

THE STUDY ON NATIONAL INTEGRATED STRATEGY OF COASTAL AREA AND MASTER PLAN OF SIHANOUK-VILLE FOR SUSTAINABLE DEVELOPMENT

FINAL REPORT

BOOK I

NATIONAL INTEGRATED DEVELOPMENT STRATEGY
FOR COASTAL AREA



NOVEMBER 2010

NIPPON KOEI CO., LTD.
KRI INTERNATIONAL CORP.
VALUE PLANNING INTERNATIONAL, INC.

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MINISTRY OF LAND MANAGEMENT, URBAN
PLANNING AND CONSTRUCTION (MLMUPC)
ROYAL GOVERNMENT OF CAMBODIA

JAPAN INTERNATIONAL
COOPERATION AGENCY (JICA)

**THE STUDY ON NATIONAL INTEGRATED STRATEGY
OF COASTAL AREA
AND MASTER PLAN OF SIHANOUK-VILLE
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< BOOK I >

INTEGRATED DEVELOPMENT STRATEGY FOR COASTAL AREA

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PREFACE

In response to a request from the Royal Government of Cambodia (RGC), the Government of Japan decided to conduct “The Study on National Integrated Strategy of Coastal Area and Master Plan of Sihanouk-ville for Sustainable Development”, and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA selected and dispatched a Study Team headed by Mr. YAMADA Koji of Nippon Koei Co., Ltd. to Cambodia between March 2009 and June 2010.

In cooperation with RGC, the JICA study team conducted field surveys and formulated the National Integrated Strategy of Coastal Area and Master Plan of Sihanouk-viile, through discussions with concerned officials of RGC. Upon returning to Japan, the JICA study team conducted further studies and prepared this final report.

I hope that this report will contribute to the sustainable development of Coastal Area and to the enhancement of the friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation for all the official concerned of RGC and other experts for their close cooperation and assistance extended to the study team.

November 2010

Kiyofumi KONISHI
Director General
Economic Infrastructure Department
Japan International Cooperation Agency

November 2010

Mr. Kiyofumi KONISHI
Director General, Economic Infrastructure Department
Japan International Cooperation Agency
Tokyo, Japan

Subject: Letter of Transmittal

Dear Sir,

We are pleased to submit herewith the Final Report of “The Study on National Integrated Strategy of Coastal Area and Master Plan of Sihanouk-ville for Sustainable Development”. This study was conducted by Nippon Koei Co., Ltd. in association with KRI International Corp and Value Planning International Inc., under a contract to JICA during the period from March 2009 to September 2010. The report comprises a Summary and Main Report for the National Strategy of Coastal Area (as Book I), plus a Summary and Main Report for the Master Plan of Sihanouk-ville (as Book II).

The report proposes strategies and recommends implementation plans to achieve the well-balanced and sustainable development in Coastal Area of Cambodia. These recommendations reflect the results of National Integrated Strategy of Coastal Area and the Master Plan of Sihanouk-ville.

