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Application for the Technical Cooperation
by the Royal Government of Cambodia

The Study
on
Integrated Regional Development
for
Phnom Penh - Sihanoukville
Growth Corridor Zone

March 2000

Ministry of Commerce

KINGDOM OF CAMBODIA

Technical Cooperation by the Government of Japan

Application

1. Study Digest

(1) Study Title :

The Study on Integrated Regional Development for Phnom Penh - Sihanoukville Growth Corridor Zone

(2) Location (Please attach a location map) :

a) Phnom Penh

b) Sihanoukville

c) Growth Corridor Zone along National Route 4 between Phnom Penh and Sihanoukville

Location map is as per attached ANNEX 1.

(3) Responsible Ministries :

a) Name of Ministry : The Ministry of Commerce (MOC)

b) Number of Staff at the Ministry : 2235 as of March 31, 2000

c) Budget Allocated at the Ministry : USD 574 thousand for the financial year 1999

d) Organization Chart : as per attached ANNEX 2.

(4) Justification of the Study

a) Present Situation of the Sector

Cambodia launched the investment law in 1994 so as to positively promote the foreign direct investment flow from overseas countries. It is estimated that the total number of the foreign direct investment projects and the total invested amount during the period from 1994 to 1998 are 732 projects and USD 5.39 billion, respectively. However, the majority of the foreign direct investment for Cambodia presently flows into the service sector such as the tourism sector, and there has not been largely invested on the manufacturing sector except for the garment sector which receives approximately 6.3 percent in all the accumulated amount of the foreign direct investment during the period

from 1994 to 1998. The scale of the foreign direct investment itself is on a downward trend recently. According to the latest statistics by the Cambodian Investment Board (CIB), CIB approved only 67 projects worth USD 240 million from January 1999 through September 1999, compared with 120 projects worth USD 796 million during the same period of 1998.

Due to the relatively small size of the domestic market, the lower-level of the capital formation, and the absence of the comparative advantage except for lower wage rate and abundant agricultural resources, Cambodia's only available strategy for the economic development is to focus its limited development resources on a couple of higher-growth potential zones in order to develop labor-intensive export-oriented industries such as garment and assembly industries based on foreign direct investments, thereby improving the international competitiveness in these industries and more positively inducing the foreign direct investment.

Meanwhile, Cambodia is strategically located in the center of ASEAN countries, which is the most dynamic region in the world, and Sihanoukville is the most critical gateway zone to access to the large market of ASEAN and other international markets. (Please see ANNEX 3.) On the other hand, since Cambodia has only limited resources which can be mobilized for its economic development, the development resource should be selectively allocated to the higher-growth potential regions such as this gateway zone. Under these situations, in order to significantly increase the amount of foreign direct investments, the multi-sectoral development approach is needed to generate the synergy effect of the development in the selected higher-growth potential zones. The multi-sectoral development approach should be materialized as the integrated regional development master plan which includes infrastructure development (power, transportation, telecommunication, water resources, etc.), industrial development, agricultural development, tourism development, and other regional development project components. At the same time, in order to develop the selected higher-growth potential regions, the improvement in the wide range of the soft infrastructure will be also required. The absence of this sort of the multi-sectoral integrated regional development master plan is a major bottleneck to hinder the development of Cambodia.

b) Sectoral Development Policy of the National Government

In the first Socio-economic Development Plan 1996-2000 prepared by the Ministry of Planning, the industrial development strategy (Chapter 11, Page 151) includes: 1) export

promotion, 2) promotion of labor-intensive industries, 3) promotion of natural resources-based industries, 4) promotion of import substitution manufacturing, 5) strategic adoption of small-scale manufacturing industries, 6) promotion of regional industries, 7) promotion of informal sector employment in urban areas, 8) promotion of tourism-related industries, and 9) development of oil-related industries.

