challenge of a fragmented economy

Strong evidence is emerging of a fragmentation of the economy (see, for example, Godfrey et al., 2001). Although still casual, the evidence is persuasive and warrants serious consideration and further investigation.

The argument is that the two main areas of high population density, as indicated in map 1, around Phnom Penh in the South East and Siem Reap-Banteayminchey-Battambang in the North-West, are weakly connected by road or water. The road connection between Siem Reap and Phnom Penh is 400 km long and takes nine to ten hours. The road connection between Battambang and Phnom Penh is 300 km long and takes eight hours. Water transport on the Tonle Sap is equally onerous. The bad road linkage seems to be as much a function of the initially weak infrastructure as a lack of maintenance of what already exists.

But what appears to be a mere logistical problem of a relative disconnection between the two main areas of high population density, Phnom Penh and Siem Reap, amounts to a relative disconnection between industry and agriculture. Much of Cambodia's industry is located in the area of high population density around Phnom Penh, while much of Cambodia's more fertile agriculture is located around the upper reaches of the Tonle Sap in the Siem Reap-Banteayminchey-Battambang area. So what begins as a logistical fragmentation between the main population areas of Phnom Penh and Siem Reap, ends up as an institutional fragmentation of the economy, with a relative disconnection between industry around Phnom Penh and agriculture around Siem Reap.

The historical subtext of this fragmentation of the economy dates back to the thirteenth century AD. The Angkor civilization emerged on the upper reaches of the Tonle Sap, around Siem Reap, in the ninth century AD. Its location, although the complete explanation is undoubtedly more complex, appears at least to have been a function of two principal factors, namely hydrology and conflict.

The hydrology factor is the monsoon swelling of the Tonle Sap, the recession of which leaves a fertile flood plain for rice cultivation in the upper reaches. The flooding is so intense that the Mekong actually reverses its flow inland for that part of the year. This natural flooding was compounded by the development of a large reservoir, river and canal network by the earliest Angkor kings. The Western Barai reservoir measures 8 by 3 km, and is estimated to have irrigated a command area of 8,000 ha, of which only 1,800 ha have currently been rehabilitated. The Eastern Barai was several times larger and has not been rehabilitated. This hydrological system is estimated to have supported an Angkor population of up to 1 million, with a population density that is higher than at present.

The conflict factor was also important in the location of the Angkor civilization around Siem Reap and its relocation to Phnom Penh in the thirteenth century. The major conflicts of the Angkor civilization were with the Chams from current Viet Nam and the Siamese from Thailand. The initial location of the Angkor civilization around Siem Reap was based on vanquishing the Siamese threat and on the extension of the Angkor civilization into much of Siam in the twelfth and thirteenth centuries. The name Siem Reap in fact means the defeat of Siem. The location around Siem Reap also implied a distancing of the Angkor civilization from the greater threat of the Chams. The fact that the Chams sailed up the Tonle Sap to attack Angkor also influenced the location of the Angkor civilization at the far end of the river. However, the second half of the thirteenth century saw a reversal of the threats to Angkor. The period of Jayavarman VII, the pinnacle of the Angkor civilization, which witnessed the building of the Bayon temple, the development of 1,700 hospitals and the endowment of universities, coincided with the unification of neighbouring Siam. So the Siamese threat increased in the post-Jayavarman VII period, while that of the Cham receded, leading to the relocation of the Angkor capital down the Tonle Sap in Phnom Penh.

This historical subtext helps to explain the location of the two main areas of population density in Cambodia around Phnom Penh and Siem Reap. The hydrological factor also helps explain why the North-West area around Siem Reap became and continues to be a major producer of agricultural surplus in the country. The logistical disconnection between the Phnom Penh and Siem Reap areas implies a disconnection between the industry in Phnom Penh and a major area of the production of agricultural surplus, namely Siem Reap. As a result of this disconnection, the North West area around Siem Reap-Banteayminchey-Battambang markets a large part of its agricultural surplus to Thailand and purchases a large part of its consumption and production needs from Thailand.

While more systematic evidence is needed, the ILO's market surveys of small district market towns shows border trade as an overwhelming factor (Roquemuller et al., 2000; and ILO, 2001). The main border town of Poipet 140 km from Siem Reap straddles both the Thai and Cambodian sides. The North-West of Cambodia markets a large part of its agricultural surplus through Poipet to Thailand. And the North-West obtains many of its consumer goods, apparel, durables, construction materials and mechanical implements from the Thai market through Poipet. Surveys of small district towns, such as Pouk, with a population of 112,000 and situated some 20 km from Siem Reap, show that they are flooded with Thai consumer goods and durables. The Thai baht is a parallel currency up to 60 km inside Cambodia and is well accepted in Pouk.

Such evidence implies a fragmentation of Cambodia's economy, as a result of which its agricultural sector in the North East around Siem Reap-Banteayminchey-Battambang markets a large part of its surplus to Thailand, and Thailand, rather than Phnom Penh, provides a large part of the area's industrial needs.

If industry is missing part of its domestic market, namely in the agricultural sector, and agriculture is missing part of its market in the industrial sector, then both of these domestic markets are narrowed. With narrower domestic markets for industry and agriculture, and relatively greater reliance on external markets, competition is increased for both sectors. Cambodian agriculture has to compete with Thai agriculture, and therefore obtains lower prices. Cambodian industry also has to compete with Thai industry, and therefore obtains lower prices. Since 80 per cent of the population are self-employed farmers, they obtain lower prices and incomes. And, as noted earlier, most of the poverty is in the agricultural sector in the North-West, as the distance increases from the South-East area around Phnom Penh. Moreover, Cambodian industry is struggling for competitiveness in external markets and its quota advantage is facing a clear sunset. It cannot therefore afford to lose out on part of its domestic market.

An emergency strategy to reintegrate the fragmented economy and generate employment

If the economy is fragmented in spatial and institutional terms, the South-East from the North-West, and industry from agriculture for logistical reasons, then the policy implication is unequivocal. A major infrastructure program has to be undertaken to create and maintain the national road network. The ILO has acquired a decade of experience in creating and maintaining rural roads and infrastructure in Cambodia. Roads have a tremendous impact on the expansion of markets for outputs and inputs, and on productivity, incomes and social development in areas such as schooling and health care. When labour-based appropriate technology is used in the construction and maintenance of roads, it generates significant employment on an emergency basis, while maintaining cost effectiveness.

Transport networks, particularly roads, are currently inadequate. The total road network in Cambodia (excluding tracks) is 41,000 km, comprising 4,200 km of national roads (of which less than 12 per cent are paved), 3,600 km of provincial roads and about 28,500 km of local or tertiary roads. This network provides only about 0.65 km of road for every 10 sq. km (1,000 ha) of land. Moreover, the condition of all the roads has deteriorated following decades of conflict and political instability. Emergency improvements were carried out on arterial roads between 1991 and 1996, but many sections have deteriorated and are virtually impassable during the rainy season, particularly for heavy vehicles, because of lack of maintenance. The situation is aggravated by the poor condition of bridges on sections that have not been rehabilitated. The secondary network is in a derelict state, virtually blocking access to rural areas. Secondary roads have been almost totally neglected, with all public funds being spent on primary roads. While there has been considerable investment in tertiary road improvements, their maintenance and coverage remain major challenges.

Although the Ministry for Rural Development estimates that there are over 28,000 km of rural roads, including tertiary and sub-tertiary roads, a desktop survey carried out in 1999 found that approximately 4,000 km of roads fall into the category of tertiary roads (linking district centres to each other). The remaining 24,000 km consist of various categories of sub-tertiary roads.

The ILO's micro-surveys on the impact of road construction and maintenance on the concerned communities show both financial and economic returns. The financial returns include a reduction in travel costs. The economic returns consist of: increased trips by producers, consumers and traders; increased transactions; lower margins for traders; lower consumer prices; and higher returns for producers. In addition to income effects, there are also wealth effects, with an increase in asset values for land and vehicles and the impact on social development of better access to schooling, health and security, including de-mining (Rozemuller et al., 2002). A Cambodia Road Economic Appraisal Model (CREAM), with an internal economic rate of return of 12 per cent, shows the economic viability of building low-cost roads for a cost of under US\$15,000 per km in areas with population densities as low as 100 persons per sq km. For higher priced roads, viability requires population densities of 150 persons per sq km (Rozemuller et al., 2002).

The ILO's use of LBAT lowers the cost of road construction, as well as generating more employment. When introduced widely in the mid-70s, LBAT reduced the cost per km from US\$4,300 for an equipment-based road to US\$3,500 for an LBAT road (table 16). In addition, the equipment-based road generated barely 10 per cent employment income, while an LBAT road, at a US\$1 per day wage rate, generated 43 per cent of the budget in employment income. At that time, the break-even wage rate between equipment and LBAT was US\$1.8 per day. By 2000, the cost of an equipment-based road had risen to US\$8,600, compared to a cost of US\$5,700 for an LBAT road. An equipment-based road generates 5 per cent of its budget in employment income, while the figure for an LBAT road is 26 per cent. However, since the cost of equipment has escalated far more than the LBAT wage rate, which is still US\$1 a day, the feasibility of LBAT has increased considerably. The break-even wage rate has now risen to US\$3.8 a day. The ILO's gravel roads in Cambodia now cost between US\$5,000 and US\$13,000 per km, generate between a quarter and one-third of the budget in employment income and create between 1,600 and 3,700 workdays per km (table 17). ILO projects are estimated to have generated some 2.3 million workdays over a ten-year project period (Rozemuller et al., 2002).

Perhaps the most telling numerical comparison for the cost of not integrating a fragmented economy is not the cost of failing to construct roads, but the cost of not maintaining roads.

The World Bank estimates that for each US\$1 not spent on the maintenance of roads, there is a GDP loss of US\$3 (Heggie and Vickers, 1998).

2.2 Reviving growth, productivity, incomes and employment in agriculture

Policy proposal

Increasing productivity in agriculture by easing the main constraint on dry season cropping, namely irrigation. The expansion of the canal network demonstrably raises productivity by allowing multi-cropping and permitting higher fertilizer use. The use of LBAT for the extension and maintenance of the canal network will generate both short-term emergency employment and long-term employment.

The primary challenge to the growth strategy that is currently being pursued is the persistence of stubbornly high levels of poverty, affecting over one-third of the population, largely concentrated in agriculture. The high rate of growth in manufacturing (textiles and garments) and tourism has not succeeded in reducing the high levels of poverty in agriculture. Indeed, the poverty level may even have increased in the closing years of the past decade. The growth strategy is very narrowly based because it has allowed the predominant sector to stagnate.

Agriculture still comprises 38 per cent of GDP, and has remained roughly constant over the past half decade (table 2). Of a total population of 12.2 million, and a labour force of 5.3 million, 71 per cent are still employed in agriculture (table 18). The second largest sector is trade, at 8 per cent, followed by manufacturing at 7 per cent.

Agriculture, which is the predominant sector in the country, both in terms of value added and, overwhelmingly, of population, is still the weakest in South-East Asia. Cambodia's agriculture is rice-based (table 19). And Cambodia's rice yields at 1.5 tonnes/ha are the lowest in the region, with the next lowest being Laos at 2.7 tonnes/ha (table 20). These yields have barely crept up by 0.3 tonne/ha over the past decade (table 21) and, according to some estimates, are still below their level of 30 years ago.

There is a clear irrigation constraint on the expansion of output and productivity per hectare (table 22). Wet season rice is based on the cultivation of just under 2 million ha. Dry season rice, which requires irrigation, is constrained to one-tenth of the cultivated area of wet season rice. The low level of multi-cropping during the year constrains total production and productivity per hectare. Another input constraint is the use of fertilizers. The fact that Cambodia's yields are the lowest in the region is due to the lowest use of fertilizers in the region (table 23). Fertilizer input per hectare averages 2.3 kg in Cambodia, compared with an average of 63 kg for the next lowest user, namely the Philippines. The low rate of fertilizer use is also dependent in large part on irrigation constraints, since the impact of fertilizers on yields is dependent on controlled irrigation.

The ILO has been assisting since 1992 in the construction, rehabilitation, maintenance and operation of the Bovel Irrigation System (BoIS) in Battambang Province and the Barai Irrigation System (BIS) in Siem Reap Province. Several important outputs have been achieved through the ILO's intervention. The ILO renovated 76.74 km and constructed 7.14 km of secondary canals, and maintained 94.83 km of primary and secondary canals. The ILO also constructed 81 new irrigation structures and repaired 214 structures. Another important output was the substantial number of workdays generated. The total employment produced through the irrigation works for the three ILO projects was 1,738,274 workdays. The BoIS now has a wet season area. The average irrigated area for the BIS is around 8,000 ha, including supplementary wet, receding and dry season crops.