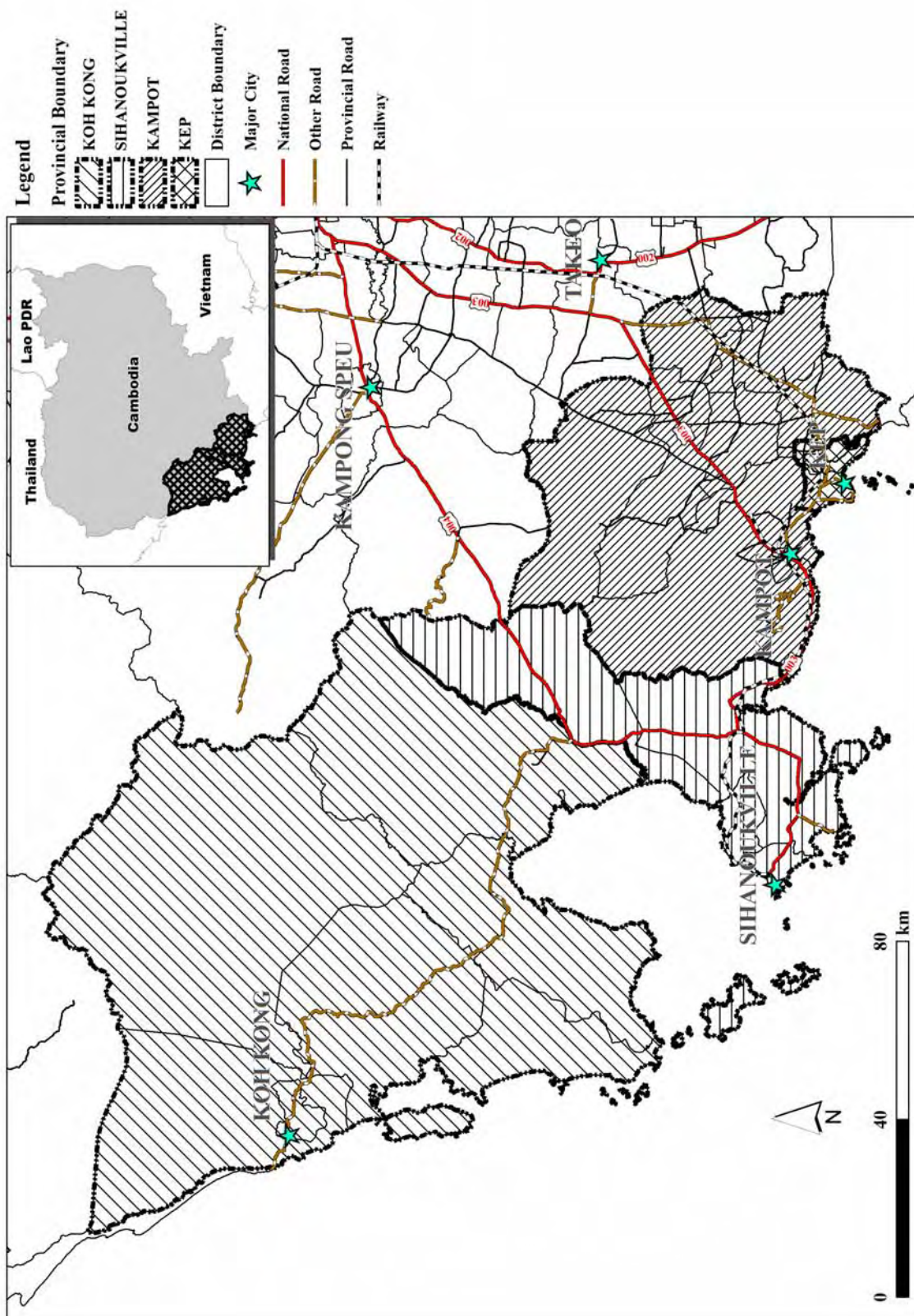
We would like to take this opportunity to express our sincere gratitude to your Agency, Ministry of Foreign Affairs of Japan, JICA Cambodia Office, the Embassy of Japan, and the Royal Government of Cambodia including the main counterpart, Ministry of Land Management, Urban Planning and Construction (MLMUPC) and all the other concerned organizations those who rendered unstinting assistance to JICA Study Team through the study period. The Final Report is the fruit of excellent collaboration between all participants in this study.