At the same time, the first Socio-economic Development Plan 1996-2000 regards Phnom Penh and Sihanoukville as "Growth Centers" (Chapter 11, Page 148) both of which have one of the highest-growth potentialities in Cambodia. The Study, which will formulate the integrated regional development master plan for "the Phnom Penh - Sihanoukville Growth Corridor Zone" together with the promotion of labor-intensive export-oriented industries, is completely in line with the sectoral development policy as well as the priority areas for development under the national socio-economic development plan of Cambodia.

c) Problems to be solved in the sector

The major reasons for the above-mentioned lower-level of the foreign direct investment on the manufacturing sector in Cambodia are that:

- 1) there is no overall master plan for the regional development to integrate and mobilize limited development resources, especially there is no concrete master plan for the industrial development in higher-growth potential zones such as Phnom Penh and Sihanoukville, although there are some basic concepts for export processing zone and industrial zone;
- 2) there are no accumulated transfer of the know-how and experiences to attract foreign investors; and
- 3) there are serious lack of capital formation to develop required infrastructure which is the most critical bottleneck against the industrial development.

Under these circumstances, it would be absolutely necessary for Cambodia who has limited resources of economic development to have a framework to focus its limited resources on a couple of high growth potential zones such as Phnom Penh, Sihanoukville and areas along Route 4 between these two cities, where the conditions of infrastructure and investment incentives are relatively well prepared for foreign investors.

Especially, the formulation of a multi-sectoral integrated regional development master plan in the "Growth Corridor Zone" as well as the feasibility study to develop the

planned export processing zone in Sihanoukville as a model and priority project is urgently required to mobilize Cambodia's limited development resources, where 1) JICA's feasibility study for the rehabilitation project of its international port had already been completed and JBIC's yen credit for the said project is being provided, 2) the Ministry of Commerce as well as the Ministry of Industries, Mines and Energy drafted a couple of rough development plans for export processing zone and industrial zone (Regarding the draft law for export processing zone in Sihanoukville, please see ANNEX 4), and 3) there is a concentration of infrastructure development projects by donor agencies.

In conclusion, regarding the so-called "Growth Corridor Zone" which is the area connected by the route national 4 between Phnom Penh and Sihanoukville, in order to mobilize Cambodia's extremely limited resources, a more concrete master plan for the integrated regional development together with the feasibility study for the planned export processing zone in Sihanoukville should be urgently formulated and conducted, since Cambodia has limited human resources and funding for this sort of the study.

d) Objectives of the Study

The overall objectives of the Study are:

- 1) To formulate a multi-sectoral integrated regional development master plan for the Phnom Penh - Sihanoukville Growth Corridor Zone, which has a higher-growth potential in Cambodia;
- 2) To formulate a master plan for the industrial-wise industrial development and foreign direct investment promotion for the Phnom Penh - Sihanoukville Growth Corridor Zone; and
- 3) To conduct a feasibility study on the development of the planned export processing zone as well as the industrial development and foreign direct investment promotion for the planned export processing zone in Sihanoukville as a model and priority project in the above master plan.

e) Goal of the Project

The goals of the Project are;

- 1) To comprehensively develop the higher-growth potential zone in the Phnom Penh - Sihanoukville Growth Corridor as a gateway for the export-oriented economic development through the formulation of a multi-sectoral integrated regional development master plan;

- 2) To promote the industrialization of Cambodia based on the above master plan for the higher-growth potential zone in the Phnom Penh- Sihanoukville Growth Corridor; and
- 3) To significantly increase the number of foreign investors and employment opportunities based on the concrete plan for the export processing zone in Sihanoukville

f) Prospective Beneficiaries

The direct beneficiaries of the Study is local companies, foreign-invested companies and their employees in Phnom Penh, Sihanoukville and the areas between two cities. The indirect beneficiaries of the Study is all the population in Cambodia who are indirectly benefited from the Study.

(5) Estimated Starting Date, Duration

The study should be preferably started at the beginning of September 2000 with the duration of 24 months.

