

# WORKSHOP 4

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**Economy, infrastructure  
and development of  
Cambodia**



SDGs 8,9 & 11

8 DECENT WORK AND ECONOMIC GROWTH



- Promote sustained economic growth, higher levels of productivity and technological innovation.
- Encourage entrepreneurship and job creation.
- Eradicate forced labor, slavery and human trafficking.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- Promote sustainable industries, and investing in scientific research and innovation.
- Bridge the digital gap.
- Foster innovation and entrepreneurship.

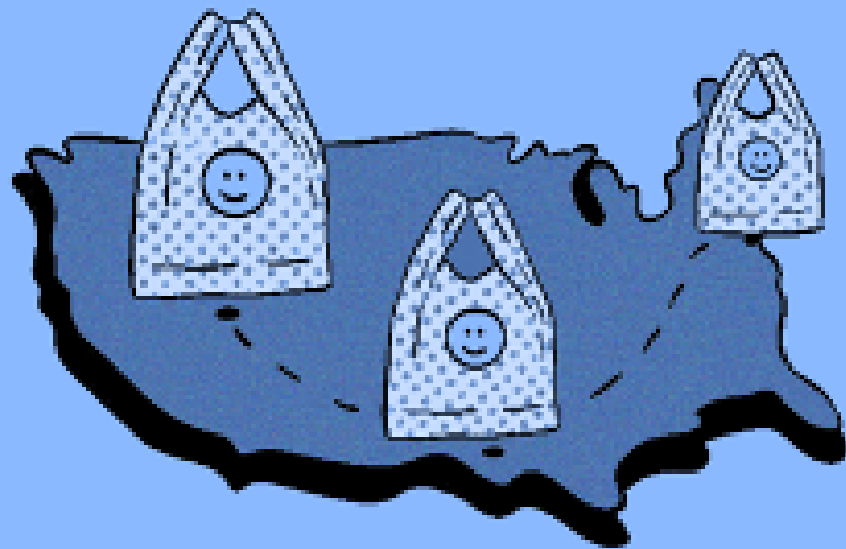
11 SUSTAINABLE CITIES AND COMMUNITIES



- Create career and business opportunities, safe and affordable housing, and building resilient societies and economies.
- Invest in public transport, create green public spaces, and improve urban planning and management.

# Gross domestic product

**Gross domestic product (GDP) : this is how economists measure the wealth of a country.**



## GDP

*[jē 'dē 'pē]*

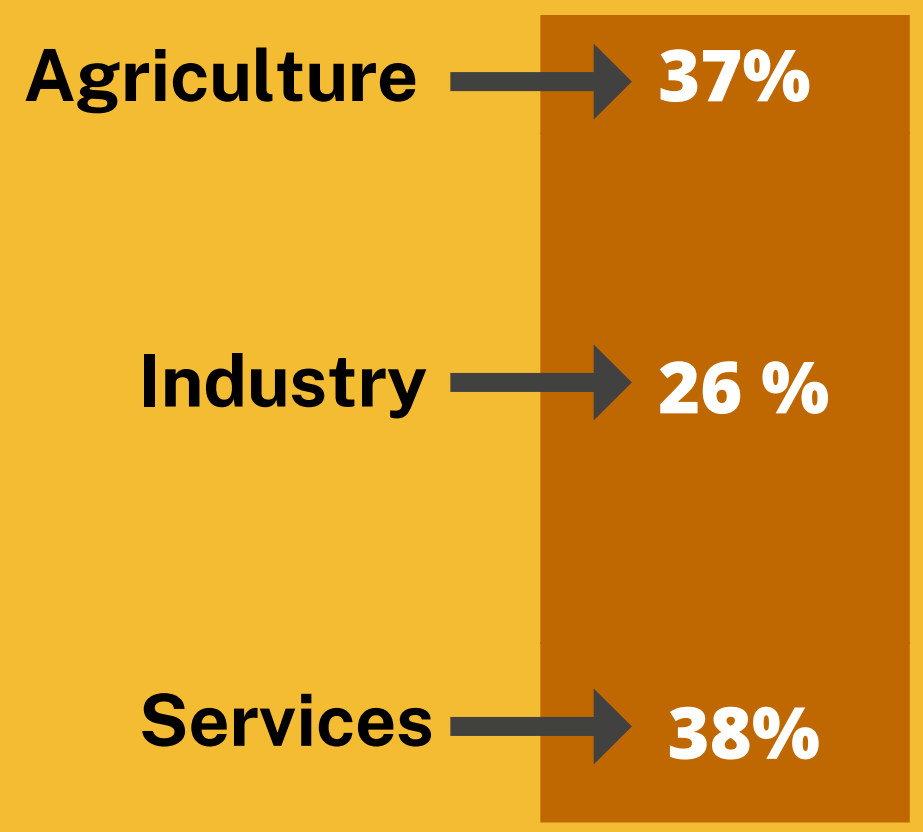
The total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