Yours faithfully,

YAMADA Koji

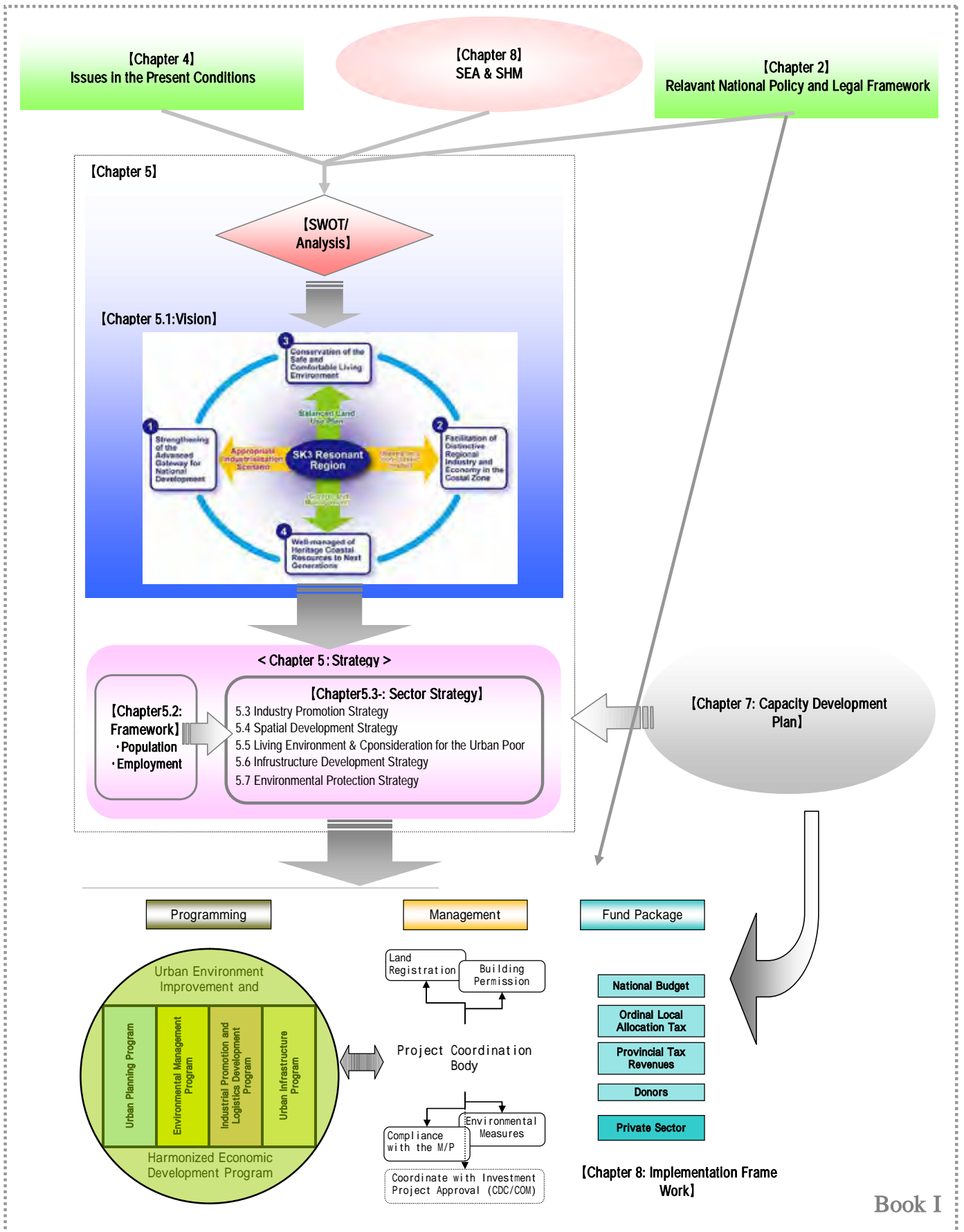
Team Leader, JICA Study Team

The Study on National Integrated Strategy of
Coastal Area and Master Plan of
Sihanouk-ville for Sustainable Development



Location Map

<Flow Chart of Development Strategy>



Summary of Development Strategies and Management Issues in Sector/Province in Coastal Area