Interviews with water users in the BoIS show increased rice production due to reliable irrigation water. New higher yielding rice varieties have been adopted and users have invested in fertilizers due to the secure water supply. Farmers are no longer forced to grow traditional varieties, which are tolerant of poor conditions but produce lower yields. The NGO Adventist Development and Relief Agency International (ADRA) compared the area under cultivation in 1993 (before the ILO intervention) with 1996 (after the ILO rehabilitation). It recorded a 3,000 ha increase in the annual area of rice cultivation, including an increased land area that is cropped and used for double-cropping. A second ADRA project found that farmers are using improved rice varieties and better crop and water management techniques, leading to an improvement in average yields from 1-1.5 to 3.45 tonnes/ha. ADRA found that there needed to be an "agricultural and water" mix to benefit from the effective utilization of the rehabilitated irrigation infrastructure. The Food and Agriculture Organization of the United Nations (FAO) has also found that agricultural extension based on improved irrigation further increases yield.

A study by the Center for Advance Study (CAS) has found that the land cultivated as a result of improved irrigation has increased significantly (16 per cent) since 1993. In addition, the area used for double-cropping has increased by 45 per cent. CAS believes that this increase in double-cropping demonstrates the impact of improved irrigation since the ILO intervention. There has been a considerable increase in the land used for growing wet and dry season rice. Wet season rice land has increased by 11 per cent, while dry season rice land has increased by 23 per cent. This result, especially the increase in dry season rice cultivation, is due to improved access to irrigation. Total production (rice and other crops) rose by 28 per cent between 1993 and 1999.

The impact of irrigation on production and land productivity is therefore considerable. The potential for irrigation in Cambodia is enormous (table 24). The existing 27,000 ha that are under irrigation form only 7 per cent of arable land, much less than Cambodia's ASEAN neighbours, and less than its potential to irrigate 43 per cent of its arable land. Clearly, therefore, surface and ground water irrigation on a significant scale has to form an important part of the macro-strategy to increase growth and reduce poverty in agriculture. In addition, the expansion of surface water irrigation using LBAT will help in emergency employment generation.

2.3 Reducing the volatility of tourism

Policy proposal

Tourism in Cambodia is very import-intensive, leaving a low value-added and income share for the domestic economy. The import content of tourism has to be reduced by better linkages with both domestic manufacturing and agriculture. Tourism also has to be diversified spatially from existing temple sites to others, and into niche markets, such as mountain and sea resorts, herbal spas and ecotourism. Once again, the use of LBAT to clear and maintain vast uncovered temple sites and develop infrastructure for the diversification of tourism will generate long-term employment.

Tourism is the major services sector. Cambodia's unique temples are the main draw. After the setbacks of the conflict and instability, tourist numbers rose to 400,000 by 2001. Unfortunately, this sector is also subject to external conditions, in this case global tensions. After 11 September, the growth rate in arrivals fell from 23 per cent in the first eight months of 2001 to 1 per cent in the last three months of that year.

This sector also currently has a very low value added. Estimates indicate that, for every tourist dollar, 75 cents are returned to Thailand for the import of fresh vegetables, fruit, flowers, handicrafts and furniture (RGO, 2002).

To reduce the import intensity of tourism, policy incentives have to be provided to increase its linkages with domestic industry and agriculture. To reduce the volatility in external demand, the tourist authority, APSARA, could consider increasing the share of higher end tourism. APSARA could also consider the diversification of the sector. There is great potential for spatial diversification, from currently uncovered sites around Angkor to the large number of uncovered sites around the country. There is also the potential for the diversification of tourism into niche markets, such as mountain and sea resorts and health spas.

Once again, the use of LBAT to uncover and maintain sites would generate significant employment, as shown by the ILO's experience of the Angkor sites.

2.4 Governance and consultation

Policy proposal

Improving governance and transparency to attract investment into Cambodia. Enterprise growth has to enable employment growth. Mainstreaming consultation with workers and employers in decision-making on socio-economic planning will also assist in improving the environment for the growth of investment and employment.

Declining investment, especially in textiles, and the low level of investment in agriculture and other sectors, such as services, calls for an improvement in the environment so as to attract both foreign direct investment (FDI) and domestic investment. This requires the development of a clear vision of the free market in the country. Legislative reforms are

needed to provide capital with greater security. Administrative and public sector reforms are necessary to improve the investment environment and resource use. For example, some estimates of smuggling show a significant displacement of domestic production and revenue losses for the Government. Security for the individual also needs to be improved to complement the security of capital.

The Government has developed a Governance Action Plan. Property rights, especially in relation to land, could be made more transparent. Investment incentives will also have to be based on the modification of tax laws and an easing of the administrative formalities for the entry of investment.

The mainstreaming of consultations with workers and employers on growth and employment-related issues can only improve the economic environment. This is demonstrated, for example, by the consultation process for the Poverty Reduction Strategy Paper (PRSP), which has involved representatives of workers, employers and civil society.

3. Improving conditions of work and enhancing workers' capabilities

The PRSP examines the macro-space for poverty reduction through the expansion of the domestic market for both agriculture and industry based on the reintegration of fragmented markets, the generation of growth and employment in the lagging agricultural sector, the diversification of tourism and the improvement of the investment environment. However, the generation of work is not a sufficient condition for the reduction of poverty. As noted above, in Cambodia the poor mainly work. So they are poor despite and because of their conditions of work, or in other words because of the lack of decent work. Poverty reduction therefore requires not only the generation of work, but also the improvement of conditions of work; it requires the generation of decent work. And it requires workers to be equipped to do that work through the enhancement of their capabilities.

Some policy proposals for the improvement of conditions of work and the enhancement of workers' capabilities are made below. These proposals cover the areas of human resource development, social protection, the industrial relations environment and action to combat child labour and trafficking.

3.1 Low wages, incomes and productivity, gender segmentation and human resources development

Policy proposal

Low wages and incomes go hand in hand with low productivity and weak human resources development. Gender segmentation in the labour market is reinforced by the lower educational levels of women. To cut through this vicious cycle, increased investment in education and literacy have to be supplemented by greater investment in vocational training, especially for women, and innovative reforms to the vocational training system. For example, the linkage of vocational training and production, as in China, allows a better restructuring of the labour force and orients skills towards demand.

Weaknesses in the labour market: The working poor

Four structural aspects of the Cambodian labour market are critical. These are: the working poor, as noted earlier; low wage employment; the low levels of education, literacy, skills and training; and the bias against women in education and skills, reinforcing the bias against them in the labour market.

The working poor: High labour force participation and low unemployment, particularly for the poor

Cambodia's labour force participation rates, as reported by the *Labour Force Survey* for 2000, are very high at 65 per cent (table 25). Participation is higher in rural than in urban areas, and higher for men than for women, particularly in rural areas.

For men between the ages of 25 and 50, the participation rate approaches 100 per cent, and for women in the same age group it is well over 80 per cent (table 26). Women tend to join the labour force earlier than men. This mainly reflects the difference in school enrolment rates between boys and girls. The participation rate for the 15-19 age group is high both for males who are in school and males who are not in school, but is higher overall for females in this age group because fewer of them are in school (table 27).

Unemployment, as defined in the *Labour Force Survey* (people who are not working but who are available and actively looking for work), is not the most important labour market problem in a country in which few can afford to be unemployed and or to devote themselves to searching for a job on a full-time basis. The highest unemployment rates are among young men and women, and these rates are higher in urban than rural areas (table 8). In general, women are more likely to be unemployed than men, but with variations between locations and age groups.

In urban areas, the better educated have higher unemployment rates than the less educated, partly because their more prosperous families can finance job search and partly because they are unwilling to settle immediately for a job which is below the level that they have been led

to expect (table 8, based on the 1997 Socio-Economic Survey). Urban males in the 20-24 age group with some tertiary education have the highest unemployment rate (31 per cent), followed by 15-19 year olds with some secondary schooling (19 per cent for females, 16 per cent for males) and males with primary schooling or less in the 15-24 age group (12 per cent).

***Low wage employment:
High rates of unpaid family labour,
especially for women***

The number in employment in 2000 is estimated at 5.3 million, or 97.5 per cent of the labour force and 63.6 per cent of the population of working age. Some 52 per cent of those in employment are women, representing 97.2 per cent of the female labour force and 62.6 of the female population of working age. The fact that unpaid family labour is still the largest single category of employment status (particularly among women and in rural areas) is a sign of the relatively early stage of development of the Cambodian labour market. Another is the low proportion of wage employment (table 28). Wage employment is particularly underdeveloped in rural areas. The incidence of wage employment is higher among men than women, particularly in urban areas, while women are over-represented among unpaid family workers. The sexes are equally represented in own-account work (self-employment) in urban areas, but not in rural areas, where men are over-represented in this category.

According to the 1999 Socio-Economic Survey (SES), over one-third of wage employees work for government or state enterprises, 3.5 per cent for NGOs or international organizations and 62 per cent for private employers or joint ventures (Godfrey et al., 2001: figure 2.3). Men are over-represented in government/state enterprises, and women are over-represented in private enterprises/joint ventures and international and non-governmental organizations.

A high proportion of workers have more than one job (32 per cent of women and 38 per cent of men in 1999, particularly in education, agriculture, health and social work, and public administration and defence). By occupation, the incidence of multiple job holding is highest among legislators, senior officials and managers (almost two-thirds of whom have more than one job), professionals and members of the armed forces and skilled agricultural and fishery workers.

The economy and labour market are overwhelmingly agricultural (table 28). Nearly three-quarters of Cambodia's workers of both sexes are engaged primarily in agriculture, hunting, forestry or fishing. The next sectors in order of importance (wholesale and retail trade, manufacturing and public administration and defence) only account for a small proportion of total employment. Women are over-represented in agriculture, manufacturing and trade, and men in fishing, construction, transport, public administration and defence and education.

The pattern of employment by occupation reflects the sectoral breakdown. Skilled agricultural workers predominate, accounting for almost three-quarters of the total (table 29). Women are once again over-represented in agricultural work and in services, sales and craft occupations. They are substantially under-represented in the armed forces and among legislators, senior officials and managers, professionals, technicians and associate professionals, and plant and machine operators.

Women earn less than men

Data on the average monthly earnings of wage-earners show a considerable difference in wages between the sexes (table 30). The differential is higher in urban than rural areas. Men earn higher wages than women in all educational categories except for upper secondary, and in all age groups except for 15-24. This latter exception may reflect the over-representation of women in the garment industry (see below). In every sector for which data are available, men earn more than women, especially in trade, construction and transport. For both sexes, urban wages are much higher than those in rural areas, and the premium for post-lower secondary education is considerable (although women seem to suffer from a negative return on post-secondary education). Average wages only increase slightly for men as they get older, and women reach their earnings peak when they are at their youngest. Sectoral differentials are quite large, with utilities being the highest paying sector for men and manufacturing for women.

Net daily earnings towards the bottom of the labour market are measured in regular Cambodian Development Research Institute (CDRI) surveys of vulnerable workers. There are broad differentials between occupations for both sexes. For example, male construction workers earn nearly four times as much as waiters, and the differential between female garment workers and waitresses is almost as large (table 31). For both sexes, the relatively high earnings of garment workers show why these jobs are prized, despite problems with conditions of work in the industry. Agricultural wages are also higher for both sexes than the lowest remuneration in urban areas. In the few occupations that are common to both sexes, men earn slightly more than women in all types of work, except scavenging. Differentials between wage-earners and the top categories of the self-employed do not appear to be wide.

Recent trends in the labour market

Analysis of labour market trends is made difficult by problems of comparability between successive surveys. Each survey was carried out for a different purpose, with varying definitions, methodologies, supervisors and international sponsors.

The labour force participation rate increased steadily between 1993-1994 and 1999 as the transition to a market economy gathered speed (table 32). The rate dropped again in 2000, but was still considerably higher than it had been seven years earlier, particularly for women. Trends in the proportion of the population that is working are similar: for both men and women, this proportion rose from around 40 per cent in 1993-1994 to around one-half in 2000, signifying an important reduction in the dependency rate. Variations in definitions vitiate the unemployment series, but the fact that the rate never rose above 4 per cent over the whole period underlines its relative unimportance as a measure of change in the labour market.

The changes that have occurred in the employment status of workers are an indication of developments in the labour market. Between 1996 and 2000, the proportion of workers in wage employment increased considerably, particularly among women (table 33). The proportion of wage-earners working for private employers has risen even faster, again especially in the case of women (Godfrey et al., 2001: table 2.21). The changes in own-account and unpaid family workers are difficult to interpret. These categories fluctuated widely between surveys, suggesting that compilers have encountered problems in distinguishing between them.

The sectoral structure of the labour market has changed comparatively little since the early 1990s. The proportion of workers in agriculture and fishing actually increased over that decade (table 34). The only other sectors to show increases in their proportion of the labour force were manufacturing, construction and, from very low levels, hotels and restaurants, financial services, private households and international organizations. The increase in the proportion of women working in manufacturing is remarkable, reflecting the rise of the garment industry, apparently at the expense of their involvement in agriculture and trade. The same can be said of the fall in the proportion of men in trade, transport and communications, and public administration, defence and security.

Data on changes in wages since 1996 show that men's average wages rose by over 50 per cent and women's by almost two-thirds between 1996 and 2000 (table 35). With price inflation at around 28 per cent over this period, this was a real increase. For both sexes, wages rose particularly rapidly for those with some secondary schooling. Differentials between men and women narrowed, except for workers with some primary schooling.