- GDP is the standard measure of **the value added created through the production of goods and services** in a country during a certain period.
- **Cambodia is classified as a lower-middle income country** - should be middle income country by 2030, as it is growing rapidly.

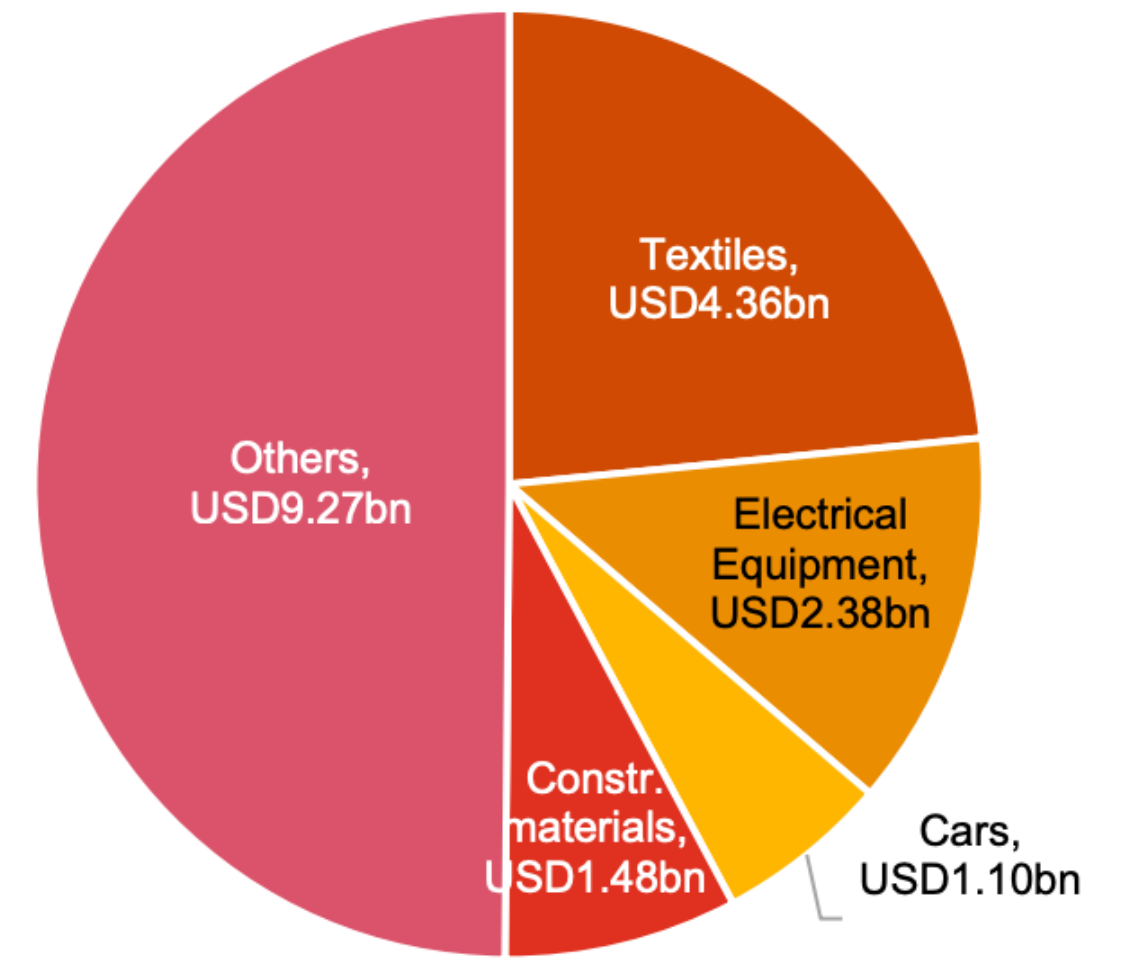
# Gross domestic product

*Economist Intelligence Unit* forecasts that Cambodia's real GDP growth will accelerate slightly to 5.3% in 2023, after an estimated 5.1% in 2022.