| Sector/Sub-sector | | Koh Kong | | | | | Preah Sihanouk | | | | | Kampot | | | | | Kep | | | | |
|------------------------------|-----------------------------------|--|---------|---------|---------------|---------|---|---------|---------------|---------|---------|--|---------------|--------|--------|--------|---|-------|--|--|--|
| Visions 2030 | | <ul style="list-style-type: none"> Be the New Industrial Sub-center related to the Thai economy; and Be a World-class Eco-tourism Destination | | | | | <ul style="list-style-type: none"> Function as the National Gateway of international trade; Be the National Logistic Center linked with the ASEAN markets; Be a National Growth Center with pivotal urban services; Be an Industrial Center with locations of modern and/or non-traditional manufactures; and Be an internationally reputable Beach Resort Destination | | | | | <ul style="list-style-type: none"> Be an Agricultural and Agro-processing Center with agriculture-related higher educational function, an Inter-provincial Market Center for agricultural and fishery products, and a Goods Distribution Center related to the Vietnam Economy; Be an Unique Tourism Destination with historical & cultural assets | | | | | <ul style="list-style-type: none"> Be a Health-oriented Long-stay Resort; Be attractive for nature-lover tourists from both international and domestic market; | | | | |
| Spatial Structure | | | | | | | | | | | | | | | | | | | | | |
| Development Framework | Target Years | 2008 | 2020 | 2030 | AGR ('30/'08) | 2008 | 2020 | 2030 | AGR ('30/'08) | 2008 | 2020 | 2030 | AGR ('30/'08) | 2008 | 2020 | 2030 | AGR ('30/'08) | | | | |
| | Population | 117,481 | 143,240 | 175,470 | 1.8% | 221,396 | 309,580 | 398,220 | 2.7% | 585,850 | 704,930 | 822,140 | 1.6% | 35,753 | 49,500 | 63,680 | 2.7% | | | | |
| | Employments | Primary | 25,200 | 25,600 | 27,600 | 0.4% | 57,000 | 39,600 | 32,200 | -2.6% | 259,000 | 264,100 | 23,700 | -10.3% | 11,900 | 13,900 | 13,700 | 0.6% | | | |
| | | Secondary | 3,500 | 10,900 | 20,700 | 8.4% | 12,700 | 46,700 | 88,900 | 9.2% | 4,900 | 27,400 | 63,900 | 12.4% | 300 | 2,100 | 5,200 | 13.8% | | | |
| | | Tertiary | 18,700 | 25,700 | 31,600 | 2.4% | 42,500 | 75,500 | 88,800 | 3.4% | 31,600 | 75,900 | 128,500 | 6.6% | 2,300 | 5,300 | 9,500 | 6.7% | | | |
| Development Strategies (1/2) | Economic & Industrial Development | <ul style="list-style-type: none"> Promotion of industries that can achieve division of labor with industries related with Eastern Seaboard of Thailand Promotion of aquaculture and fish-processing industries Promotion of OCOP (One Community, One Product) movement | | | | | <ul style="list-style-type: none"> Promote foreign investment in SEZs to diversify export-oriented industries Promote industries that can achieve division of labor with industries related with Eastern Seaboard of Thailand Promote organic vegetables to supply for the tourism sector, hotels and restaurants Promote aquaculture and fish-processing industries Promote the OCOP movement | | | | | <ul style="list-style-type: none"> Promote investment that have linkages with local industries and resource Develop an Coastal Area Agro-marketing Center Promote organic vegetables and fruits for export Promote aquaculture and fish-processing industries Promote the OCOP movement | | | | | <ul style="list-style-type: none"> Promote organic vegetables and fruits for export Promote the OCOP movement | | | | |
| | Social Development | <ul style="list-style-type: none"> Facilitate rural development Establish Community Based Organizations, encouraging supports by government and NGOs for the on-site improvement | | | | | <ul style="list-style-type: none"> Prepare a land use and housing plan for the urban poor Prepare a mechanism to control illegal human settlements Assure a transparent process for facilitation of the re-settlement program of dwellers in the SHV Port area. | | | | | <ul style="list-style-type: none"> Promote the rural development Establish Community Based Organizations, encouraging supports by government and NGOs for on-site improvement | | | | | <ul style="list-style-type: none"> Promote the rural development Establish Community Based Organizations, encouraging supports by government and NGOs for on-site improvement | | | | |
| | Tourism Development | <ul style="list-style-type: none"> Facilitate "Community-based Eco-tourism", focusing on three areas designated by CCBEN-Cambodia Community-based Eco-tourism Network) | | | | | <ul style="list-style-type: none"> Develop an world-class beach resort at Ocheuteal Beach and Otres Beach (To this end, a Tourism Master Plan shall urgently be formulated) | | | | | <ul style="list-style-type: none"> Promote "Town Tourism" with historical assets and new tourism products for young generations Promote an eco-tourism network with Koh Kong | | | | | <ul style="list-style-type: none"> Promote health-oriented tourism for refreshing with seafood, fresh air and natural landscape, plus medical check and rehabilitation. | | | | |
| | | <ul style="list-style-type: none"> Promote advertising to disseminate the attractive product images of "the Richness of Coastal Resources" and a variety of tourism opportunities through a variety of media and IT devices; Promote collective actions of tourism promotion through organizing a Hoteliers Association in the coastal area; Provide training opportunities for workers and managers engaged or to be engaged in the tourism business sector; Promote community-driven tourism business development, making the best use of local assets and industries in linkage with the OCOP (One Community, One Product) movements. | | | | | | | | | | | | | | | | | | | |