Education and skills

One very important respect in which Cambodia is an outlier among its neighbours is the low average level of education of its labour force. Only 24 per cent of the population has any schooling above the primary level, and 23 per cent have no schooling at all (table 36). Among women, the situation is even worse, with only 17 per cent having any schooling above primary level, and 29 per cent having no schooling.

With average levels of education as low as this, it is not surprising that illiteracy is widespread. A recent survey (Department of Non-Formal Education, 2000) suggests that the incidence of illiteracy is even higher than had been assumed on the basis of previous surveys (which had merely asked respondents to say whether they can read or write). Respondents were classified into three categories based on their test scores. Those who scored zero points in the test were classified as completely "illiterate"; those who could read and write only a few words and numbers as "semi-literate"; and those who could use their literacy skills in everyday life and income generation as "literate". The staggering implication of the results is that 63 per cent of Cambodians over the age of 14, or over 4 million people, are not functionally literate (table 37). The situation for women (for whom the proportion is 71 per cent) is even worse than that of men (52 per cent). Moreover, although those aged between 30 and 44 (whose schooling was disrupted in 1970-79) are over-represented among the functionally illiterate, a total of 475,000 men and 732,000 women between the ages of 15 and 29 are also in this category.

Illiteracy rates in Cambodia compare poorly with those of its ASEAN neighbours. As can be seen, they are far higher than in all other countries in the region except Laos, both for the population aged 15 and above as a whole and for the 15-24 age group (table 38). The contrast in female illiteracy rates is even greater.

Improvements in education affect future rather than current comparative advantage. The very high rates of return (social and private) on investment in basic education observed all over Asia derive from the resulting improvements in productivity and increased receptivity to new ideas in agriculture and other sectors. Research has established a strong connection between the acquisition of literacy/numeracy and productivity gains in agriculture. And in the case of Cambodia, illiteracy has been identified as an important barrier to access to information for women farmers and the recruitment of female extension workers.

International competitiveness that is based on productive, rather than merely cheap labour, requires a literate, numerate and trainable workforce.

The *Interim Poverty Reduction Strategy Paper (IPRSP)* reports that the Government plans to more than double the recurrent budget for education by the end of 2003 and to reduce the direct and indirect costs of schooling to parents through a significant increase in performance-based salaries for teachers. Higher school operating budgets will increasingly be managed at the provincial, district and school levels. It is hoped that these strategies will help secure attendance at school by pupils and teachers and, combined with the greater availability of teaching materials, will lead to an improvement in quality. These plans address many of the major complaints of focus group participants (see box 1). It will be crucial for their success, however, to achieve the planned increase in current spending on education which, at less than 1 per cent of GDP, is currently the lowest in Asia.

The most cost-effective way to reduce illiteracy rates over time may be to improve access to and reduce drop-out rates from basic education. But in some countries, and Cambodia is certainly one, adult illiteracy is so widespread that an emergency approach to the problem is also warranted.

Mass campaigns, involving the majority of illiterate adults, rather than small selective programmes, have been an essential part of every successful effort to eliminate illiteracy (Chunkath, 1996). Cambodia carried out two such campaigns in the 1980s, covering more than 1 million people, but the short duration of the programmes and the absence of post-programme support reduced their effectiveness. A mass campaign should not be marginalized, but should use a national network of educational facilities with community participation. The poverty of those involved (which makes a literacy campaign the most effective self-defining form of anti-poverty programme) should be recognized. For example, food will need to be provided to participants, who may be missing a day's work. In order to maximize the campaign's impact on productivity, while providing an incentive for attendance and ensuring that reading ability is subsequently maintained, literacy teaching should be linked to actual or potential income generation activities. For the same reason, community libraries (or, in UNESCO terminology, "development resource centres") should be established. The Socio-Economic Development Plan II (SEDPII) gives priority to the expansion of adult literacy classes, especially for disadvantaged groups and in currently under-served areas. The aim is to increase the functional literacy rate from the 37 per cent measured in 1999 to 56 per cent over the period covered by the Plan. The Plan recognizes that direct user charges do not make sense for a programme of this kind, and that recurrent funding will be needed from the Government and donors. The idea of incorporating the costs of literacy programmes into existing or new microcredit schemes for the rural poor is also raised. This is an ambitious plan, with the right ideas. If it concentrates on 15 to 29 year olds (of whom some 460,000 men and over 700,000 women functionally illiterate in 1999), its target amounts to the elimination of functional illiteracy in this age group.

Box 1
Participatory poverty assessment: What rural Cambodians feel about education

More than 34 per cent of participants in the focus group discussions were concerned about their limited access to educational opportunities, although the proportion expressing this view varied by region (from 50 per cent in the North-Eastern mountain region, to 43 per cent in the Tonle Sap and coastal regions, and 24 per cent in the relatively well-provided Mekong Plain region).

Focus group organizers were conscious of the fact that very few participants could read or write and that those who could were mostly male. Villagers made a clear link between illiteracy and lack of education and poverty. For instance, in a rural district of Sihanoukville, the feeling was that:

We are poor because we have no money and no idea as to how we can make life better for ourselves. For this we need education, but without education we are ignorant and narrow minded. Education is not just about making money, but also having dignity in society, having people recognize you as a good person. This is what we, the poor, lack in comparison with people who are not in our position.

Participants in Kompong Cham were also critical of the quality of schooling:

There is a school in the neighbouring commune, but the teachers are not always there. We have to buy books for our children that we cannot afford and at the end of a few years in school, our children return to the rice field not being able to read and write. Schooling is not much good if you cannot read or write after being at school.

- the obstacles to improvements in access and quality identified by participants include:
- the long distances from the nearest school;
- the shortages of teachers and irregular teaching schedules;
- the high cost of clothing;
- the lack of teaching materials;
- the extra fees charged by the teachers (ranging from 2,500 to 10,000 riels a term); and
- the low salaries of teachers.

Source: Asian Development Bank (2001: 28).

Gender segmentation

Women are at a disadvantage in the labour market, and this bias is reinforced by their much lower average level of education. In 2000-01, female students accounted for 46 per cent of the total in primary education, 37 per cent in lower secondary, 32 per cent in upper secondary schools, 29 per cent in public and 24 per cent in private higher education institutions (Ahrens and Kemmerer, 2002: table 1). Women have a higher functional illiteracy rate, are under-represented among wage-earners (particularly government employees) and in senior and powerful positions, and are over-represented among unpaid family workers. Except in the case of those with upper secondary education, they tend to earn lower wages than men with the same educational level.

Women are estimated to occupy three-quarters of the jobs created in the garment sector. However, with the decline of the sector and the resultant job losses, women in this new export sector in Cambodia, in the same way as in much of South-East Asia, have found themselves to be the last in and the first out. In the garment sector, which is noted as being amongst the better paid, there is also evidence that women's incomes may be up to 40 per cent lower than those of men.

This bias against women in the labour market is certainly not entirely explained by the bias in education and skills acquisition. However, the removal of the biases against women in education and training is an important basis for the removal of all biases against them. Important components of education and skills training programmes therefore have to include positive discrimination in favour of women to allow them to overcome their large human resources development deficit. This also has major implications for girls in relation to child labour and the trafficking of women, as discussed below.

Such a programme would not only have an immediate beneficial impact on the productivity and incomes of participants, but would also (while awaiting the longer term benefits to the labour market of educational reforms) considerably speed up the shift in the basis of Cambodia's comparative advantage from cheap labour to natural resources and skills.

Skills for income generation

In response to the immediate need to generate employment and self-employment during the rehabilitation of Cambodia, UNDP approved three projects, which were executed by the ILO under the Employment Generation Programme (they consisted of vocational training, assistance to small enterprises and labour-based projects). One of the three, the Vocational Training for Employment Generation (VTEG) Project, addressed the urgent need to provide income-generating skills in an environment of limited employment opportunities. The project promoted and provided direct demand-driven training in skills for employment for both the urban and rural poor, including returnees, internally displaced persons, demobilized soldiers, the disabled, female heads of households and young girls. It focussed on short vocational training programmes linked with identified income-generating opportunities, largely through cost-effective training activities. The project laid the basis for the present technical and vocational education and training (TVET) system through the establishment of systems for training needs assessment, curriculum and programme development, instructor training and a gender-in-development unit (GID). The high proportion of women in the population required gender issues to be included in all aspects of the planning and implementation of training. During its second phase, the Vocational Training for Poverty Alleviation (VTPA) Project shifted its focus to building the Government's capacity to deliver flexible skills training programmes linked to employment or self-employment opportunities. The project was transferred to the Ministry of Education, Youth and Sports (MOEYS) in October 1998 in the context of the Asian Development Bank (ADB) Basic Skills Project.

Many lessons were learned during the implementation period of the VTEG and VTPA projects between 1992 and 1998, which should be considered when formulating poverty-reduction strategies. The majority of the government counterparts trained by the project are still employed by the MOEYS and a further seven provincial training centres have been established in addition to the seven initially established by the ILO project. However, many of the useful strategies, such as mobile training in villages (hairdressing, the repair of bicycles, radios and small engines used for agriculture, food processing, livestock and agro-business activities and other locally identified skills linked to micro or small

business training) have been dropped to focus on training programmes which recover their costs.

But the institutional infrastructure and human resources are still in place and the National Strategy Plan for Technical and Vocational Education and Training developed with the assistance of the ILO VTEG and VTPA projects and GTZ are still relevant.

Several policy proposals may be considered:

- The linking of vocational training to production improves its impact on employment and orientates training towards the market. The ILO's policy recommendations in China resulted in state-owned enterprises transferring surplus labour from their books to small units of a dozen workers, who were then required to move initially into subsistence activities, prior to more profit-making activities.
- The provision of literacy, education and some vocational training in the large Cambodian army would equip a significant part of the labour force for employment and income generation after demobilization.
- Technical and vocational education and training systems already exist under the Ministry of Education, Youth and Sport and the National Training Board (NTB). Linkages should therefore be established with existing institutions.
- When the NTB was established, the chair and secretariat were located within the Department of Vocational Education and Training of the MOEYS, against the advice of the ILO projects and the recommendations made in the National Strategy Plan. Furthermore, NTB membership consists of a large number of high- and low-level officials from various ministries, government departments and the private sector, making it unwieldy. Indeed, as the Chair is exclusively the Minister of Education, Youth and Sports, other ministries do not recognize the authority of the NTB. The full NTB rarely meets and all decisions are made by the MOEYS. To be functional, the NTB should operate at the executive level with a membership of both government officials and technicians.
- There are a number of ministries in Cambodia that purport to be the leading providers of training, including MOEYS, the Ministry of Social Affairs, Labour, Vocational Training and Youth Affairs (MOSALVY) and the Ministry of Rural Development (MORD). This duplicates valuable resources and is therefore wasteful.

3.2 Social protection, persons with disabilities and safety nets

Policy proposal

The relatively small size of the labour force (compared to much of the region) will allow a phased expansion of social protection. The proposed National Social Security Fund (NSSF) must prioritize social health insurance in view of the fact that the low incomes of much of the labour force do not allow for any health care. The NSSF should plan to expand its provision of benefits from employment injuries, sickness and maternity benefits to pensions. And it should plan to expand its coverage beyond the 15 per cent of the labour force who are in wage employment. Cambodia should reap the benefits of social investment in health.

Social protection

Workers, families and vulnerable groups have only limited social protection in Cambodia. With only 15 per cent of the total labour force in wage employment, the vast majority of workers and their families are without any form of social protection, particularly in relation to health care in rural areas. In the absence of any form of social insurance scheme, the solidarity mechanisms of workers, families and other groups have to cope with major risks, such as accidents, disease and disability. In many cases, households have to sell their assets to be able to pay for health care.

Formal social security provisions are contained in the Labour Law (1997) for workers in larger enterprises (more than 20 workers), although they only cover a limited number of contingencies, namely employment injury, sickness and maternity benefits. All costs are met by employers. In practice, many enterprises avoid meeting the requirements of the Labour Law. Compliance is highest in the garment and textile industries, due to the monitoring of conditions of work as part of the bilateral textile agreement with the United States. Civil servants are entitled to old-age, invalidity and survivors' benefits financed entirely by the state budget.

There is no national health insurance scheme in Cambodia, although there are some pilot schemes at various stages of implementation concentrating on rural areas and services for vulnerable groups. Many donors and NGOs are involved in health-care projects for the poorest households.

The ILO's concerns relate to:

- the health status of workers and their families and the negative impact of ill health and the lack of health care on the poorest groups;

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- the difficulties faced by the unemployed and workers affected by job loss in the civil service and the formal sector; and
 - the limited access to social protection for the majority of workers and their families.

Social protection reform

The Government has undertaken a major step towards the broader social protection of workers and their families. A bill is under discussion prior to its adoption by the National Assembly. The bill includes provision for old-age pensions, invalidity pensions, employment injury benefits and survivors' allowances for a large proportion of workers, including:

- public sector workers not covered by the Common Statute for Civil Servants;
- private sector workers;
- the self-employed;
- students in vocational training schools, persons employed in rehabilitation centres and apprentices; and
- seasonal and occasional workers.