## SHARE OF CAMBODIA'S GDP



**Cambodia imports, 2020 (USD billion)<sup>8</sup>**





# Cambodian economy

## Most dynamic sector in Cambodia

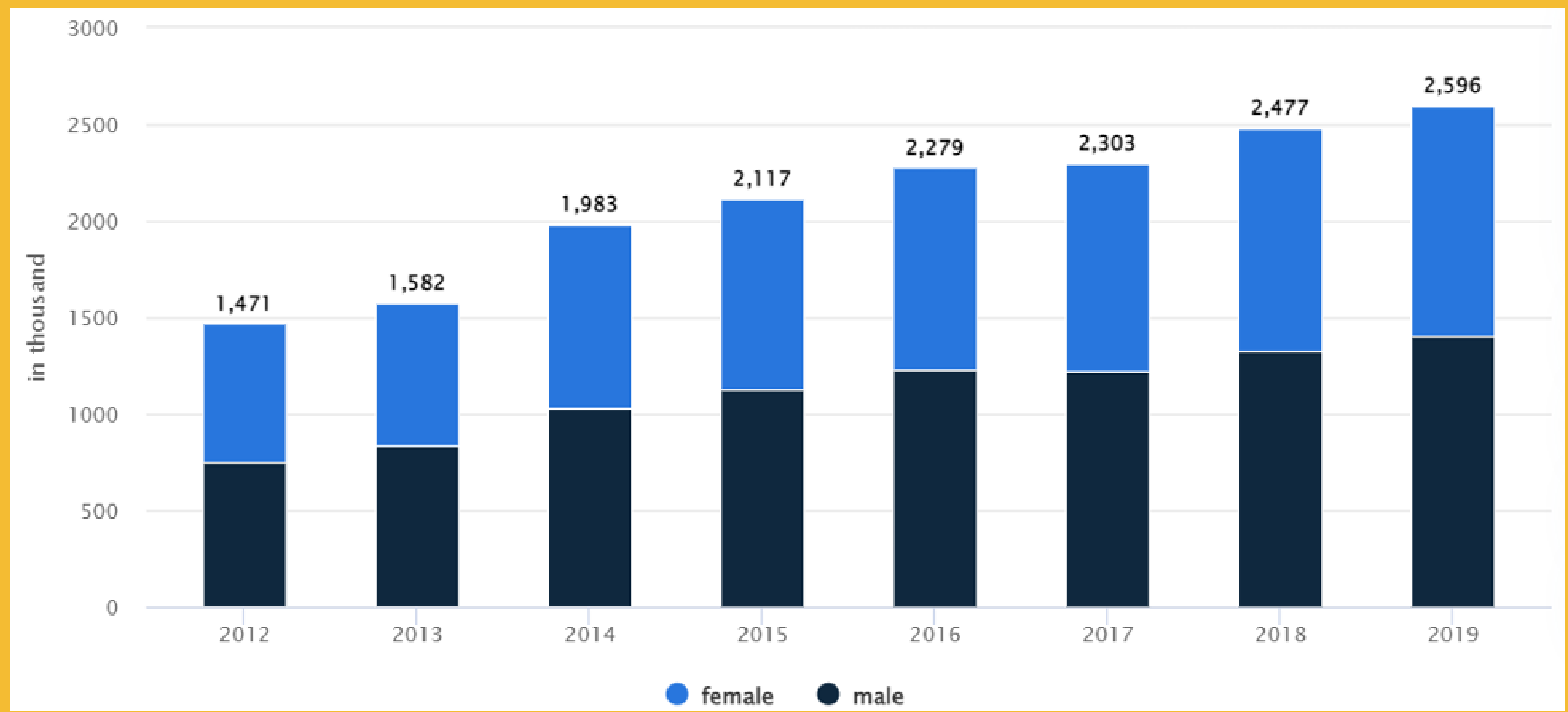
- Garment: the most dynamic industry, around 18% of Cambodia GDP
- Construction
- Tourism
- Agriculture

Jobs are increasing in industry and services and decreasing in the agricultural sector.