| Sector/Sub-sector | | Koh Kong | Preah Sihanouk | Kampot | Kep | |
|------------------------------|------------------------------|--|---|---|---|--|
| Development Strategies (2/2) | Human Resource Development | <ul style="list-style-type: none"> Develop a Vocational Center to train middle class engineers with basic skills for manufacturing, mechanical engineering, quality management and others. | <ul style="list-style-type: none"> Develop a Hospitality Business Collage (or Center) to train and educate human resource for the tourism industry; Develop a Vocational Center to train middle class engineers with basic skills for computer operation, IT technologies and business management. | <ul style="list-style-type: none"> Develop a National Collage of Agriculture where young leaders are fostered and educated for agricultural development | <ul style="list-style-type: none"> Provide training opportunities for young generation to become local leaders and/or entrepreneurs for agricultural, fishery, food-processing, tourism and forwarding business. | |
| | Infrastructure Development | Roads | <ul style="list-style-type: none"> Improve the road management and maintenance system for National Highway #48 in particular. Construct cross border facilities, considering cross border trade and transport. | <ul style="list-style-type: none"> Construct an industrial (heavy-loaded) road in consideration of freight transport demands to connect the Ports in the northern coastal road via Stung Hav and another alternative corridor to/from Phnom Penh in long future. Improve the road management and maintenance system provincial roads as well as the national roads. | <ul style="list-style-type: none"> Develop a proper road network with improvement of National Highway #3, considering freight transport and industry. Improve the road management & maintenance system Construct a cross-border facility for smoothing trading and transport activities to/from Vietnam. | <ul style="list-style-type: none"> Improve or betterment the existing road to support the tourism development. Improve the road management and maintenance system. |
| | | Railways | - | <ul style="list-style-type: none"> Rehabilitate the railway system for safe, speedy and punctual operation for both freight and passengers to/from Phnom Penh, installing the signaling system, rail crossing and other improvements. Prepare an operation for tourists with luxurious coach, named "Coast Express" Construct an ICD/Dry Port linked with the railway. | <ul style="list-style-type: none"> Rehabilitate the railway system for safe, speedy and punctual operation for both freight and passengers to/from Phnom Penh, installing the signaling system, rail crossing and other improvements. Prepare an operation for tourists with luxurious coach, named "Coast Express" | - |
| | | Ports & Logistics | <ul style="list-style-type: none"> Explore a possibility and feasibility for development of a Deep Sea Port in or around the Kirsakor SEZ. | <ul style="list-style-type: none"> Build and improve new transportation infrastructures to strengthen the logistic functions; Enhance the passenger terminal in the Sihanoukville Port Appropriate land usage planning and execution of land/water area within Sihanoukville Port Develop attractive and environment-friendly SEZs, linked with the logistic function of the Sihanoukville Port | <ul style="list-style-type: none"> Improve the Kampot River Port for freight transport, fishery activities and tourists; and develop a new tourist port at the coastal area. | <ul style="list-style-type: none"> Improve the tourist port with tourist information center and OCOP frontier functions. |
| | | Water Supply | <ul style="list-style-type: none"> Provide a new elevated storage tank to improve pressures and meet peak demands. | <ul style="list-style-type: none"> Expand the water supply network to serve more people. Replace old ductile iron pipes Implement structural improvements to the Kbal Chay reservoir | <ul style="list-style-type: none"> Replace old asbestos cement pipes Expand the distribution network and provide elevated storage tank. | <ul style="list-style-type: none"> MIME and DIME should closely monitor the quality of construction. |
| | | Sewerage & Drainage | <ul style="list-style-type: none"> Improve drainage and provide a small scale sewage disposal system for the urban core. | <ul style="list-style-type: none"> Implement a mandatory sewer connection program Implement decentralized sewerage schemes to protect beaches | <ul style="list-style-type: none"> Provide a wastewater disposal system to improve sanitary conditions. | <ul style="list-style-type: none"> Implement a wastewater disposal system to protect the beach front |
| | | Solid Waste Management | <ul style="list-style-type: none"> Treatment capacity: 5 tons/ day (2009) → 59 t/d (2030) Stepwise Establishment of SWM (urban areas to rural areas); Introduction of 3R-based SWM; Introduction of Community-based SWM; Establishment of Main Infrastructures of SWM (a composite system with sanitary landfill site; garbage collection vehicles; collection containers; and carts for primary collection); and Establishment of Coastal Area Cooperation Campaign Committee on SWM; and Enhancement of Administration of Private Service for SWM. | <ul style="list-style-type: none"> Treatment capacity: 73 t/d (2009) → 169 t/d (2030) | <ul style="list-style-type: none"> Treatment capacity: 24 t/d (2009) → 243 t/d (2030) | <ul style="list-style-type: none"> Treatment capacity: 5 t/d (2009) → 24 t/d (2030) |
| | Development Management (1/2) | Investment Management | <ul style="list-style-type: none"> Strengthen the SEZ function for promoting non-traditional and export-oriented industries; Promote harmonized investment in tourism, marine-based industries and resource-based industries; Strengthen the monitoring functions for post-approval investment activities, including SEZ development projects; and Establish the "Coastal Area Coordination Board for Promoting Investment, Exports and SEMs". | | | |
| Land Use Management | | <ul style="list-style-type: none"> Facilitate the formulation of Provincial Land Use Plan, District Land Use Plan at first, followed by Commune/Sangkat Land Use Plans, based on the relevant laws, sub-decrees and guidelines regulated by MLMUPC; Expedite the approval process of draft plans at the national level with strengthening the technical evaluation capacity for MLMUPC, or pursue an administrative reform so as to decentralize the approval process; Promote inter-governmental coordination process in formulating provincial development plan and land use plans, particularly with CDC, MOE, MAFF, MIME, MPWT, MRD and MOI. Facilitate the capacity development in planning, development management, monitoring and evaluation and permissive administration for officials of MLMUPC and DLMUPCC of the provincial governments. | | | | |

