



Federal Ministry  
for Economic Cooperation  
and Development

# Cambodia

A Country in the Process of  
Reconstruction



# Cambodia – Heritage of an Ancient Civilization

Cambodia is a country with a varied history. The Kingdom on the Gulf of Thailand was at its height during the reign of the Khmer kings between the 9th and 15th centuries. Temples such as Angkor Wat and an irrigation system that is partly still in use bear witness to this ancient civilization.

However, Cambodia's more recent history brought a great deal of suffering and destruction. After French colonial rule (1863-1953), valuable knowledge from the ancient Khmer civilization was lost during the civil war and during the violent rule of the Khmer Rouge (1975-1979). The armed conflicts that lasted from the mid-1960s to the 1990s resulted in vast parts of Cambodia being destroyed, and they almost completely prevented the establishment of a reliable government and economic system. To this day, the establishment of such a system is proceeding but slowly.



Silk weaving is a Cambodian tradition. This young woman was able to use a loan to buy a loom and thus make her own living.

After its first democratic elections in 1993 and the introduction of a constitutional monarchy, Cambodia was thus faced with tremendous challenges. Government institutions had been smashed, the country's infrastructure had been destroyed, and its people were impoverished and uneducated as a result of decades of conflict. The generation of those who are between 30 and 40 today had been almost completely wiped out. Basic health care, too, had to be provided again – and on top of that, Cambodia has been plagued by the highest incidence of HIV/AIDS in all of Asia in the past few years.

Today, Cambodia is one of the least developed countries in the world, with a per capita income of 441 US dollars (2005). More than one third of all Cambodians live below the national poverty line, the vast majority of them in rural areas. Cambodia has a very young population: almost half of its 13.8 million inhabitants are below the age of 14. As many as 45 percent of Cambodia's children continue to suffer from chronic malnutrition.

### **Germany's development partnership with Cambodia**

Cambodia is a partner country for German development cooperation. The priority areas of cooperation agreed between the two governments are

- > rural development and
- > support for the health system.

A cross-cutting task for cooperation is constituted by the field of

- > fostering democracy, civil society, public administration, and good governance.

The goals of this cross-cutting area have been mainstreamed throughout all the projects that receive support. They are

also the subject of specific programs. All activities serve the overarching goal of Cambodian-German development cooperation: poverty reduction.



Cambodia is heavily dependent on agriculture. Paddy fields account for 80 percent of its cultivated area.

## **Rural development**

As 80 percent of Cambodia's people live in rural areas and rural poverty is high, Cambodian-German development cooperation provides support in rural areas to initiatives for the creation of jobs and income opportunities.

The priority area of rural development comprises activities to enhance yields and diversify crops in the agricultural sector, as well as support for small businesses, assistance with a view to the reform of land use rights, and rural infrastructure development.

In order to enhance productivity both in the agricultural sector and in private business, private enterprises need to invest in implements and equipment. A nationwide micro-credit system that was introduced by Cambodian-German development cooperation provides affordable credit for small enterprises from all industries.

In addition, a self-help program has been under way since 1995 to develop the network of rural roads. Reliable roads facilitate the transport of people and goods in remote areas. In many cases, they are the only way of providing access to markets, schools, and health facilities. Road construction has helped, for example, increase enrollment ratios and many people's incomes in less developed regions.

Moreover, Cambodian-German development cooperation is involved in the effort to restructure land legislation. The right to private land ownership was established in Cambodia in 1979. However, claims to land which the people in question have used for decades have still not been registered and recognized to this day. As agriculture provides a livelihood for the majority of the people, their continued insecure land tenure is a matter of vital importance. In order to be able to secure growth and reduce poverty, the government must ensure transparency, accountability and sustainable use as it grants land titles and concessions.

### **Support for the health system**

Cambodia's health system, too, suffered under the Khmer Rouge regime. Medical care collapsed, almost all hospitals were destroyed, dramatically worsening Cambodians' health status, reflected in their low life expectancy, which is about 58.8 years. With the assistance of international development partners, the Cambodian government has developed a strategy for reforming and developing the health sector.

The purpose of the activities is to provide basic health care, especially for the poor. Reducing population growth, stopping the spread of infectious diseases such as malaria and tuberculosis, and lowering the HIV infection rate are important concerns. One overarching task is to improve the health status of women and children.

Cambodian-German development cooperation concentrates on training health sector staff and introducing quality standards for the training of medical personnel. It also supports programs concerned with family planning and maternal and child health.

### **Fostering democracy, civil society, public administration, and good governance**

An efficient administrative system and good governance form the basis for reforms in the areas of rural development and health. With a view to this cross-cutting task, all the projects that receive support must help to strengthen the legal and institutional environment. However, there are also specific programs concerned with this cross-cutting area:

- > In the area of strengthening women's rights, German advice was provided, among other things, to help draft and implement the law against domestic violence, which is still widespread.
- > With a view to decentralization, support is provided to the government's efforts to transfer decision-making and administrative powers to the regional and local levels.
- > The effort to set up an independent court of audit focuses on the transparent and proper use of public funding.
- > With a view to poverty reduction, Cambodian-German development cooperation supports the country in introducing a nationwide system to identify needy households. The system will help the government and its development partners to address the situation of the poor in a targeted manner as they design projects.

## **Jointly pursuing a path of reconstruction**

The challenges for the future are to reestablish governmental and societal structures, reduce poverty, and address the past. The tribunal on the crimes of the Khmer Rouge, which is supported by the German government, constitutes yet another step towards overcoming the horrors of the war and pursuing a path of reconstruction. Together with international development partners, the Cambodian government seeks to make use of the country's potential.

What is needed, above all, are reforms that fight corruption, strengthen administrative institutions and increase awareness of democracy. Such a political and social environment is vital to economic growth and poverty reduction. In this way, Cambodia can succeed in leaving its past behind and heading for a better future.



A joint effort: rural road construction

## **German development cooperation**

The Federal Ministry for Economic Cooperation and Development (BMZ) is the German agency responsible for planning and programming development cooperation. However, it does not implement any programs or projects itself. Rather, the Ministry coordinates the work of the implementing organizations.

In the area of Technical Cooperation, the following agencies are implementing organizations: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), German Development Service (DED), Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International, Germany – InWEnt), and the Centrum für internationale Migration und Entwicklung (International Center for Migration and Development – CIM). Financial Cooperation is implemented by KfW Entwicklungsbank (KfW development bank).

For the years 2005-2006, the German government has committed a total of 27.5 million euros for Cambodia through the BMZ for Technical and Financial Cooperation. Support from Germany's budget is also provided to the work of church-based agencies, Germany's political foundations, and other nongovernmental organizations.

## **German development cooperation: the players**

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