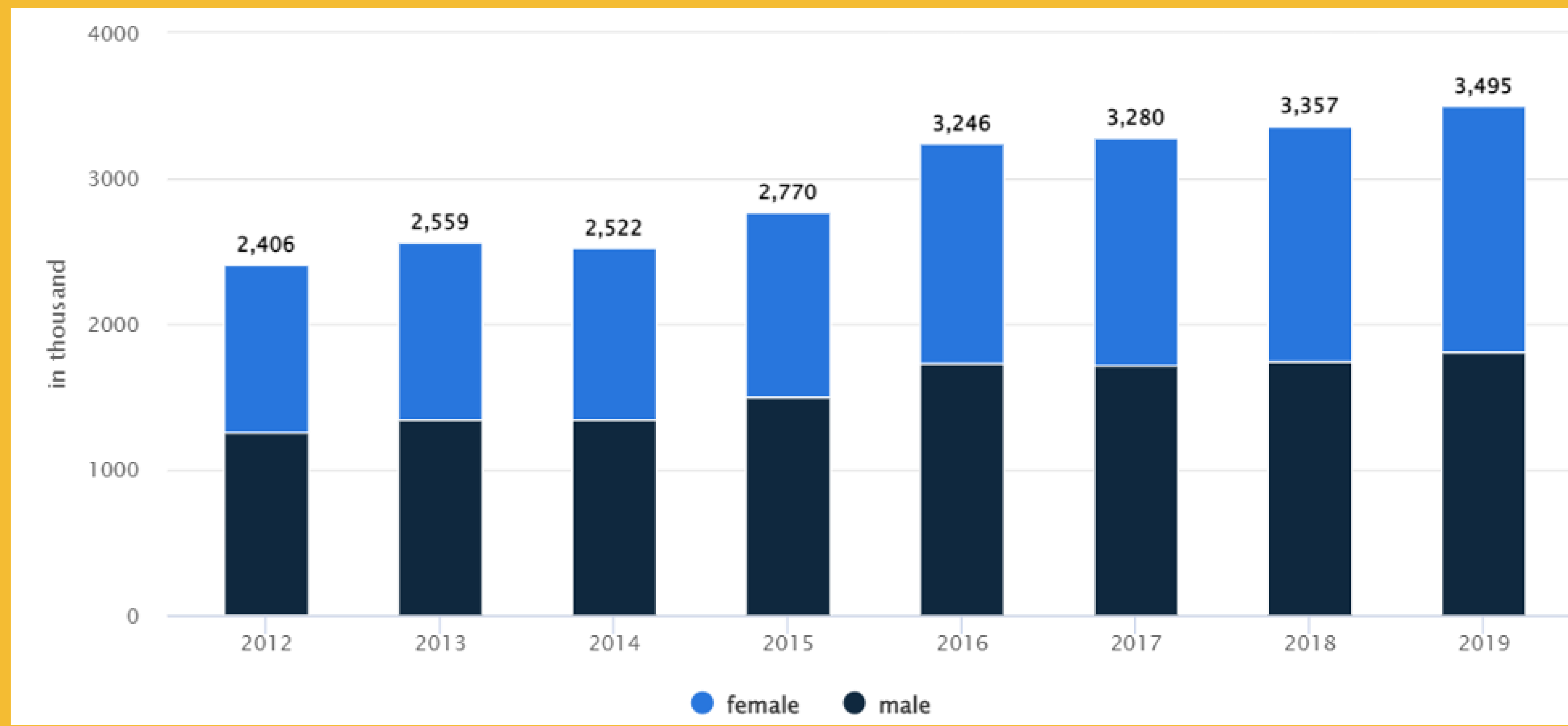
# Cambodian economy

- Employment in industry



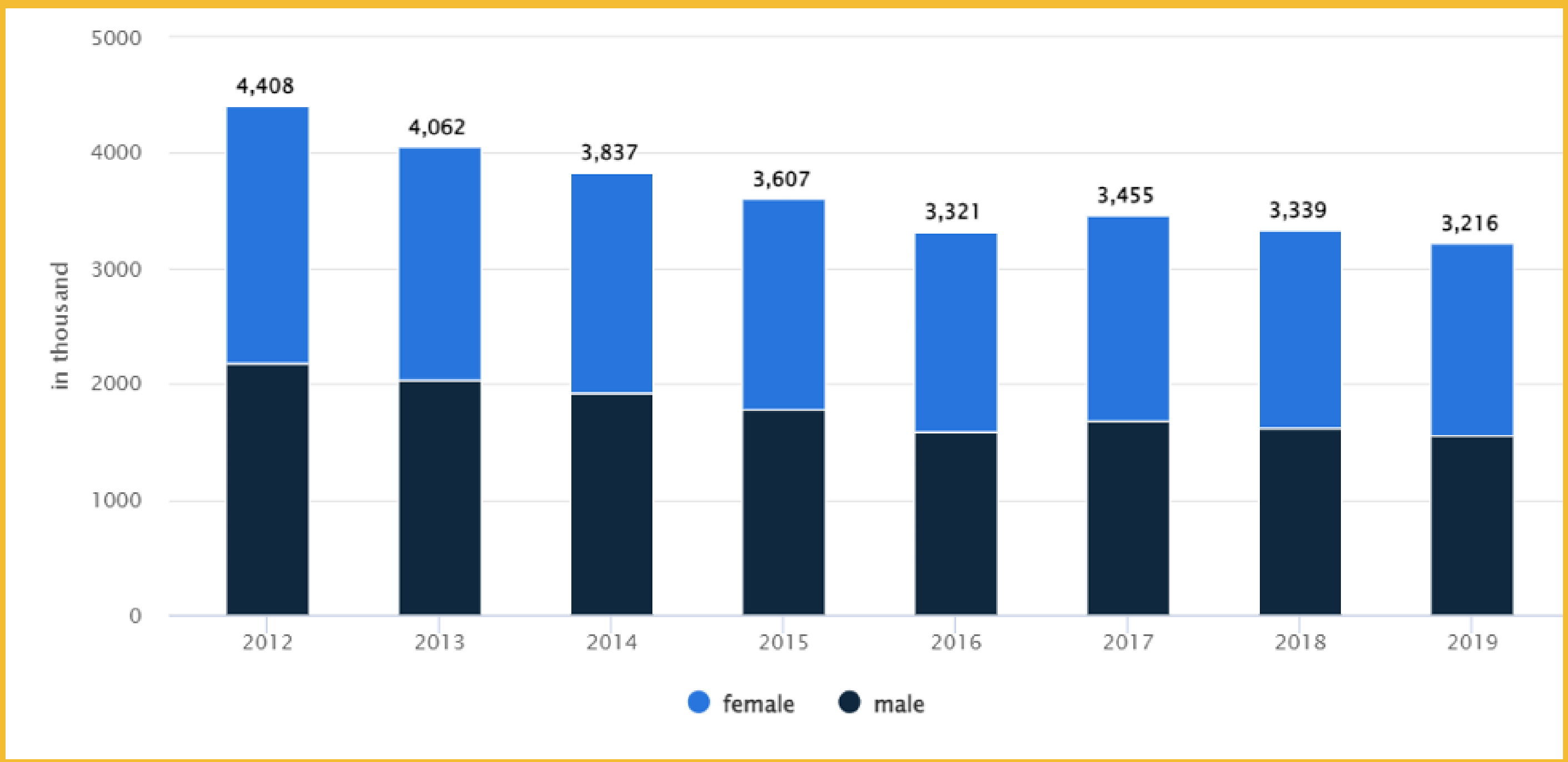
# Cambodian economy

- Employment in services



# Cambodian economy

- Employment in agriculture



# Cambodian economy

Thanks to garment exports and tourism, **Cambodia's economy grew at an average annual rate of 7.7% between 1998 and 2019**, making it one of the fastest-growing economies in the world.