Health-care reforms are being proposed to increase access to health care. The establishment of a national social health insurance or similar scheme (for example, a Thai thirty-baht scheme) should be considered to ensure that the cost of health services and treatment is contained with a view to ensuring equality of access and care.

The social security scheme for civil servants also requires reform, although this has not been given a high priority by the Government at this stage.

Social assistance for vulnerable groups largely relies on external funding and the provision of services by NGOs. There is an urgent need to assess the overall effectiveness of current policies and practices and to review the best use of the limited State resources to ensure that they cover those most in need.

ILO assistance and support

The ILO has provided technical inputs to assist the Department of Social Security of MOSALVY and the Social Affairs Committee of the National Assembly in the revision of the Bill. However, the concepts of social insurance and its financial management have yet to be taken on board by policy-makers. The ILO encourages further detailed discussion and consideration of the Bill. For example, a policy that includes incentives for enterprises to reduce the incidence of employment injuries, accidents and occupational diseases is important.

The establishment of the National Social Security Fund (NSSF) proposed by the Government will require technical assistance in several areas, including: policy development; legislative drafting; financial and actuarial calculations; human resource development; organizational design, operations (such as registration, the collection of contributions, claims and the payment of benefits); computerization; public information and training. If workers and employers clearly understand the benefits of participating in a well-structured social security system, this will ensure the on-going financial viability of the fund. The tripartite partners will have to be involved in the management of the NSSF to ensure that its members are represented.

The opportunity to introduce social health insurance as part of the establishment of the NSSF should be assessed in the light of the development of a Health Master Plan. The ILO has relevant recent experience in Laos of the introduction of a system of health insurance for private sector workers and their families with selected contracted hospitals. This type of system is designed to contain costs for members and to provide a guaranteed income stream for hospitals. It could therefore be particularly relevant in Cambodia.

The public sector scheme is faced with state budget constraints and does not cover the other social protection needs of civil servants, such as maternity and sickness benefits. This is an opportunity to improve the adequacy of the social protection provided to civil servants and their families.

With a view to improving the policy development and financial management of a national, provincial and local social assistance system, the targeted allocation of national and international resources should be developed for specific vulnerable groups. Using the ILO's Social Protection Performance and Expenditure Review Model, existing income and expenditure on social protection can be quantified, financial projections can be made based on expected demographic and economic scenarios and alternative forms of resource distribution can be forecast for different policy reforms (Hagemejer, 2001). Performance indicators should be developed to measure the impacts of social protection policies for vulnerable groups.

Expected outcomes

These include:

- an expanded system of social protection that has been designed to meet the differing social security needs of the population, including formal and informal economy workers and their families, utilizing the most effective and efficient form of service delivery (including private sector, community-based and public administration delivery);
- a healthy and productive workforce, with equitable access to health care;
- the opportunity to reap the benefits of social investment in health; and
- adequate and efficient resource allocation to the most vulnerable, providing essential income support and opportunities for self-provision.

A safety net that creates and sustains assets: “Employing the poor to help the poor”

An economy with a comprehensive road network that is passable in all seasons, widespread irrigation facilities and functionally literate farmers would be less vulnerable to natural and man-made crises, but a safety net would still be needed. The most efficient (and developmental) type of safety net system for an economy at the stage of development of that of Cambodia is one that is based on labour-based appropriate technology, as recommended earlier, for road building, repair and maintenance. Such technology can be used to build, repair and maintain any type of asset (for example, schools, health centres and irrigation infrastructure), and not just roads. It should be embodied in a national public works/guaranteed employment scheme offering work to all who want it (for wages rather than food). It is appropriate for one of the world’s poorest economies that this type of safety net creates and sustains assets.

A scheme of this type:

- creates employment directly during the construction process (this is its safety net aspect);
- indirectly through linkages with supply industries;
- through the multiplier effect when workers spend their earnings; and

-
- dynamically, when the assets that have been built help to raise productivity in the area and when the resulting increase in demand raises the incentive to invest.

A simple slogan for such a scheme could be: “Employ the poor to help the poor”.

A well-designed guaranteed employment scheme plays a counter-cyclical and self-liquidating role as a safety net. This means that decisions on wage rates in the scheme should be decentralized and should be low in relation to local market rates for the type of labour concerned. If the wage rates in the scheme exceed market wage rates, the numbers wanting to work on public works programmes exceed the numbers that can be hired (Sen, 1975). This means that employment may have to be “rationed” by local managers, increasing the temptation of corruption and making it more likely that those who work on the project will not only be those in the most desperate circumstances. If wage rates are realistically low in relation to market rates, a guaranteed employment scheme is self-targeting (employing only the poorest) and becomes a means of monitoring the labour market situation. The number enrolled rises or falls as the labour market situation deteriorates or improves.

Poverty and disability

Post-conflict Cambodia has a very high incidence of disabled persons, many of whom are victims of mines or of the war. Virtually half of the disabled are poor (table 39). Furthermore, the average proportion of households whose heads have been disabled by mines or war which fall under the food poverty line is very large at 27 per cent. This group of poor deserve special attention because their standard of living falls so far below the poverty line and their capacity for work is limited by their disability.

In its efforts to promote decent work for people with disabilities, the ILO disability programme has adopted a partnership strategy and is engaged in the following activities:

- To address the needs of rural disabled persons, the ILO has just completed a project with funding from the Ministry of Labour of Japan, which was informally known as the Disability Resource Team. The project promoted the integration of people with disabilities through rural provincial training centres in Pursat, Battambang and Siem Reap and assisted disabled persons to use their skills to find jobs, or more frequently establish small businesses. The project was deemed successful on all counts by an outside evaluator. As part of the project, the ILO began to field-test a form of informal village-based peer training dubbed “success case replication”, which shows promising results (it had formerly been successfully field-tested by the Economic & Social Commission for Asia & the Pacific (ESCAP) and the FAO in eight Asian countries, but this was the first demonstration of its possible effectiveness with disabled persons).
- As a follow-up to the project, the ILO developed the Alleviating Poverty through Peer Training (APPT) project proposal, funded by Finland which became operational in mid-2002. The project works in collaboration with the World Rehabilitation Fund project funded by UNDP and the United Nations Mine Action Service (UNMAS) to facilitate the reintegration of survivors of landmines (as well as people with disabilities from other causes) and with MOSALVY. Its objective is to identify successful small business operators in villages, evaluate the success of their businesses and the market

opportunities for the replication of similar business activities. If appropriate and willing, the person running the small business will train a disabled person in the business and technical aspects of the operation. Field workers assist by facilitating training matches and business start-up once the training is completed. The project will include or have access to resources for small grants and loans.

- To ensure that people with disabilities are able to take advantage of the growing employment opportunities in the formal sector and in the burgeoning tourist sector, the ILO is actively collaborating with the World Rehabilitation Fund, the executing partner of the above United Nations-funded project. The ILO has provided technical support for the development of a Business Advisory Council, consisting of both international and Khmer business representatives, who facilitate the training and employment of disabled workers. The Council has been successful in facilitating the employment of over 100 disabled workers in the past year, established an on-the-job training fund and improved training approaches and activities at the Wat Than Training Centre in Phnom Penh. It serves as a critical link between the workplace and organizations which train and place persons with disabilities and to ensure that the services provided meet labour market needs. The ILO assisted in the development of a strategic plan and future activities, including a major employer awareness event, the development of a web site and awareness materials and the training of job placement specialists, who will work with employers in Phnom Penh and Siem Reap.
- To build capacity among government and non-governmental staff, the ILO organized over five workshops in 2001 in the context of the project. Depending upon resources, it plans to further develop disability focal points which were identified during the process of transferring the project to the Government. The ILO hopes to work with the Disability Advisory Council in this regard. Additionally, through the APPT project, the ILO will continue to develop the capabilities of MOSALVY staff.
- To assist in developing legislation, policy and related implementation strategies (Cambodia has recently drafted disability rights legislation with training and employment provisions), the ILO has included Cambodia as one of the target countries of the Irish-funded project executed from headquarters. The project, “Employment of People with Disabilities: The Impact of Legislation”, includes technical consultation meetings and the provision of technical assistance at the national level.

3.3 Glaring weaknesses in rights: Child labour and trafficking

Policy proposal

The elimination of the worst forms of child labour through the provision of education, nutritional support, legal support, awareness-raising, the monitoring of child labour and alternative livelihoods, mobilization against trafficking, and greater emphasis on income generation in the Five-Year Plan to Combat the Commercial Sexual Exploitation and Trafficking of Children.

Rights

Cambodia has ratified all of the ILO's fundamental Conventions, with the exception of the Worst Forms of Child Labour Convention, 1999 (No. 182). This is most creditable. The Government also indicated in 2000 to the Committee of Experts on the Application of Conventions and Recommendations that it intended to apply all the core international labour standards to the garments sector. A tripartite Labour Advisory Committee was formed in 1999. However, the observed weaknesses in the labour market in terms of underemployment and incomes, the extremely low levels of education and skills, especially for women, and the segmentation of women in the labour market all imply weak rights for workers, for women and children. The large self-employed-cum-informal economy means that the application of rights is limited to a small formal sector. Even in the formal economy, the low wage rates and the premium on obtaining jobs in the garments sector both imply a primary struggle for subsistence and survival, rather than a situation in which rights are observed. And the most glaring deficit in relation to rights is the incidence of child labour and the trafficking of women and children.

Child labour

The Labour Force Survey did not cover children below the age of 10. However, some of its findings for young people in the 10-13 age group can be seen (table 40). The 1999 socio-economic survey suggested that the proportion of very young children (between 5 and 9) who are working in Cambodia is negligible (less than 3 per cent), but the 2000 survey showed the proportion rising as children become older, reaching about 7 per cent for 10-13 year olds.

The ILO International Programme for the Elimination of Child Labour (IPEC) gives a higher estimate for child labour in the 5 to 17 age group (Roquemuller et al., 2002). It estimates that 16.5 per cent of children in this age group work, giving a figure of some 672,000 working children. The incidence of child labour is 4.5 per cent in the 5 to 9 age group, 15 per cent in the 10 to 14 age group and 43 per cent in the 14 to 17 age group.

The incidence of child labour is higher in rural than urban areas, and lower for girls in younger age groups (although beyond the age of 12 the difference in school enrolment rates begins to work in favour of boys). Child labour is not a completely part-time phenomenon: on average, the children concerned work almost 30 hours a week. The conflict with schooling (one of the main problems associated with child labour) is clear. The overwhelming majority of working children are engaged in unpaid family labour, almost all of them in agriculture, helping on the family farm. The worst forms of child labour, such as prostitution, begging and scavenging (often the main activities of street children) and domestic work outside a child's own home, are unlikely to have been captured by a household-based sample survey. The *Cambodia Human Development Report* (Ministry of Planning, 2000: 36) quotes rough estimates of 5,000 commercial sex workers under the age of 18, 1,000 street children and 6,500 domestic workers aged between 14 and 17 in Phnom Penh alone.

ILO/IPEC and other active stakeholders are undertaking a wide range of actions to combat child labour, including the collection of information, situation analyses, the strengthening of legislation, the improvement of law enforcement, the rehabilitation of children engaged in the worst forms of child labour, the provision of livelihood alternatives for children and their families, raising community awareness of the consequences of child labour, the provision of education opportunities for working children and out-of-school children and other community child labour networks.

- *Legislation:* Cambodia has ratified most of the relevant international Conventions, except for the Worst Forms of Child Labour Convention, 1999 (No. 182). However, the legal framework is not yet sufficiently specific to provide adequate protection for children against exploitative child labour. For example, labour inspectors have no legal right to enter hidden workplaces where the worst forms of child labour are problematic, nor can they enter brothels for inspection purposes, as prostitution is not recognized by law.

- *A policy and operational framework* has been established and is functioning. However, there is still need to:
 - strengthen and enhance the role and responsibilities of the National Sub-Committee on Child Labour (NSC) so that it can effectively oversee the national child labour policy and programmes;
 - enhance the capacities of the Ministry of Social Affairs and Labour to design, implement, monitor and evaluate child labour policies and programmes;
 - undertake further research and situation analysis to develop more effective policies and programmes;
 - continue to enhance the capacity of the Ministry of Education for the development of non-formal education curricula and textbooks for secondary level and improve the capacities of non-formal educators; and
 - establish better collaboration and coordination mechanisms among all the concerned government agencies, international organizations, NGOs and civil society.

Trafficking

The trafficking of children and women and poverty are interlinked. Throughout the Mekong sub-region, the stakeholders of the ILO Mekong sub-regional project to combat trafficking in children and women (the TICW project) point to poverty, combined with the lack of decent work alternatives, as the root causes of trafficking. In turn, the trafficking of children

and women has high opportunity costs,¹ reduces the sustained economic potential of countries, is a burden on future health-care expenditure and has direct harmful effects on individuals (human rights, physical health (HIV), and mental health).

