Issues and Dynamics: Urban Systems in Developing East Asia

Cambodia

Level and Rates of Urbanization

The rate of urbanization in Cambodia is extremely rapid, 8.4% annually according to the ADB, arguably the highest in the world. This high rate of growth is primarily the result of pent-up large-scale migration from rural areas after the Paris Peace Agreement of 1991, following three decades of civil unrest and war. According to the 1998 census, the urban population is about 1.8 million of which 55% live in the capital, and dominant city, Phnom Penh. Despite the high rate of urbanization, the current level of urbanization is very low, about 17% (see Appendix 1).

Cambodia’s level of urbanization is expected to increase to 24% of its population in 2015, when the urban population is forecast to total four million people. Of the six countries analyzed, based on UN data, only Cambodia is expected to have a growing rural population in 2030 (see Table 3). (Significantly, all five of the other countries analyzed will have absolutely declining rural populations by 2020.) Although Phnom Penh dominates the urban system, intermediate sized cities, such as Sihanoukville (port; manufacturing and tourism potential), Battambang (agri-business), and Siem Reap (tourism at Angkor Wat) are economically viable and have potential to become stronger. Nevertheless, it is expected that over the next 15 years Phnom Penh will increase its share of the urban population, growing at a rate of approximately 5% annually, compared with a rate of 3-4.5% in the secondary urban centers.

Urban Poverty Dynamics

Data on urban poverty in Cambodia is limited. In part this is due to the fact that only 10% of Cambodia’s population is in wage employment, and of that wage (formal) employment, 75% is in government service. The poorest 20% of urban households earn 7.2% of total urban household income. Women outnumber men significantly in Cambodia (the consequences of war and civil unrest), reflected in the fact that 29% of households in Phnom Penh, and 23% in the other urban areas are headed by women.

Social indicators give cause for concern. Although separate urban data is not available, the literacy rate is only 30-35% and adult Cambodians males and females attended school for only 2.3 and 1.7 years respectively.

Squatters in Phnom Penh number 120,000 to 150,000, or about one-quarter of the city’s population. Similar to other developing East Asian urban areas, the squatters work as food sellers, small traders, construction workers, cyclo drivers, etc.

Physical Dynamics, Infrastructure, and Service Delivery

The biggest physical issue facing urban Cambodia, particularly pressing in Phnom Penh, is the lack of basic urban infrastructure and services, such as water supply and drainage, particularly in squatter areas. Much of the urban infrastructure is 70-80 years old and in dire need of upgrading, for example, water supply systems, experiencing 60% leakage rates, cannot withstand normal pressure from elevated storage reservoirs. Formal public transportation systems do not exist in urban areas.

A unique Cambodian problem is that all land possession records were destroyed during the reign of the Khmer Rouge in the 1970s. Although a new law governing land rights was enacted in 1992, the legal / tenure status of much urban land is dubious,
making efficient development of urban land difficult, as well as implementation of land-based revenue systems.

**Competitiveness and Urban Economic Change**

The economic base of Cambodia’s urban areas is fragile, but shows considerable potential. The biggest export industry (80% of goods exports), and employer of 180,000 people (mainly women and teenage girls) is the garment industry. This industry is the subject of controversy because of child labor violations; its fragility is accentuated by the fact that WTO textile quotas will end in 2005. Nevertheless, the industry appears to be on an upswing, e.g., Nike is returning now that the ILO has agreed to play a prominent role in monitoring for child labor violations. Tourism potential is substantial, especially when viewed from a Greater Mekong Subregion perspective, some assembly-based export industry may be possible in the Sihanoukville region given the existence of a deep water port there, and activities generating increased value-added in agri-business have potential to propel intermediate-sized urban areas.

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5. Much of the information in this section was derived from Asian Development Bank (1999).
6. Monthly income data for the urban poor is available, see Asian Development Bank (1999), but appears unreliable.