Over the period 2009-2019/20, **poverty rates declined by 1.6 percentage points a year**, driven substantially by rising labor (especially wage) earnings.

**The national poverty line is now 10,951 riels per person per day** or the equivalent of \$2.70 (at October 2022 exchange rates).

Under the new poverty line, **about 18% of the population is identified as poor.**

Poverty rates vary considerably by area; it is the lowest in Phnom Penh (4.2%) and the **highest in rural areas (22.8%).**

# Cambodian economy

## STRENGTHS

- Vibrant textile industry
- Dynamic (in normal times) tourism sector with strong potential
- Financial support from bilateral and multilateral donors
- Integrated in a regional network (ASEAN)
- Young population (50% of the population under 22)

## WEAKNESSES

- High share of agriculture in employment and GDP makes the economy vulnerable to weather conditions
- Dependent on Chinese funding and concessional financing due to weak fiscal resources (high informality)
- Great reliance on garment and tourism sectors
- Underdeveloped electricity and transport networks
- Low-value added garment exports due to a lack of skilled workforce
- Significant governance shortcomings, high levels of corruption
- Poverty rate remains high, low levels of spending on health and education
- Limited capacity of the only international seaport of Sihanoukville



# Child labor

Child labor is often defined as **work that deprives children of their childhood, their potential and their dignity**, and that is harmful to physical and mental development.

It refers to work that:

- is **mentally, physically, socially or morally dangerous and harmful to children.**
- **interferes with their schooling** by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to combine school attendance with excessively long and heavy work.

# Child labor

Labor is an everyday reality for around 7.5% of children age 5 to 14 in Cambodia.

It is estimated that more than **300,000 children** are required to work to support the needs of their families.





## Child labor

Table 1. Statistics on Children's Work and Education

Children	Age	Percent
Working (% and population)	5 to 14	7.5 (243,371)
Working children by sector	5 to 14	
Agriculture		76.8
Industry		5.5
Services		17.8
Attending School (%)	5 to 14	87.6
Combining Work and School (%)	7 to 14	6.3
Primary Completion Rate (%)		92.0

Source for primary completion rate: Data from 2020, published by UNESCO Institute for Statistics, 2022. (5)

Source for all other data: International Labor Organization's analysis of statistics from Socio-Economic Survey (CSES), 2017. (6)

# Child labor

*In 2021, the government funded and participated in programs that aim to eliminate or prevent child labor. Among these programs, there are:*

## KEY POLICIES RELATED TO CHILD LABOR

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- **Strategic and Operational Plan for the Implementation of Juvenile Justice Law (2018–2020)**

Sought to build a sustainable juvenile justice system and to provide effective protection and support to incarcerated juveniles who were vulnerable to child labor.

- **Action Plan to Prevent and Respond to Violence Against Children (2017–2021)**

Aims to prevent and respond to violence against children, including the worst forms of child labor.

- **Action Plan for Gender Equality Promotion and Child Labor Elimination in the Fisheries Sector (2016–2020)**

Sought to prevent and withdraw children from child labor and hazardous work in the fisheries sector.

- **National Plans of Action on Combating the Worst Forms of Child Labor**

Aims to build the capacity of law enforcement officers, raise public awareness of child labor issues and enhance child labor monitoring systems at the community level.

- **Third 5-Year National Plan of Action on the Suppression of Human Trafficking, Smuggling, Labor, and Sexual Exploitation (2019–2023)**

Aims to prevent and eliminate all forms of human trafficking, including by integrating anti-human trafficking and child safety issues into the public school curriculum, and promoting the inclusion of vulnerable children in both formal and informal education.

# Child labor

## KEY SOCIAL PROGRAMS TO ADDRESS CHILD LABOR

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- **Cambodia Countering Trafficking in Persons (2015–2020)**

To strengthen the capacity of government and community stakeholders to prevent human trafficking, protect at-risk populations, and increase the number of successful prosecutions of perpetrators.

- **Better Factories Cambodia**

To monitor garment factories' compliance with national and international labor standards, including those related to child labor.