The sustained high relative fertility rate in Cambodia and the high percentage of the population under 15 years of age mean that at least 500,000 children will be searching for jobs over the next three years. This will result in huge pressure on the labour market and, in combination with poverty, continued pressure on households (particularly in rural areas) to send their children to urban areas to find work within or outside Cambodia.² With the current low level of awareness of the dangers of exploitation, combined with the low levels of education in rural areas, there is a serious danger that many of these children will be trafficked and/or end up in exploitative situations and hazardous sectors.³

A two-pronged approach is suggested which works towards the creation of an enabling environment for economic development within the context of the relatively weak government machinery, while at the same time allowing for initiatives by those affected in poverty-stricken areas and the mobilization of individuals against trafficking.

Ownership of the process of the development of such a strategy and participation by different levels of society (at the various levels) is crucial in achieving a meaningful longer term impact on poverty.

An enabling environment is needed in order to guarantee a more diverse economy that can absorb more workers. Given the current status of education, it would appear appropriate to focus on non-formal education, rural skills training⁴ and special education programmes for projected growth sectors. Such initiatives should be combined with infrastructure development (for example, dykes, irrigation systems, road infrastructure and electricity), land reform⁵ and a focus on business development (particularly market appraisal) and micro-finance⁶ (with emphasis on rural savings schemes and access to credit).

¹ Children (in particular those who are educated) could contribute to more vibrant and diverse local economies.

² A recent World Bank study (Dehejia and Gatti, 2002) found that: “in the absence of developed financial markets, households resort substantially to child labour in order to cope with income variability”.

³ See the inputs by Mar Sophea, National Project Manager, Cambodia (forwarded separately on 2 April 2002), for more details on hazardous sectors.

⁴ This involves moving away from centre-based vocational training to rural-based skills training that is modular in composition and geared towards the current agricultural setting.

⁵ Land reform should aim to improve the spread of physical resources among the population, resulting in a bigger and more fertile plots of land for poor people, which in turn would increase the chance of skills training and micro-finance interventions being successful.

⁶ A recent World Bank study (Dehejia and Gatti, 2002) examined the link between access to credit and child labour at a cross-country level. The authors measured child labour as a country aggregate, and credit constraints are proxied by the level of financial development. These two variables display a strong negative (unconditional) relationship and show that, even after controlling for a wide range of variables, including GDP per capita, urbanization, initial child labour, schooling, fertility, legal

Although efforts are being made to create an enabling environment, individual initiative needs to be stimulated. Improved access to services, a supportive environment and access to good practices and lessons learnt are essential in this process. The individual initiatives and the enabling environment need to be linked vertically and to be actively supported and maintained. If these efforts are combined with targeted awareness-raising on the danger of trafficking, there is a good chance that the trafficking of children and women can be addressed effectively.

The following are suggested as entry points for ILO inputs to combat trafficking in the poverty stricken context of rural Cambodia:

- the experience acquired by the ILO's TICW project in creating an enabling environment for focused interventions in poverty-stricken source areas of out-migration and trafficking, and in building up a participatory intervention and monitoring mechanism;
- the ILO's TICW project mechanism of stakeholder involvement and ownership at different hierarchical levels with holistic pilot interventions in Battambang, Banteay Meanchay, Prey Veng, and Sihanoukville Province (the round of national and provincial stakeholder ownership exercises was used to discuss inputs to the PRSP process);
- Cambodia's National Five-Year Plan to Combat the Commercial Sexual Exploitation and Trafficking of Children needs to adopt a more holistic approach and include a pronounced income-generation component in its next phase;
- non-formal educational materials for out-of-school children and working children, as produced by the Ministry of Education, Youth and Sports, based on successful pilot tests in six provinces (and supported by ILO/IPEC); and
- the revival of the vocational training centres that were set up with ILO assistance between 1993 and 1998.

3.4 Strengthening social dialogue

Policy proposal

The transformation of Cambodia's industrial relations system from a planned economy to a market economy system. Strengthening the monitoring and enforcement of existing labour laws. Removing obstacles to freedom of association. Strengthening collective bargaining and tripartism.

The transition of Cambodia's economy from a centrally planned to a market economy has not been accompanied by the development of a corresponding labour relations system. In

institutions, inequality and openness, this relationship remains strong and statistically significant. *This evidence suggests that policies aimed at broadening the access of households to credit could be effective in reducing the extent of child labour.*

Cambodia's emerging market economy, private investment has increased, and so have the number of factories (particularly in the garment sector) and the number of workers engaged in regular wage employment. Numerous trade unions have been established at the enterprise and national levels. As a matter of course, these developments are accompanied by an increase in labour disputes, both individual and collective, concerning issues such as the minimum wage, forced overtime, safety and health at the workplace and unjust dismissals. Because of the lack of transparent, fair and expeditious dispute resolution machinery, many of these disputes unnecessarily end in (sometimes violent) strikes, lockouts and threats by factories that they will leave the country. In more general terms, they lead to a deterioration in labour relations between employers and workers, which in turn affects the climate for investment.

Cambodia's current labour relations system therefore has to catch up with market forces by creating effective and workable arrangements for the prevention of disputes, the resolution of the disputes that do occur and the enforcement of rights under the Labour Code.

The immediate problem to be addressed is the lack of dispute-settlement machinery and the lack of the capacity to prevent disputes or to resolve them at the earliest possible stage. With this end in view, the ILO's Labour Dispute Resolution Project includes an array of activities in the areas of dispute prevention, conciliation, arbitration and adjudication.

More specifically, the project includes:

- capacity-building activities for the Ministry of Labour, especially its Labour Inspection Department, and the training of labour inspectors in dispute prevention and mediation/conciliation;
- the training of employers and workers in workplace labour relations;
- the establishment of a council of arbitration and the training of arbitrators; and
- the establishment of labour courts and the training of judges.

The project is linked to both poverty-reduction (improving labour relations and the climate for investment, thereby resulting in more jobs) and decent work (including increased and improved labour inspections, the enforcement of the Labour Code and labour regulations through a sound dispute resolution system, thereby resulting in better working conditions).

4. Conclusions

This paper has aimed at encapsulating the analysis and policy recommendations made by the ILO in contributing a decent work strategy for poverty reduction in Cambodia's PRSP. The process of investigation, analysis and policy formulation has been based on a series of consultations with workers, employers, the Government Ministries of Planning, Labour and Finance, academics, members of civil society, and development partners especially the World Bank, the United Nations Development Program, the World Food Program, and the Asian Development Bank. Guided by these consultations, and our research, a number of policy recommendations have been made and presented to the Ministry of Planning of the Government of Cambodia. Eight of the major policy proposals made have been included in the Government's full PRSP action matrix.

The following policy proposals have been picked up by the full PRSP.

One, an increase in the demand for employment can result from reintegration of historically fragmented domestic markets. This expansion of domestic markets requires both development and maintenance of the road infrastructure. The use of Labour Based Appropriate Technology for this, which is well demonstrated by long standing ILO projects in the country's poorer Northern regions, will also significantly boost the employment generated, both in the short and longer term.

Two, the challenge of competitiveness in textiles and garments, with the cessation of the Multi Fibre Agreement, has to be met through skill enhancement and enterprise development.

Three, much of the poverty lies in agriculture where employment and incomes can only be enhanced by reviving growth and productivity, in large part through expansion of the canal irrigation network. Again the demonstrated use of Labour Based Appropriate Technology for this can generate further employment and incomes. Indeed ILO's experience in such projects in the country shows that while individually construction and maintenance of a road or a canal, both increase employment, but the combination of a road accompanying a canal generates a greater than proportionately higher level of employment and incomes.

Four, the low domestic value added in tourism, and volatility in its income, needs to be reduced.

Five, women in the informal economy have high rates of unpaid labour, and in the formal economy still earn less than men for equivalent work, towards which discrimination policy needs to be addressed.

Six, social protection reform should focus on pension reform, introduction of a health insurance scheme, and an emergency employment safety net that creates and sustains assets by employing the poor to help the poor.

Seven, there are major deficits in rights evidenced by child labour and trafficking of women and children, towards which major ILO IPEC programs are directed and can be further focused.

And eight, social dialogue is indispensable for creating and sustaining an environment for investment and growth much needed by the Cambodian economy and people.

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Annex 1. Tables and figures

Table 1. Economic structure: Annual indicators

	1996	1997	1998	1999	2000
GDP at current prices (CR bn)	8,251	9,149	10,531	11,470	12,406 ^a
GDP (US\$ bn)	3.1	3.1	2.8	3.0	3.2 ^a
Real GDP growth (%)	7.0	3.7	1.8	5.0	5.0 ^b
Consumer price inflation (av., %)	10.1	3.2	14.8	4.0	-0.8
Population (m)	9.9	10.2	11.4	11.0	12.2 ^c
Merchandise exports fob ^d (US\$ m)	643.6	736.0	705.4	1,002.1	1,049.0 ^c
Merchandise imports fob ^d (US\$ m)	1,071.8	1,064.0	1,096.8	1,211.6	1,428.0 ^c
Current-account balance (US\$ m)	-184.9	-209.9	-223.9	-66.0	-387 ^c
Reserves excl. gold (year end; US\$ m)	265.78	298.53	324.28	393.19	501.68
Exchange rate (av, CR:US\$)	2,624.1	2,946.3	3,744.4	3,807.8	3,840.8

^a IMF estimate

^b EIU estimate

^c National Bank of Cambodia estimate

^d Balance-of-payments basis

R/ Revised estimates

P/ Preliminary estimates

Source: *National Accounts of Cambodia 1993-2000*, Bulletin No. 5, National Institute of Statistics, May 2000.

Note: At 20 July 2001, CR3,835:US\$1

Table 2. Gross domestic product (GDP) by economic activity (in constant 1993 prices)

	1996	1997	1998 /R	1999 /R	2000 /P
	Percentage distribution				
Agriculture: fisheries & forestry	40.4	41.2	41.6	40.8	37.6
Industry	14.9	17.3	18.3	19.2	23.5
Services	39.7	36.9	36.1	35.8	35.0
	Growth rates in percent				
Agriculture: fisheries & forestry	-0.7	5.8	2.5	4.8	-2.7
Industry	11.1	20.4	7.7	12.0	29.0
Services	3.1	-3.7	-0.6	5.8	3.1
	Growth rates in percent				
Gross Domestic Product	3.5	3.7	1.5	6.9	5.4

Table 3. Budget operations and balance of payments (US\$ million)

Budget operations (US\$ million)														
	1960	1970	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Domestic revenue	114	214	38	43	72	94	103	230	261	284	294	247	345	369
Expenditures	169	249	182	223	127	148	216	393	488	546	420	409	506	544
Capital expenditures	37	17	7	13	6	4	84	131	208	238	151	164	215	232
Locally financed	32	15	7	13	6	4	2	31	23	23	37	31	58	79
Foreign financed	5	2	-	-	-	-	82	100	185	215	114	133	157	154
Current expenditures	132	232	175	211	121	143	133	262	280	308	269	245	291	312
Defence and security	52	63	149	165	57	71	78	152	173	154	140	119	123	114
Civil administration	80	169	26	46	64	72	55	110	107	154	130	125	168	198
Current deficit	(22)	(26)	(137)	(167)	(49)	(50)	(30)	(33)	(22)	(39)	20	(6)	50	49
Balance of payments (US\$ million)														
	1960	1970	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Trade balance (FOB-FOB)	(33)	(57)	(135)	(133)	(61)	(88)	(205)	(289)	(397)	(562)	(425)	(546)	(499)	(370)
Exports (FOB)	79	77	32	117	233	325	341	486	856	722	867	901	1,039	1,383
Imports (FOB)	112	134	168	250	293	414	546	775	1,253	1,284	1,292	1,447	1,537	1,754
Current account balance	(40)	(61)	(138)	(136)	(9)	33	(113)	(257)	(410)	(531)	(370)	(497)	(415)	(269)

Note: () = deficit. Sources: Collated by CDRI from World Bank, IMF and Cambodian Government data.

Table 4. Labour / land and labour / cultivable land ratios in Cambodia and selected ASEAN countries

Country	(1)	(2)	(3)	(4)	(5)
	Land area ('000 sq.km.)	Cultivable land area ('000 sq.km.)	Active population (aged 15 - 64) (mn)	Active population per sq. km total land	Active population per sq. km cultivable land
Cambodia	177	54	6	32	105
Laos	231	17	3	11	151
Viet Nam	325	73	40	124	511
Indonesia	1812	457	98	54	233
Philippines	298	105	30	102	270
Thailand	511	221	36	71	170
Malaysia	329	79	9	27	114

Source: FAOSTAT database. Cultivable land includes cropland and permanent pasture, but excludes forest wetlands, residential and industrial sites and roads. Data are for 1998.

Table 5. Comparisons of poverty estimates from Cambodian surveys

	Headcount	Poverty gap	Poverty severity
SESC 1993/94	39.0	9.2	3.1
1997 CSES (as adjusted by Knowles)	36.1	8.7	3.1
1997 CSES (unadjusted)	47.8 (1.5)	13.7 (0.7)	5.3 (0.3)
CSES 1999 (round 1)	64.4 (2.3)	23.9 (1.3)	11.3 (0.8)
CSES 1999 (round 2)	35.9 (2.4)	6.5 (0.7)	2.0 (0.4)
CSES 1999 (both rounds combined)	51.1 (1.8)	15.4 (0.9)	6.7 (0.5)

Note: Sampling errors in parentheses.