| Sector/Sub-sector | | Koh Kong | Preah Sihanouk | Kampot | Kep | |
|------------------------------|---------------------------------|---|---|---|---|--|
| Development Management (2/2) | Urban Development Management | <ul style="list-style-type: none"> Expedite the formulation of District Development Plan and Land Use Plan for the national approval, including defining the urbanization promotion area in future, based on the relevant law and sub-decrees. Strengthen the urban planning and management function of DLMUPCC with the capacity development programs; Execute special strategies to improve the urban development of: 1) Flood mitigation system; 2) Encouragement of market places; 3) Sanitary utility systems; 4) River-side landscape and urban amenities. | <ul style="list-style-type: none"> Accelerate the formulation of Preah Sihanouk City Development Plan and Land Use Plan for the national approval, based on the relevant law and sub-decrees; Strengthen the urban planning and management function of DLMUPCC with the capacity development programs; Prepare Land Development Guidelines, as a Provincial Ordinances to implement the plans to be authorize; Pursue special urban strategies on: 1) Industrial and port zones with environmental measures; 2) Government-managed coastal tourism development; 3) New housing areas to be expanded; 4) Urban Arterial Road Network and 5) Water and sewerage systems for newly urbanized areas. | <ul style="list-style-type: none"> Revise and refine the draft City Master Plan (drafted in 2002) and formulate the Kampot City Development Plan and Land Use Plan for the national approval; Strengthen the urban planning and management function of DLMUPCC with the capacity development programs; Implement special urban strategies on: 1) Flood mitigation system; 2) Traffic management in the inner city; 3) New construction of the Highway #3 By-pass and a Ring Road; 4) Development of an agro-market place; 5) Sewerage systems; and 6) Riverside landscape and urban amenities. | <ul style="list-style-type: none"> Revise and refine the draft Kep City Master Plan (drafted in 2002) and formulate the Kep City Development Plan and Land Use Plan for the national approval; Strengthen urban center functions, encouraging commercial and trading activities; Organize a Clean, Green and Healthy Kep Committee at the provincial level for collective tourism development; Implement special strategies on: 1) tourism zone development with environmental conservation; 2) Sanitary utility systems. | |
| | Environmental Management | <ul style="list-style-type: none"> Facilitate detailed surveys of natural resources and land use at provincial levels, then formulate a clear-cut Environmental Protection Area Map for each province, including a zoning system, based on the Law of Environmental Protection and Natural Resource Management; Formulate an Environmental Protection Strategy integrated with community-level measures for the Coastal Area, including "efficient land use", "law enforcement", and "sustainable tourism"; Purse an Ecological Corridor-Environmental Management, taking into account ecological systems with the biodiversity of forests (Koh Kong), mangroves (Koh Kong, Preah Sihanouk, Kampot), coral leaf habitat (Koh Kong, Preah Sihanouk) and agricultural land (Kampot); and Explore an adequate collaboration among relevant organizations, local people, donors and NGOs for effective law enforcement and implementation of environmental strategies. | | | | |
| | Capacity Development of DLMUPCC | <p>【Management Issue】</p> <ul style="list-style-type: none"> Training in Japan in short-term (Management on land Use & Urban Planning); and Management Training in med-term by the Training Center with the cooperation of Royal University of Agriculture. <p>【Technical Issue】</p> <ul style="list-style-type: none"> Technical & Management Training in med-term by the Training Center with the cooperation of Royal University of Agriculture & Institute of Technology in Cambodia; Short-Term Project for Urban Land Use Planning with the expert from Japan in Preah Sihanouk and Kampot Provinces; and Assignment of the long-term expert of land use planning & urban planning from Japan. | | | | |