- **UN WFP Country Program (2020–2024)**

Multi-government and private sector-funded program implemented in collaboration with the Government of Cambodia that includes a school feeding program for children in need.

- **Family Care First (2015–2023) and Cambodia Child Protection Program**

Aims to support more than 7,000 Cambodian children to live in safe, nurturing, family-based care.

- **Cambodia Consortium for Out of School Children (2017–2023)**

Aims to improve access to equitable, high-quality education in 25 provinces in Cambodia for over 116,000 primary school children who are out of school.



## Infrastructure

To sustain its growth, Cambodia requires significant investment in infrastructure between 2016 and 2040, based on *The Global Infrastructure Hub's* estimates. **The poor quality of its current infrastructure is reflected in its 2019 global ranking, ranked at 106 out of 140 countries.**

Recognising this gap, the Royal Government of Cambodia **aims to attract private sector investment** through the Law on Investment of 2021 and the Law on Public-Private Partnership of 2021, together with free-trade agreements, bilateral and multilateral collaboration.

**Economies with adequate and efficient infrastructure services have higher productivity growth than those with lower and inefficient infrastructure services.**

# Why better infrastructures equal better economic performance

- **Good infrastructures reduce the cost of production and transportation of goods and services**

We can export more and faster with better roads and better logistic infrastructures (good warehouse, cold chain to keep safe food products etc.)

It is easier to bring products from the countryside to the city. Good infrastructure make connection between cities faster, and companies can grow in different cities.

It is faster to reach hospitals and access health services: people become less vulnerable, which leads to less poverty, which has a positive impact on the economy.

The tourism industry benefits from infrastructures: distance reduction will enable tourists to visit more sites in less time. For instance, more people can now visit Sihanoukville thanks to the recent construction of the highway.



# Why better infrastructures equal better economic performance

- **Increase the productivity of inputs factors (labor and capital)**

Better internet connectivity enable people in the country side to be more productive, to increase the quality of education in rural areas.

Traffic jam in the city reduces efficiency, workers mobility and productivity, make the city less attractive for foreign investors. With train and good roads, individuals mobility increases, helping to match supply and demand on the labor market – increase opportunities of employment.



# Why better infrastructures equal better economic performance



- **Create indirect positive externalities**

Better infrastructures can help reduce the cost of energy, improve road security –this makes the country more attractive for investors– for people to start a business in different cities.

Better roads and efficiency of transportation can lead to less traffic jam, less crowded cities, less pollution in urban areas.

Better roads also can ease the development of public transportation.



# Development plan

**The five-year National Strategic Development Plan** lays out the government's vision on key policy areas including economic development, education, health, agriculture and land planning. The aim is to **achieve political and socio-economic development in Cambodia.**



The NSDP includes preparation of a Masterplan for Multimodal Transport and Logistics **to accelerate integration, increase the investment budget and mobilise financing to rehabilitate, build and develop physical infrastructure,** including roads and expressways, bridges, railways, waterways and airways.



## Development plan

**Major projects mentioned in the master plan include:**

- Phase I of a new container terminal at the Sihanoukville Port, to be completed by 2025.
- Development of a Phnom Penh Logistics Centre.
- Improvements in waterway transport, including a link from the capital to the Kep Coastal Port via the Tonle Bassac River.





# Transport

The Transport and Logistics Master Plan 2022–2030, implemented by The Minister of Public Work and Transport, **is reported to encompass investments for about 330 identified infrastructure projects.**

These activities would include **the development of logistics centres, modernising high-speed rail, road construction, rehabilitation and upgrades, road network improvements,** and the facilitation of supporting infrastructure at international border checkpoints, among others.





# Highways

**Road transport is the largest sub-sector of transport in Cambodia, accounting for more than 90% of passengers and freight movement.**

Yet, the quality of roads in Cambodia underperforms regionally, based on World Economic Forum's (WEF) 2019 competitiveness ranking.