(6) Expected Funding Source after the Study Results

The official development assistance (ODA) from donor countries as well as the foreign direct investment shall be expected for funding sources of the Project.

(7) Other Related Projects, if any

Nothing in particular.

2. Terms of Reference (TOR)

(1) Necessity and Justification of the Study

Cambodia launched the investment law in 1994 so as to positively promote the foreign direct investment flow from overseas countries. It is estimated that the total number of the foreign direct investment projects and the total invested amount during the period from 1994 to 1998 are 732 projects and USD 5.39 billion, respectively. However, the majority of the foreign direct investment for Cambodia presently flows into the service sector such as the tourism sector, and there has not been largely invested on the manufacturing sector except for the garment sector which receives approximately 6.3 percent in all the accumulated amount of the foreign direct investment during the period from 1994 to 1998. The scale of the foreign direct investment itself is on a downward trend recently. According to the latest statistics by the Cambodian Investment Board

(CIB), CIB approved only 67 projects worth USD 240 million from January 1999 through September 1999, compared with 120 projects worth USD 796 million during the same period of 1998.

Meanwhile, Cambodia had just become a regular member of ASEAN in April 1999, and is seeking for the export-oriented industrialization within the framework of AFTA (ASEAN Free Trade Area) as well as seeking for the formal entry into WTO (World Trade Organization), thereby promoting the export-oriented economic development strategy. AFTA is a concept of the regional free trade agreement in ASEAN, where all the ASEAN member countries are required to gradually reduce their import tariffs of industrial and agro-processing products so as to integrate ASEAN countries into one free trade zone. Cambodia, as a new member of ASEAN, is required to reduce the import tariffs of the related commodities to the level of lower than 5% in the normal truck line of the general inclusion list under the CEPT (Common Effective Preferential Tariff) scheme until 2008.

The most favorable impact of the CEPT scheme on Cambodia's economy is that it will provide Cambodia with a wide range of opportunities to access to the large-scale market of ASEAN. Since the domestic market size of Cambodia is small due to the relatively weaker purchasing power of the mass of rural population, the CEPT scheme, which allows Cambodia to export to other ASEAN countries with more than 500 million population under the concessional level of tariffs, gives a good advantage for Cambodia.

In this way, due to the relatively small size of the domestic market, the lower-level of the capital formation and the absence of the comparative advantage except for lower wage rate and abundant agricultural resources, Cambodia's only available strategy for the economic development is to focus its limited development resources on a couple of higher-growth potential zones in order to develop labor-intensive export-oriented industries such as garment and assembly industries based on foreign direct investments, thereby improving the international competitiveness in these industries and more positively inducing the foreign direct investment.

Meanwhile, Cambodia is strategically located in the center of ASEAN countries, which is the most dynamic region in the world, and Sihanoukville is the most critical gateway

zone to access to the large market of ASEAN and other international markets. (Please see ANNEX 3.) On the other hand, since Cambodia has only limited resources which can be mobilized for its economic development, the development resources should be selectively allocated to the higher-growth potential regions such as this gateway zone. Under these situations, in order to significantly increase the amount of foreign direct investments, the multi-sectoral development approach is needed to generate the synergy effect of the development in the selected higher-growth potential zones. The multi-sectoral development approach should be materialized as the regional development master plan which includes infrastructure development (power, transportation; telecommunication, water resources, etc.), industrial development, agricultural development, tourism development, and other regional development project components. At the same time, in order to develop the selected higher-growth potential regions, the improvement in the wide range of the soft infrastructure will be also required. The absence of this sort of the multi-sectoral integrated regional development master plan is a major bottleneck to hinder the development of Cambodia.