Table 6. Distribution of poverty by household size group, number of children in household, gender and educational level of household head, June-August 1999

	Share of total population (%)	Headcount index (%)		Share of total population (%)	Headcount index (%)
I. Household members			III. Gender of household head		
1-2	1.8	9.5	Male	83.3	36.4
3	17.6	23.6	Female	16.7	33.6
5-6	39.5	34.9	Total	100.0	35.9
7-8	29.4	43.9	IV. Literacy status of household head		
9-10	9.8	44.9	Literate	74.7	35.2
> 10	1.8	27.8	Illiterate	25.3	38.2
		35.9	Total	100.0	35.9
Total	100.0				
II. Number of children			IV. Education of household head		
Zero	10.7	16.9	No schooling	27.3	37.6
1	16.3	26.7	Primary	45.7	38.8
2	23.2	31.5	Lower	18.8	32.3
3	23.2	39.9	Upper 2ndary	6.8	23.9
>3	26.6	49.7	Tech/voc 2ndary	0.6	10.3
		35.9	University	0.3	7.3
			Other	0.5	32.8
Total	100.0		Total	100.0	35.9

Source: Ministry of Planning, *Poverty profile 1999*, tables 6.3, 6.5, 6.6, and 6.9.

Table 7. Links between labour market and poverty indicators, June-August 1999

	Sample means		
	Poor below food poverty line	Between food poverty and poverty line	Non-poor
Household members worked in past week (%)	44.50	50.40	52.80
No. of jobs per household member in past week	0.58	0.72	0.72
Av. monthly wage from primary occupation (riels)	95,845	99,422	196,751
Children under age 15 employed in past week (%)	3.50	7.50	5.50

Source: Ministry of Planning, *Poverty profile 1999*, table 7.2.

Table 8. Active unemployment rates by sex and stratum, November 2000

Age group	Cambodia			Urban			Rural		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
10-14	0.7	0.5	0.8	1.9	0	3.2	0.5	0.6	0.5
15-19	5.4	5.2	5.5	10.0	12.4	8.3	4.9	4.4	5.2
20-24	4.4	5.0	3.9	4.8	5.0	4.6	4.4	5	3.8
25-29	3.4	2.8	4.1	3.0	1.5	4.6	3.5	3	4.1
30-34	2.0	0.8	3.0	4.1	2.9	5.7	1.6	0.4	2.7
35-39	1.6	1.0	2.3	2.4	1.8	3.2	1.5	0.8	2.2
40-44	0.4	0.2	0.7	1.1	1.0	1.1	0.3	0	0.6
45-49	0.5	0.2	0.8	0.6	1.1	0.2	0.5	0	0.9
50-54	1.0	1.0	0.9	0.7	1.4	0	1.0	0.9	1.1
55-59	0.1	0.2	0	0.9	1.7	0	0	0	0
60-64	0.5	0.1	1.0	0.8	1.2	0	0.5	0	1.1
65+	0.1	0	0.2	0.9	0	2.3	0	0	0
Total	2.5	2.1	2.8	3.4	3.1	3.7	2.3	2.0	2.7

Source: Ministry of Planning, *Draft report on the Labour Force Survey of Cambodia*, November 2000, table 1.

Table 9. Composition of the poorest and richest household quintiles, by labour force category and sex, June-August 1999

	Household per capita consumption quintile					
	The poorest quintile			The richest quintile		
	M	F	M+F	M	F	M+F
Employees	3.2%	2.1%	5.3%	10.5%	5.5%	16.0%
Employers	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Own account workers	11.8%	5.4%	17.2%	10.1%	8.1%	18.2%
Unpaid family workers	7.3%	17.2%	24.4%	4.7%	10.7%	15.4%
Other employed	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Unemployed	0.5%	0.6%	1.0%	0.7%	0.7%	1.3%
Economically inactive adults	10.8%	11.5%	22.4%	12.6%	17.7%	30.4%
Under working age	15.2%	14.3%	29.6%	9.3%	9.1%	18.5%
Total h/h members	48.9%	51.1%	100%	48.0%	52.0%	100%

Source: Godfrey et al., 2001: table 28.

Table 10. Distribution of poverty by sector of employment of household head, June-August 1999

	Headcount index		
	Frequency	%	Contribution to total (%)
Agriculture	69.9	40.5	78.9
Manufacturing/mining	2.7	31.9	2.4
Construction/utilities	1.8	29.1	1.4
Trade	4.4	15.0	1.8
Transportation/communications	3.0	26.7	2.3
Government services	6.9	24.2	4.6
Education/health services	2.8	23.3	1.8
Other services	1.0	18.0	0.5
Total	100.0	35.9	100.0

Source: Ministry of Planning, *Poverty profile 1999*, table 6.10.

Table 11. Distribution of poverty by employment and labour force status of household head, June-August 1999

	Frequency	Headcount index	
		(%)	Contribution to total (%)
Self-employed	74.5	38.8	80.5
Employee, public sector	9.5	19.4	5.1
Unpaid family worker	1.3	33.2	1.2
Employee private sector	6.8	34.8	6.6
Employed, employer, not reported	0.2	33.3	0.2
Unemployed	0.1	53.1	0.2
Not in labour force	7.5	29.7	6.2
Total	100.0	35.9	100.0

Source: Ministry of Planning, *Poverty profile 1999*, table 6.11.

Table 12. Distribution of poverty by urban and rural sectors within ecological zones

	Headcount		Poverty gap		Poverty severity		Share of total pop (%)
	Index (%)	Contribution to total (%)	Index (%)	Contribution to total (%)	Index (%)	Contribution to total (%)	
Poverty line	35.9	100.0	6.5	100.0	2.0	100.0	100.0
Phnom Penh urban	1.8	0.2	0.3	0.2	0.1	0.1	4.8
Plain urban	6.6	0.3	1.6	0.5	0.5	0.5	1.8
Tonle Sap urban	31.3	3.8	8.8	5.9	3.5	7.5	4.4
Coastal urban	23.9	1.3	5.3	1.6	1.6	1.6	2.0
Plateau / mountain urban	29.9	1.7	8.5	2.6	3.7	3.7	2.0
Urban	17.7	7.4	4.7	10.9	1.8	13.3	15.0
Phnom Penh rural	19.5	2.1	4.2	2.5	1.2	2.3	3.9
Plain rural	39.0	47.6	7.2	48.9	2.1	44.9	43.8
Tonle Sap rural	47.2	31.0	6.7	24.4	1.7	20.3	23.6
Coastal rural	52.0	7.7	5.3	4.3	0.8	2.1	5.3
Plateau/mountain rural	18.0	4.2	7.1	9.0	4.2	17.1	8.3
Rural	39.2	92.6	6.8	89.1	2.1	86.7	85.0

Table 13. GDP by industrial origin at current prices (million US\$)

	1960	1970	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture	257	386	361	585	672	754	908	1,032	1,274	1,285	1,278	1,094	1,080	962
Industry	91	168	70	158	181	225	303	344	432	534	509	560	639	755
Textile & garment	16	35	9	17	21	25	30	31	39	56	105	156	217	363
Services	268	518	147	418	573	795	949	1,045	1,220	1,337	1,264	1,133	1,327	1,395
Total	616	1,072	578	1,161	1,426	1,774	2,160	2,421	2,926	3,155	3,051	2,787	3,046	3,112

Table 14. Investment and employment in the garment, textile and footwear industries, 1994-2001

	1994	1995	1996	1997	1998	1999	2000	2001
Number of projects approved	108	120	144	48	83	45	51	...
Investment (US\$ million)	6	12	13	33	64	52	17	...
Number of factories	7	20	35	72	143	201	220	233*
Number of employees ('000)	44	51	60	84	133	178	200	170
% in modern sector	3	10	20	44	93	138	160	...
% of total labour force	0.9%	1.1%	1.2%	1.7%	2.6%	3.4%	3.7%	...

Note: * of which 35 factories currently closed.

Source: Sok et al., 2001: table 4.4; and CDRI.

Table 15. Hourly wage rates in garment industries in selected Asian countries.

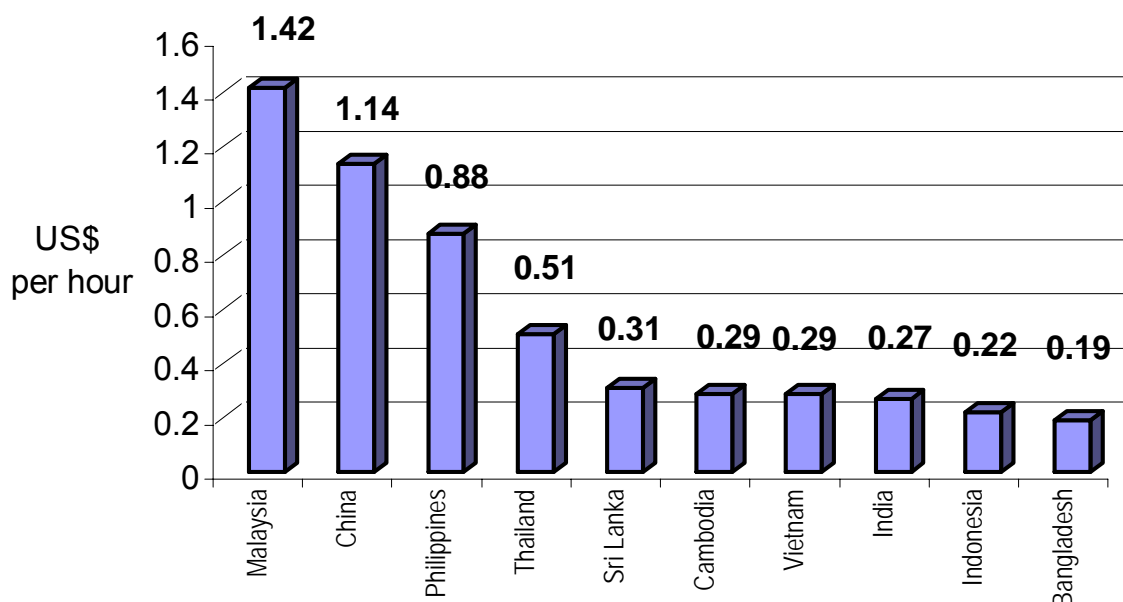


Table 16. Equipment-based versus labour-based technologies (1975 and 2000)

	1975 wage level US\$1/day				2000 wage level US\$1/day			
	Equipment-based		Labour-based		Equipment-based		Labour-based	
	US\$/km	%	US\$/km	%	US\$/km	%	US\$/km	%
Total cost	4,300	100%	3,500	100%	8,600	100%	5,700	100%
Labour cost	450	10.3%	1,500	42.9%	450	5.2%	1,500	26.4%
"Break-even" wage = US\$1.8/day				"Break-even" wage = US\$3.8/day				

Source: ILO Upstream Project, Cambodia.

Table 17. The complete gravel road

Construction of a gravel road	Total cost US\$/km	Per cent labour	Workdays per km
Dara's road	4,617	35%	1,634
Mustafa's road	13,208	28%	3,715
Ulf's road	19,069	61%	11,622

Source: ILO Upstream Project, Cambodia.

Table 18. Composition of employment by sector of primary employment, by sex, November 2000 (%)

	Men	Women	Both sexes
Agriculture, hunting, forestry	68.0	73.6	70.9
Fishing	4.4	1.3	2.8
Mining, quarrying	0.1	0.1	0.1
Manufacturing	4.5	9.2	7.0
Electricity, gas, and water	0.1	0.0	0.1
Construction	2.4	0.3	1.3
Wholesale/retail trade	5.1	11.2	8.3
Hotels, restaurants	0.3	0.4	0.4
Transport, storage, communications	4.5	0.2	2.3
Financial services	0.3	0.0	0.2
Real estate etc.	0.0	0.3	0.1
Public administration and defence	5.3	0.5	2.8
Education	2.3	1.1	1.7
Health, social, work	0.9	0.3	0.6
Other service	0.8	0.7	0.8
Private households	0.7	0.6	0.6
International organizations	0.4	0.1	0.2
Total	100.0	100.0	100.0

Source: LFS 2000 database, Ministry of Planning.

Table 19. Cultivated areas and production of main crops, 1993/97

	1993/94	1994/95	1995/96	1996/97	1997/98
	Cultivated area (thousand hectares)				
Rice	1,857	1,924	2,086	2,171	2,076
Maize	43	52	52	49	52
Vegetables	30	35	42	46	44
Mung beans	21	27	26	28	27
Soybeans	16	25	17	29	33
Sesame	10	11	9	12	17
	Total production (thousand tonnes)				
Rice	2,383	2,223	3,448	3,458	3,415
Maize	45	45	55	64	67
Vegetables	227	197	193	249	250
Mung beans	10	17	20	14	15
Soybeans	13	23	17	28	34
Sesame	5	4	4	5	7

Source: *Agricultural Statistics* (various issues).