The NSDP outlined the government's priorities to **enhance transport connectivity by increasing its own investment budget and attracting investment from the private sector.**

# Highways

## Road sector performance targets in the NSDP 2019–2023

- A four-pronged approach was undertaken, with targets to **rehabilitate rural roads, ensure periodic maintenance of rural roads, and support elements** such as rural road maps and traffic signs by 2023.
- **The NSDP 2019–2023 is a continuation of the government’s commitment to expand and improve the road network** set out in the NSDP 2014–2018. At the end of 2018, three out of four of the targets in the NSDP were significantly under-achieved, apart from the preparation of inventory of roads, rural road maps and installation of traffic signs.





# Highways

## National and provincial road infrastructure improvement

- Improving quality by upgrading selected roads.
- Expanding the network, including construction of national and provincial roads linking to the new development zones.
- Constructing highways and major bridges with development partners.







NSDP 2019–2023 targets:

Cambodia's long-distance railways remain largely underdeveloped despite an estimated increase of 40% in traffic in 2022.

# Railways

- **Rehabilitate** railway lines and stations from Phnom Phnom Penh to Poipet.
- **Build new railways** or extend existing railways to connect the new Phnom Penh Autonomous Port, factories, SEZs and other new developments, such as from Veal Rinh station to Keo Phos Port.
- **Improve cross-border connectivity**, such as the Cambodian-Thai Railways to the Singapore-Kunming Railway network.

Currently, Cambodia has **two main railway lines**: the Northern Line from Phnom Penh to Poipet, and the Southern Line from Phnom Penh to Sihanoukville.

# Waterways

Cambodia has a vast coastline and waterways, connected by 78 river ports and 27 seaports. **The busiest international ports in Cambodia are the ports of Phnom Penh and Sihanoukville.**

**Cambodia's international trade volume is expected to grow exponentially** with higher value-added products on the back of a more diversified economy. **As a result, logistical needs will become more diversified** as the economy develops, fostering the **need for multimodal transport and logistic systems in the country.**





# Airways

As a major pillar in the local economy, tourism is very important to the aviation sector in Cambodia.

Cambodia is continuing its efforts to strengthen international cooperation and flight connections to develop the civil aviation sector in the sub-region, the region and globally.

Some of the efforts include coordinating with the International Civil Aviation Organisation to determine the standards and recommendations to carry out the Security and Safety Audit Program.





# Sustainable cities & communities

- Sustainable Communities are **environmentally sustainable** in terms of cleanliness and efficiency.
- Sustainable communities are **resilient to social, economic, and natural shocks**, and are well prepared for natural disasters.
- Sustainable Communities are **inclusive**. They bring all dimensions of society and all groups of people into their markets, their services, and their development.
- Sustainable Communities are **competitive communities** that can stay productive and generate jobs for members of the community.





# Sustainable cities & communities

**Building inclusive, resilient, competitive and sustainable cities and communities** is essential for achieving the Sustainable Development Goals by 2030, and **eliminating extreme poverty and boosting shared prosperity** at the local, regional, and national levels.



ECONOMY, INFRASTRUCTURE, DEVELOPMENT



## PHNOM PENH SUSTAINABLE CITY PLAN 2018-2030



Global  
Green Growth  
Institute

# PP sustainable city plan

The Phnom Penh Sustainable City Plan provides a roadmap for Cambodian policymakers, local administrators and their national and international development partners in order to pursue the implementation of urban green growth defined as tackling climate change, while simultaneously pursuing economic development, poverty alleviation and social inclusion

# PP sustainable city plan

Figure 2. Priority sectors for the sustainable city development in Phnom Penh



Phnom Penh Capital Administration intends to **map city development by addressing flood management, wastewater treatment, pollution control, climate change and environment protection.**

Royal Government of Cambodia wants to make Phnom Penh **green, with a clean environment, minimize environmental impact, and enhance competitive economic, business and cultural center of Cambodia** with sustainable and equitable development under the Phnom Penh's Mater Plan on Land Use 2035.



# PP sustainable city plan

*Phnom Penh is the first city in Cambodia to apply this Green City Strategic Planning Methodology.*

The Phnom Penh Sustainable City Plan is accompanied by a **Green City Strategic Planning Methodology**, which is a step-by-step guide for municipalities, district and commune officials and the relevant stakeholders of each municipality across Cambodia seeking to **embark on the process of transforming their cities towards green growth.**



# How to make a city sustainable?

Guest speaker:

**architect?**

**engineer?**