Actually, the major reasons for the above-mentioned lower-level of the foreign direct investment on the manufacturing sector in Cambodia are that:

- 1) there is no overall master plan for the regional development to integrate and mobilize limited development resources, especially there is no concrete master plan for the industrial development in higher-growth potential zones such as Phnom Penh and Sihanoukville, although there are some basic concepts for export processing zone and industrial zone;
- 2) there are no accumulated transfer of the know-how and experiences to attract foreign investors; and
- 3) there are serious lack of capital formation to develop required infrastructure which is the most critical bottleneck against the industrial development.

Under these circumstances, it would be absolutely necessary for Cambodia who has limited resources of economic development to have a framework to focus its limited resources on a couple of higher-growth potential zones such as Phnom Penh, Sihanoukville and areas along Route 4 between these two cities, where the conditions of infrastructure and investment incentives are relatively well prepared for foreign investors.

Especially, the formulation of a multi-sectoral integrated regional development master plan in the "Growth Corridor Zone" as well as the feasibility study to develop the planned export processing zone in Sihanoukville as a model and priority project is urgently required to mobilize Cambodia's limited development resources, where 1) JICA's feasibility study for the rehabilitation project of its international port had already been completed and JBIC's yen credit for the said project is being provided, 2) the Ministry of Commerce as well as the Ministry of Industries, Mines and Energy drafted a couple of rough development plans for export processing zone and industrial zone (Regarding the draft law for export processing zone in Sihanoukville, please see ANNEX 4.), and 3) there is a concentration of infrastructure development projects by donor agencies.

In conclusion, regarding the so-called "Growth Corridor Zone", which is the area connected by the route national 4 between Phnom Penh and Sihanoukville, in order to mobilize Cambodia's extremely limited resources, a more concrete master plan for the integrated regional development together with the feasibility study for the planned export processing zone in Sihanoukville should be urgently formulated and conducted, since Cambodia has limited human resources and funding for this sort of the study.

(2) Necessity and Justification of Japanese Technical Cooperation

Japan has a wide range of experiences in the field of formulating integrated regional development plans as well as industrial development plans, and has been successful in the export-oriented industrialization in its post-war economic development. Cambodia is lacking in both human resources and financial resources to undergo this sort of a comprehensive regional development study.

(3) Objectives of the Study

The overall objectives of the Study are:

- 1) To formulate the master plan for the integrated regional development plan as well as the industrial development for the purpose of promoting foreign direct investments in the Phnom Penh - Sihanoukville Growth Corridor Zone, which has a higher-growth potentiality; and
- 2) To conduct a feasibility study for the industrial development and foreign direct investment promotion for the planned export processing zone in Sihanoukville as a model and priority project in the above master plan.

The major objectives of the formulation of the master plan are:

- to survey the present socio-economic situation of the Growth Corridor Zone;
- to survey the present situation of the hard infrastructure of the Growth Corridor Zone;
- to survey the present situation of the soft infrastructure of Cambodia and the Growth Corridor Zone;
- to survey the present industrial structure of Cambodia and the Growth Corridor Zone;
- to assess the constraints against the regional development of the Growth Corridor Zone;
- to assess the constraints against the industrial development of the Growth Corridor Zone;
- to explore the potentials for the regional development of the Growth Corridor Zone;
- to explore the potentials for the industrial development of the Growth Corridor Zone;
- to compare and analyze the international competitive power of Cambodia's industrial products in ASEAN Free Trade Zone (AFTA) and other international export markets;
- to forecast the international market size for Cambodia's competitive industrial products;
- to formulate the multi-sectoral integrated regional development master plan until 2020 for the Growth Corridor Zone;
- to formulate the industrial-wise industrial development plan under the master plan until 2020 for the Growth Corridor Zone;
- to forecast the demand for major infrastructure facilities required for the multi-sectoral integrated regional master plan;
- to estimate the cost required for the multi-sectoral integrated regional development master plan;
- to suggest the improvement measures for the soft infrastructure to support the multi-sectoral integrated regional master plan;
- to suggest the effective promotion measures for foreign direct investment in the growth corridor zone;
- to identify the export processing zone project in Sihanoukville as a model and priority project of the multi-sectoral integrated regional development master plan;

- to technically, financially, economically, socially and environmentally evaluate the multi-sectoral integrated regional development master plan; and
- to transfer, through lectures and seminars, the relevant knowledge and experiences to counterparts.