Table 20. Yields of major crops by country in the region, 1994/95 (tonnes/ha)

	Cambodia	Laos	Myanmar	Viet Nam	Thailand	Malaysia	Philippines	Indonesia
Rice	1.5	2.7	3.1	3.6	2.3	3.1	2.7	4.3
Corn	1.7	2.2	1.7	2.2	2.8	1.8	1.5	2.3
Soybeans	2.2	0.9	0.8	1.0	1.4	0.3	1.3	1.1
Cassava	6.0	13.7	9.3	8.9	14.0	10.5	8.7	12.2
Sweet Potatoes	6.0	7.7	5.5	6.1	10.1	11.0	4.8	9.5
Potatoes	-	6.7	9.4	9.6	9.3	-	13.4	15.6
Groundnuts	0.6	0.9	1.0	1.2	1.5	3.7	0.8	1.3
Sugar cane	33.3	29.9	41.0	49.7	54.8	68.0	66.8	74.7

Source: FAO, 1996.

Table 21. Rice production trends

Year	Production (‘000 tonnes)	Area (‘000 hectares)	Yield (kg per hectare)	Production per capita (kg)
1967/69	2,500	2,513	1,000	385
1980/81	1,717	1,441	1,192	262
1985/86	1,812	1,462	1,239	232
1986/87	2,093	1,535	1,364	260
1987/88	1,815	1,378	1,317	218
1988/89	2,500	1,879	1,330	292
1989/90	2,672	1,932	1,383	302
1990/91	2,500	1,890	1,323	273
1991/92	2,400	1,910	1,257	254
1992/93	2,221	1,844	1,204	227
1993/94	2,383	1,857	1,283	235
1994/95	2,223	1,924	1,156	212
1995/96	3,448	2,086	1,623	318
1996/97	3,458	2,171	1,593	308
1997/98	3,415	2,076	1,645	299

Source: Curtis, 1989; WFP/FAO, 1997; Huguet, 1997; *Agricultural Statistics 1998*.

Table 22. Production of wet and dry season rice, 1993/97

	1993/94	1994/95	1995/96	1996/97	1997/98
Wet season rice					
Cultivated area (1,000 ha)	1,702	1,754	1,870	1,937	1,827
Harvested area (1,000 ha)	1,674	1,330	1,709	1,649	1,685
Yield (kg per ha)	1,200	1,300	1,640	1,670	1,600
Production (1,000 tonnes)	2,008	1,728	2,802	2,759	2,673
Dry season rice					
Cultivated area (1,000 ha)	155	170	216	234	249
Harvested area (1,000 ha)	150	165	215	230	243
Yield (kg per ha)	2,500	3,000	3,000	3,000	3,000
Production (1,000 tonnes)	375	495	645	699	742

Source: *Agricultural Statistics 1998*.

Table 23. Cambodia's rice production in a regional perspective

	Cambodia	Thailand	Viet Nam	Malaysia	Philippines	Indonesia
Rice production (thousand tonnes, 1996)	3,390	21,800	26,300	2,065	11,284	51,165
Yield (kg per hectare, 1996)	1,739	2,364	3,603	3,129	2,856	4,515
Rice production per capita (Kg. 1993)	330	371	350	100	163	255
Chemical fertilizer (kg per hectare, 1995)	2.3	71.0	214.0	164.0	63.0	83.0

Source: FAO, 1997a, 1997b.

Table 24. Irrigated agricultural areas as percentage of total arable land Cambodia (potential and actual) and other ASEAN countries

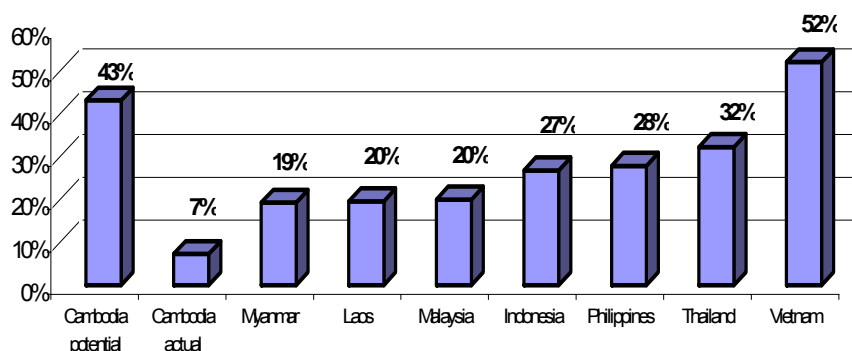


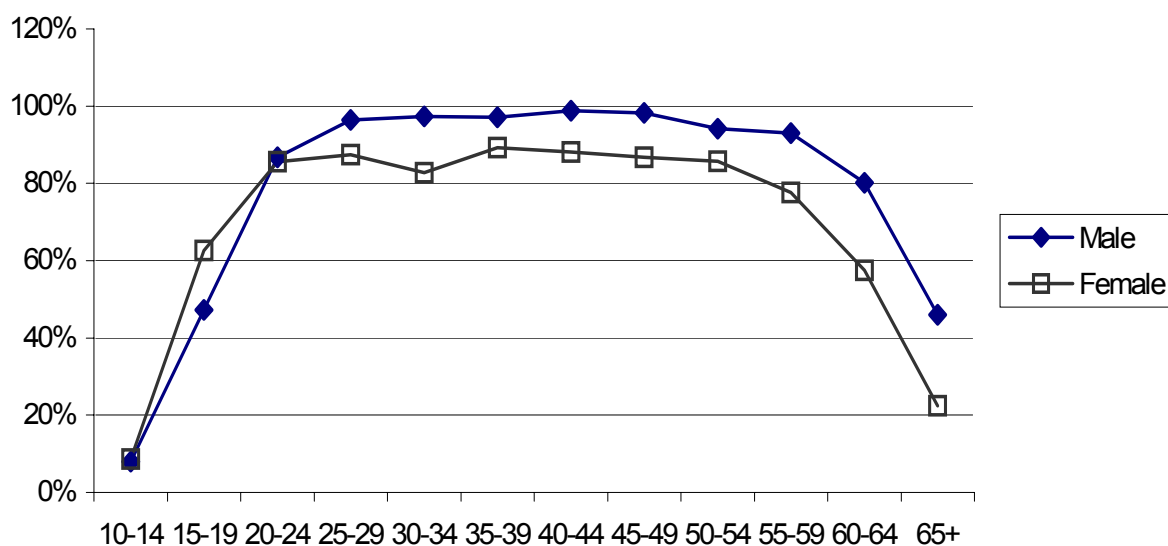
Table 25. Labour force participation rates by sex and location, 2000 (%)

Sex	Cambodia	Urban	Rural
Male	66.2	60.2	67.1
Female	64.4	51.7	66.4
Both sexes	65.2	55.7	66.7

Note: Labour force, as defined in the survey, includes persons aged 10 years or over who contribute or are available to contribute to the production of goods and services.

Source: LFS 2000 Database, Ministry of Planning.

Table 26. Labour force participation rates, by sex and age group, November 2000



Source: Ministry of Planning, *Draft report on the Labour Force Survey of Cambodia*, November 2000: table B.

Table 27. Labour force participation rates in the 15-19 age group, by sex and schooling status, November 2000 (%)

	Males	Females
Those currently in school	9.2	7.5
Those not currently in school	92.0	86.0
Total	41.6	58.4

Source: LFS 2000 database, Ministry of Planning.

Table 28. Composition of employment by sector of primary employment, by sex, November 2000 (%)

	Men	Women	Both sexes
Agriculture, hunting, forestry	68.0	73.6	70.9
Fishing	4.4	1.3	2.8
Mining, quarrying	0.1	0.1	0.1
Manufacturing	4.5	9.2	7.0
Electricity, gas, water	0.1	0.0	0.1
Construction	2.4	0.3	1.3
Wholesale/retail trade	5.1	11.2	8.3
Hotels, restaurants	0.3	0.4	0.4
Transport, storage, communications	4.5	0.2	2.3
Financial services	0.3	0.0	0.2
Real estate etc.	0.0	0.3	0.1
Public administration and defence	5.3	0.5	2.8
Education	2.3	1.1	1.7
Health, social work	0.9	0.3	0.6
Other service	0.8	0.7	0.8
Private households	0.7	0.6	0.6
International organizations	0.4	0.1	0.2
Total	100.0	100.0	100.0

Source: LFS 2000 database, Ministry of Planning.

Table 29. Composition of employment by primary occupation, by sex, November 2000 (%)

	Men	Women	Both sexes
Armed forces	2.1	0.1	1.1
Legislators, senior officials, managers	0.9	0.1	0.5
Professionals	1.7	0.8	1.3
Technicians/ associate professionals	2.9	1.0	2.0
Clerks	0.8	0.3	0.5
Service and sales workers	6.0	11.6	8.9
Skilled agricultural./fishery workers	71.2	73.5	72.4
Craft etc. workers	5.1	7.7	6.5
Plant/ machine operators	4.0	1.2	2.5
Unskilled occupations	5.2	3.6	4.3
Total	100.0	100.0	100.0

Source: LFS 2000 database, Ministry of Planning.

Table 30. Average monthly earnings (from primary and secondary jobs) of wage employees aged 15 years and older, by location, schooling, age group, sector of primary employment and sex, November 2000

	Men (‘000 riels)	Women (‘000 riels)	Men as % of women
By location:			
Urban	220	174	126%
Rural	145	125	116%
By completed schooling level:			
Primary or less	145	124	117%
Lower secondary	170	155	110%
Upper secondary	194	226	85%
Post secondary	213	186	107%
By age group:			
15-24	145	156	93%
25-34	144	135	107%
35-54	166	124	134%
55+	160	110	145%
By sector of primary employment:			
Agriculture, forestry, fisheries	134	102	131%
Manufacturing	216	186	116%
Utilities	333	-	-
Construction	195	127	154%
Trade	241	167	144%
Transport, storage, communications	228	148	154%
Other services	168	158	106%

Source: LFS 2000 database, Ministry of Planning.

Table 31. Net daily earnings of vulnerable workers, by occupation and gender, November 2001

Occupation	Males		Females		Male as % of Female
	Riels per day	Index (lowest = 100)	Riels per day	Index (lowest = 100)	
Cyclo driver	6,262	241	-	-	-
Porter	5,000	192	-	-	-
Trader	-	-	5,096	222	-
Scavenger	4,059	156	4,380	191	93
Garment worker	8,948	344	8,306	361	108
Rice field worker	4,200	162	3,662	159	115
Waiter/waitress	2,600	100	2,298	100	113
Construction worker	9,926	382	-	-	-
Casual unskilled	4,841	186	-	-	-
Moto taxi driver	9,791	377	-	-	-

Source: CDRI vulnerable workers survey.

Table 32. Labour force participation rate, employed as percent of population, and unemployment rate, by sex, 1993/94 to 2000 (%)

	1993/94	1996	1997	1999	2000
Labour force participation rate					
Male	58.0	65.7	66.9	68.6	66.2
Female	54.4	65.0	63.6	68.1	64.4
Total	56.3	65.3	65.1	68.3	65.2
Employed as % of population					
Male	40.3	46.3	46.8	49.7	48.6
Female	39.8	47.6	46.0	50.4	49.0
Total	39.8	46.9	46.4	50.4	48.8
Unemployment rate					
Male	2.4	0.8	3.8	1.5	2.1
Female	2.8	1.3	4.1	1.5	2.8
Total	2.6	1.1	4.0	1.5	2.5

Source: LFS 2000 database, Ministry of Planning.

Table 33. Employment status by sex, 1996 and 2000 (%)

	Males		Females		Both sexes	
	1996	2000	1996	2000	1996	2000
Employee	15.6	18.6	5.4	12.1	10.2	15.2
Employer	0.4	0.3	0.1	0	0.2	0.2
Own-account worker	57.5	54.3	32.9	28.9	44.5	41.1
Unpaid family worker	26.4	26.6	61.5	59.0	44.9	43.4
Other	0.1	0.2	0.1	0	0.2	0.1
Total	100	100	100	100	100	100

Source: LFS 2000 database, Ministry of Planning.