The major objectives of the conduct of the feasibility study are:

- to survey the present socio-economic situation of the planned export processing zone in Sihanoukville;
- to assess the constraints against the industrial development of the planned export processing zone in Sihanoukville;
- to explore the potentials for the industrial development of the planned export processing zone;
- to compare and analyze the international competitive power of expected industrial products from the planned export processing zone in ASEAN Free Trade Zone (AFTA) and other international export markets;
- to forecast the international market size for Cambodia's competitive industrial products exported from the planned export processing zone;
- to formulate the industrial-wise industrial development plan in the planned export processing zone;
- to forecast the demand for major infrastructure facilities required for the planned export processing zone;
- to suggest the improvement measures for the soft infrastructure to support the planned export processing zone;
- to suggest the effective promotion measures for the foreign direct investment in the planned export processing zone;
- to technically, financially, economically, socially and environmentally evaluate the industrial development plan for the planned export processing zone; and
- to transfer, through lectures and seminars, the relevant knowledge and experiences in the field of operation and management of the planned export processing zone to counterparts.

(4) Area to be covered by the Study

The area to be covered by the Study shall be Phnom Penh, Sihanoukville and Growth Corridor Zone along Route 4 between Phnom Penh and Sihanoukville, which is approximately 1,000 square kilometers.

(5) Scope of the Study

The study shall be divided into two phases of Phase I and Phase II, and the scopes of the Study in Phase I and Phase II are as follows.

1) To survey the present socio-economic situation of the Growth Corridor Zone

- a) natural conditions
- b) land use
- c) demographic condition
- d) social structure
- e) economic activities and output
- f) other socio-economic situations

2) To survey the present situation of the hard infrastructure of the Growth Corridor Zone

- a) electric power supply
- b) water supply
- c) sewerage system
- d) road network
- e) railroad network
- f) airport
- g) telecommunication network
- h) other infrastructure facilities

3) To survey the present situation of the soft infrastructure of Cambodia and the Growth Corridor Zone

- a) legal framework for commercial activities
- b) land leasing system
- c) intellectual property right
- d) industrial standardization
- e) conformity assessment
- f) quality control
- g) financial services
- h) research and development
- i) inspection and customs management
- j) other soft infrastructure

- 4) To survey the present industrial structure of Cambodia and the Growth Corridor Zone
 - a) review on Cambodia's strategy for the industrial development
 - b) review on Cambodia's economy
 - c) review on the present industrial structure
 - d) review on trade statistics of industrial products and the international competitive power
 - e) review on employment by the industrial sector
 - f) review on foreign direct investment and technical transfer by foreign companies

- 5) To analyze and assess development constraints and potentials of the Growth Corridor Zone
 - a) constraints against the regional and industrial development
 - b) potentials for the regional and industrial development
 - c) study on comparative advantage of Cambodia's industries in the ASEAN market and other international export markets
 - d) possibilities of the promotion of foreign direct investments
 - e) demand forecast of potential industrial products in the ASEAN market and other international export markets

- 6) To formulate the multi-sectoral integrated regional development master plan until 2020 for the Growth Corridor Zone
 - a) regional development scenario for the Growth Corridor Zone
 - b) basic conditions for the master plan
 - c) formulation of the multi-sectoral integrated regional development master plan
 - i) hard infrastructure development (power, electricity, telecommunication, road, railroad, water, etc.)
 - ii) soft infrastructure development
 - iii) industrial development
 - iv) agricultural development
 - v) tourism development
 - vi) environmental protection
 - vii) other regional development project components

- 7) To formulate the industrial-wise industrial development plan under the master plan until 2020 for the Growth Corridor Zone
 - a) industrial development scenario for the Growth Corridor Zone
 - b) detailed industrial-wise industrial development plan for the growth corridor zone
 - i) Kind of industries to be invested
 - ii) Expected scale and location of investment of each industry
 - iii) Phase-in schedule for the plan
 - c) Foreign investment promotion plan for the growth corridor zone
 - i) Foreign investment promotion measures
 - ii) Contents of the incentive package to foreign investors
 - d) Procurement of labor force




- 8) To evaluate the multi-sectoral integrated regional development master plan
 - a) Technical evaluation
 - b) ROI and ROE
 - c) Financial evaluation
 - d) Economic evaluation
 - e) Social evaluation
 - f) Initial environmental evaluation (IEE)

- 9) Feasibility study for the planned export processing zone in Sihanoukville
 - a) Industrial development plan in the export processing zone
 - i) Kind of industries to be invested
 - ii) Expected scale and location of investment of each industry
 - iii) Phase-in schedule for the plan
 - b) Brief review on demand for infrastructure development for the export processing zone
 - i) Electric power supply
 - ii) Water supply
 - iii) Sewerage system
 - iv) Access Road to Sihanoukville Port
 - v) Telecommunication
 - vi) Other infrastructure facilities required for the planned export processing zone
 - c) Brief review on the soft infrastructure to support the export processing zone
 - i) legal framework for commercial activities
 - ii) Land leasing system

- iii) intellectual property right
- iv) industrial standardization
- v) conformity assessment
- vi) quality control
- vii) financial services
- viii) research and development
- ix) inspection and customs management
- x) other soft infrastructures
- d) Foreign investment promotion plan in the export processing zone
 - i) Foreign investment promotion measures
 - ii) Contents of the incentive package in the export processing zone
 - iii) Sales promotion of the export processing zone to foreign investors
- e) Procurement of labor force
- f) Evaluation on the export processing zone
 - i) Technical evaluation
 - ii) ROI and ROE
 - iii) Financial evaluation
 - iv) Economic evaluation
 - v) Social evaluation
 - vi) Environmental Impact Assessment (EIA)

(6) Study Schedule

The duration of the Study will be approximately 24 months, and the proposed study schedule is as follows. The estimated men-months shall be approximately 150 men-months.

Year	2000		2001		2002		
Month	Sep	Dec	Jan	Dec	Jan	Mar	Dec
Preparation (Scope of Work Mission)							
Phase I Study (Master Plan)							
Phase II Study (Feasibility Study)							

(7) Expected Major Outputs of the Study

The following English reports will be submitted to Cambodia

a) Inception Report

Twenty (20) copies at the commencement of Phase I field work

b) Progress Report (1)

Twenty (20) copies at the end of Phase I field work

c) Interim Report

Twenty (20) copies at the commencement of Phase II field work

d) Progress Report (2)

Twenty (20) copies at the end of Phase II field work

e) Draft Final Report

Twenty (20) copies at the end of Phase II home office work

f) Final Report

Fifty (50) copies within two (2) months after the receipt of comments on the Draft Final Report

(8) Request of the Study to other donor agencies, if any

Nothing in particular.

(9) Other Relevant Information

Nothing in particular.

3. Facilities and Information for the Study Team

(1) Assignment of the counterpart personnel of the implementing agency

The Ministry of Commerce shall be a main implementing agency, and assign its staff to the counterpart to the Study team. The Ministry of Commerce shall require the assistance from the Ministry of Industry, Mines and Energy and the Cambodian Investment Board, and other relevant ministries/agencies for the counterpart personnel in the respective field.

(2) Available data, information, documents, maps, etc. related to the Study

a) Map for Phnom Penh, Sihanoukville and Growth Corridor Zone along Route 4

b) Cambodia : Strengthening the Foundation for Trade and Industrial Development
(T/A Report of ADB, September 1997)

c) Other relevant data and information required for the Study are readily available for the Study team.