Table 34. Composition of employment by sector of primary employment and sex, 1993/94 and 2000 (%)

	Men		Women		Both sexes	
	1993/4	2000	1993/4	2000	1993/4	2000
Agriculture, hunting, forestry	65.6	68.0	75.3	73.6	70.6	70.9
Fishing	2.0	4.4	1.0	1.3	1.5	2.8
Mining, quarrying	0.2	0.1	0.2	0.1	0.2	0.1
Manufacturing	4.2	4.5	3.2	9.2	3.7	7.0
Electricity, gas, water	0.2	0.1	0.0	0.0	0.1	0.1
Construction	1.6	2.4	0.1	0.3	0.9	1.3
Wholesale, retail, trade	6.2	5.1	15.6	11.2	11.1	8.3
Hotels, restaurants	0.2	0.3	0.3	0.4	0.2	0.4
Transport, storage, comns.	6.1	4.5	0.9	0.2	3.4	2.3
Financial services	0.2	0.3	0.1	0.0	0.1	0.2
Real estate etc.	0.4	0.0	0.2	0.3	0.3	0.1
Public admin., defence, etc.	8.2	5.3	0.8	0.5	4.3	2.8
Education	2.4	2.3	1.0	1.1	1.7	1.7
Health, social work	0.6	0.9	0.6	0.3	0.6	0.6
Other services	1.2	0.8	0.6	0.7	0.9	0.8
Private households	0.5	0.7	0.1	0.6	0.3	0.6
International organizations	0.1	0.4	0.0	0.1	0.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

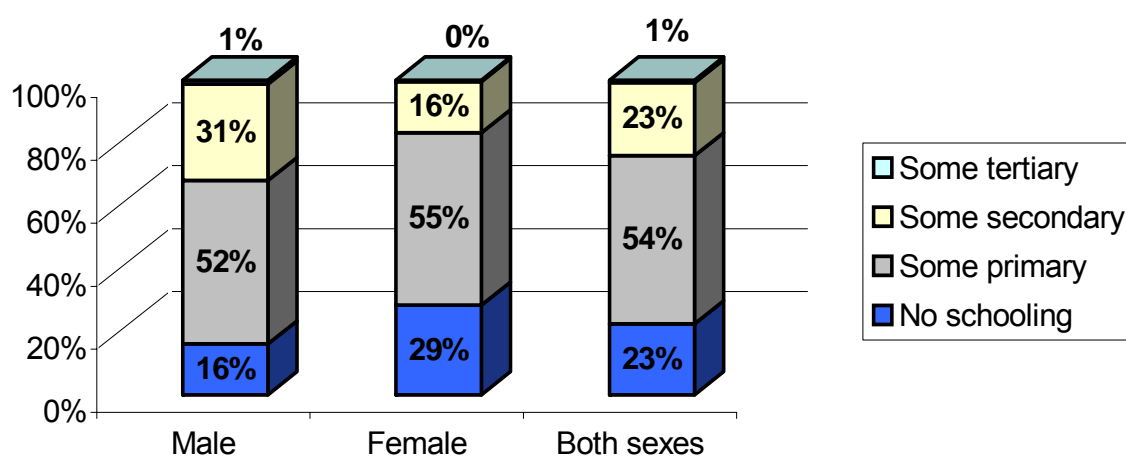
Source: LFS 2000 database, Ministry of Planning.

Table 35. Average wages by sex and schooling, 1996 and 2000

(’000 riels per month)	1996	2000	per cent change
Male	97	139	43%
No schooling	97	148	53%
Some primary	98	176	80%
Some secondary	143	213	49%
Some tertiary	100	156	56%
Total			
Female	69	107	55%
No schooling	103	133	29%
Some primary	72	169	135%
Some secondary	92	187	103%
Some tertiary	81	133	64%
Total			
Male premium	+41%	+30%	
No schooling	-6%	+11%	
Some primary	+36%	+4%	
Some secondary	+55%	+14%	
Some tertiary	+23%	+17%	
Total			

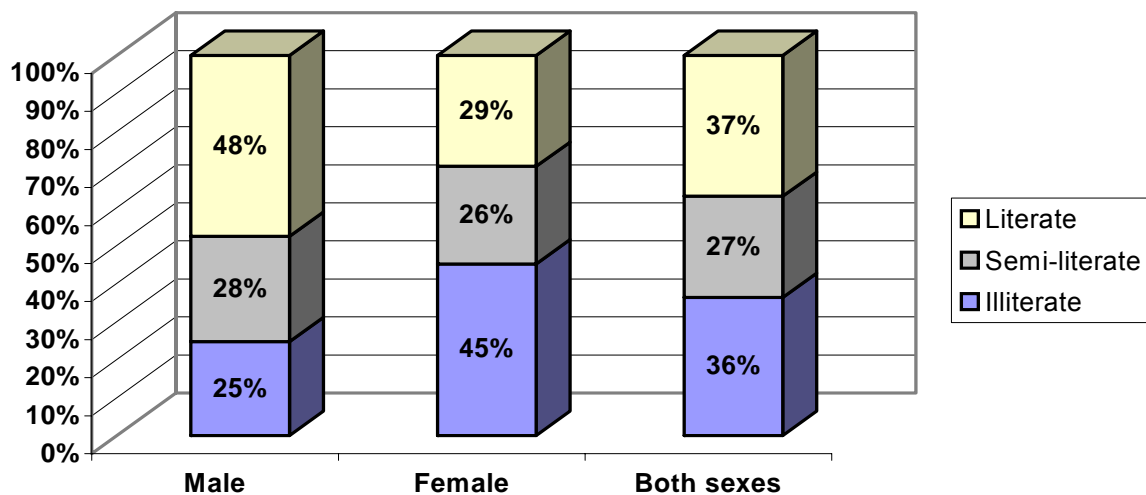
Source: LFS 2000 database, Ministry of Planning.

Table 36. Composition of labour force by sex and education, November 2000.



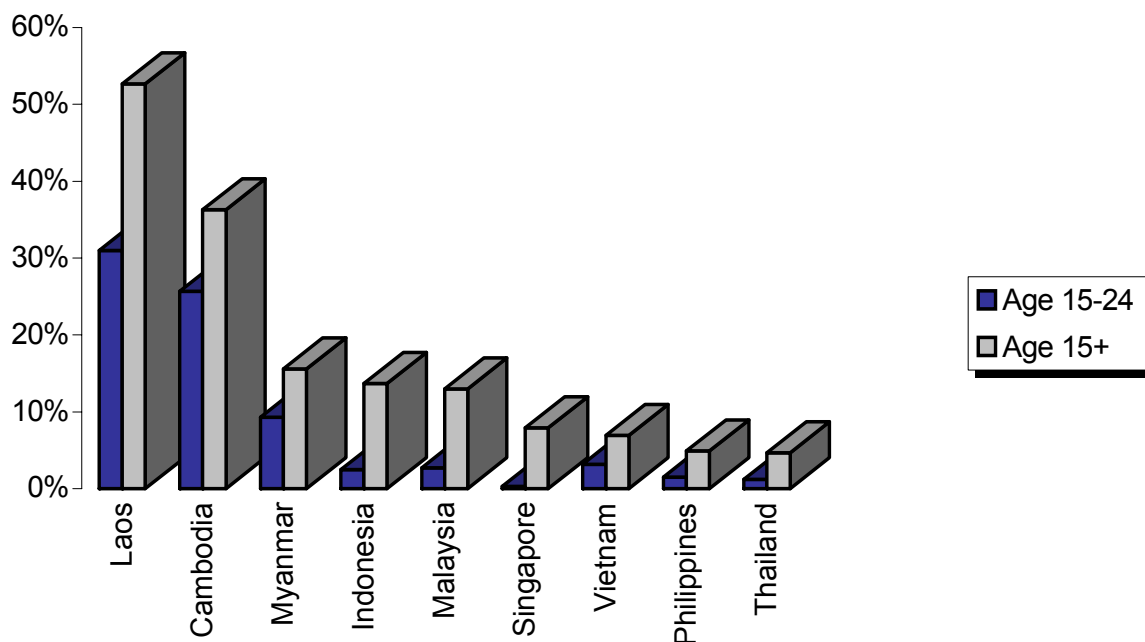
Source: LFS 2000 database, Ministry of Planning.

Table 37. Literacy and illiteracy rates, 15+ age group by sex, 1999



Source: Department of Non-Formal Education, 2000: table 6.1.

Table 38. Illiteracy rates, ASEAN countries, ages 15-24 and 15+, 1999



Source: For Cambodia, MoEYS, 2000; for other countries, UNDP, 2001.

Table 39. Distribution of poverty by disability status of household head

	Headcount		Poverty gap		Poverty severity		Share of total pop (%)
	Index %	Contribution to total %	Index %	Contribution to total %	Index %	Contribution to total %	
Poverty line	35.9	100.0	6.5	100.0	2.0	100.0	100.0
No disability	35.7	96.2	6.4	94.7	2.0	93.6	96.8
Disabled, non-war	40.9	1.9	8.3	2.1	2.4	2.0	1.6
Disabled due to war	45.7	1.9	13.7	3.2	5.9	4.4	1.5
Food poverty line	11.5	100.0	2.3	100.0	0.8	100.0	100.0
No disability	11.1	94.1	2.2	92.8	0.8	92.4	96.8
Disabled, non-war	13.2	1.9	2.5	1.8	0.8	1.7	1.6
Disabled due to war	30.3	4.0	8.1	5.4	3.1	5.9	1.5

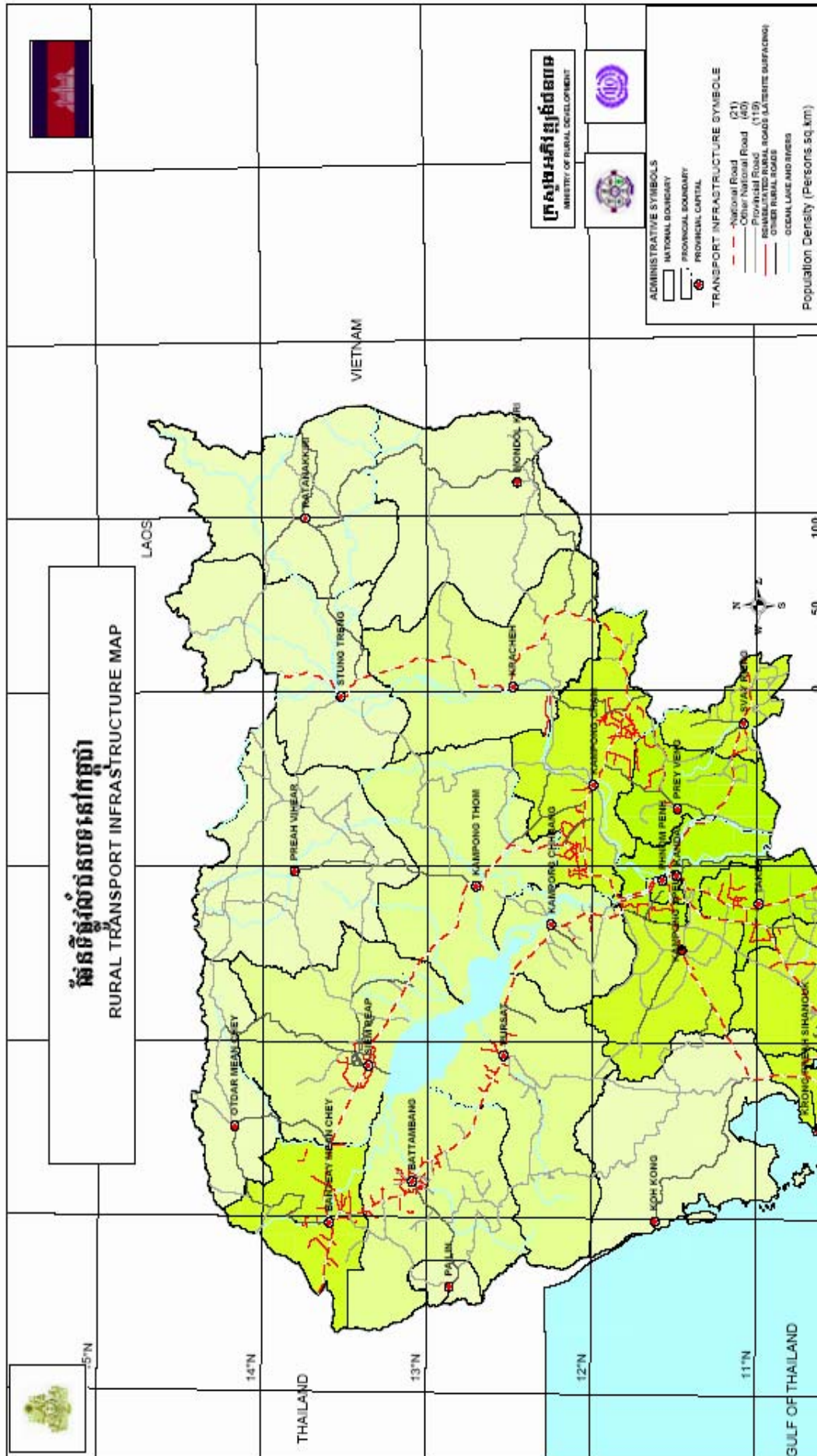
Note: Non-war related disabilities can be congenital or due to illness / disease or road and other accidents. War-related disabilities include those due to land mine explosion and those due to war or conflict.

Table 40. Statistics on child labour (in 10-13 age group) in Cambodia, November 2000

% of children working or with job	Work status in primary job (%)	
Urban: Both sexes	3.0	Paid employees 4.0
Male	2.5	Own-account worker 2.3
Female	3.4	Unpaid family labour 93.8
Rural: Both sexes	7.0	Total 100.0
Male	7.6	Industry of primary job (%)
Female	6.4	Agriculture, fishing, forestry 85.9
Total: Both sexes	6.5	Trade 8.1
Male	6.9	Manufacturing 0.5
Female	6.0	Services 2.7
		Transport, storage, communications 2.8
Average hours worked per week	29.7	Total 100.0

Source: LFS 2000 database, Ministry of Planning.

**Annex 2. Map of rural transport infrastructure
in Cambodia**



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