(3) Provision of the office space, public utilities, office equipment, local costs, etc. The Ministry of Commerce will provide the necessary office space, equipment and local costs with the study team in accordance with the formalities and budget of the Royal Government of Cambodia.

(4) Information on the security conditions in the Study areas and its access routes

The Government of Cambodia will secure the safety of the study team as much as possible.

4. Global Issues (Environment, Women in Development, Poverty, etc.)

(1) Environmental components in the Study, if any

The initial environmental evaluation (IEE) shall be included in the Study in order to avoid the environmental degradation in the Study area.

(2) Anticipated environmental impacts by the implementation of the Study, if any
Since the initial environmental evaluation (IEE) shall be conducted in the Study, it is not anticipated to have a serious negative impacts on the environment in the Study area.

(3) Women as major beneficiaries or not

Women shall be major beneficiaries, since the Study includes the promotion of labor-intensive industries, which will create a large number of job opportunities for women.

(4) Study components which should be paid special attention to women, if any

A special attention shall be paid to women in terms of the labor conditions, when the regional and industrial development plans are formulated.

(5) Anticipated impacts on women by the implementation of the Study, if any

The Study will contribute to the benefits of women of Cambodia through the job creation for women by the promotion of labor-intensive industries.

(6) Poverty reduction components of the Study, if any

The Study will contribute to the poverty reduction of Cambodia through the job creation to the lower-income group by the promotion of labor-intensive industries.

(7) Any constraints against the low income people by the implementation of the Study, if any

Nothing in particular. The Study will contribute to the poverty alleviation of Cambodia through the job creation to the lower-income group by the promotion of labor-intensive industries.

(8) Other negative social and cultural impacts by the implementation of the Study, if any

Nothing in particular. The Study will contribute to the social stability of Cambodia through the job creation to the lower-income group by the promotion of labor-intensive industries.

5. Undertakings of the Government of Cambodia

To facilitate the smooth conduct of the Study, the Government of Cambodia shall take the following necessary measures:

(1) To secure the safety of the Study team

(2) To permit the members of the Study team to enter, leave and sojourn in Cambodia for the duration of their assignments therein, and exempt them from foreign registration requirement and consular fees.

(3) To exempt the members of the Study team from taxes, duties and any charges on equipment, machinery and other materials brought into Cambodia for the conduct of the Study.

(4) To exempt the members of the Study team from income tax and charges of any kind imposed on or in connection with any emoluments or allowances paid to the members of the Study team for their services in connection with the implementation of the Study.

(5) To provide necessary facilities to the Study team for remittance as well as utilization of the funds introduced in Cambodia from Japan in connection with the implementation of the Study.

(6) To secure permission for the Study team to enter into private properties or restricted areas for the conduct of the Study.

(7) To secure permission for the Study team to take all data, documents and necessary

materials related to the Study out of Cambodia to Japan.

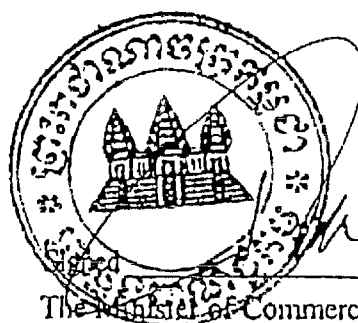
(8) To provide medical services as needed. Its expenses will be chargeable to members of the Study team.

6.

The Government of Cambodia shall bear claims, if any arises against member(s) of the Japanese Study team resulting from, occurring in the course of or otherwise connected with the discharge of their duties in the implementation of the Study, except when such claims arise from gross negligence or willful misconduct on the part of the member of the Study team.

7.

The Ministry of Commerce shall act as a counterpart agency to the Study team and also as a coordinating body in relation with other governmental and non-governmental organizations concerned for the smooth implementation of the Study.



CHAM PRASITH

The Minister of Commerce

On behalf of the Royal Government of Cambodia

Date : March 31, 2000