Source: JICA Study Team

Executive Summary

1. **Background:** Numbers of projects have been developed recently without substantial urban development plan and management in Coastal area of Cambodia, which is composed of the four (4) provinces; Preah Sihanouk, Koh Kong, Kep, and Kampot. Some negative aspects have also started to take shape in this region. In order to regulate and control such the uncontrolled developments in Coastal area, a thorough study for sustainable development needs to be carried out.

“The Study on National Integrated Strategy of Coastal area and Master Plan of Sihanouk-ville for Sustainable Development”, hereinafter called the Study, has been conducted since March 2009 to formulate “the national integrated strategy of Coastal area” and “master plan of Preah Sihanouk for sustainable development”, targeting at year of 2030.

This report focuses the National integrated Development Strategy of Coastal Area.

2. **Development Issues in the Present Condition:** Following the survey results, the major issues for each sector, which Coastal Area has held, are summarized as follows:

| | | | |
|----------------|--|--------------------------|---|
| Socio Economic | <p>Population: Decreased (out flowed to the other regions): the annual population growth rate in Coastal area during the past decade was 1.3% against 1.6%, the national average.</p> <p>Industry: Primary: Low productivity and value of agricultural products, lack of channels for transportation, and decrease in aquatic products. Secondary: Lack of skilled labor and management staff, untransparent procedures for import/ export, high priced electric tariff, low labor’s productivity Tertiary: Lack of information on major tourist spots in Coastal Area except beaches in Preah Sihanouk, Lack of collaboration between hotel business and local economy</p> <p>Investment: Concentration of the investment to the area development and tourism development, whereas stagnation of investment on industry.</p> | Infrastructure | <p>Road: Delay in rehabilitation projects of main national roads, lack of maintenance activities, which leads to traffic accidents and congestion.</p> <p>Railway: Delay in the ongoing rehabilitation project, further improvement needs for achieving the stable railway transportation of goods.</p> <p>Port: Inconsistent development plans of new deep seaports that may degrade the potential and role of the Sihanoukville Port, the only deep seaport in Cambodia. Competition with Cai Mep Chi Bai port.</p> <p>Water Supply: Low connections with urban water supply system, deterioration of the existing main pipes, and lack of storage facilities.</p> <p>Sewage: Establishment of sewage system in urban areas in Coastal Area, whereas improvements in connections and expansion of service areas.</p> <p>Solid Waste: Low quality of collection and disposal services by operating private company, and needs for establishment of new landfill.</p> |
| Land Use | <p>Approvals of private investment projects without collaboration between land use management and investment management. (For instance, approvals of urban development projects in the protected area.)</p> <p>Concentration of investment projects, which are mainly large scaled development projects such as tourism development, urban development and SEZ development, in Coastal area during the past decade.</p> | Environmental Management | <p>Destruction of precious bio-diversity in Coastal area due to the illegal logging, fishing and hunting. Lack of commencement of Laws and regulations on protected area, EIA and so on.</p> <p>Lack of the management capacity of concerned officials, lack of numbers of staff and budget, and lack of the collaboration among the related agencies.</p> |

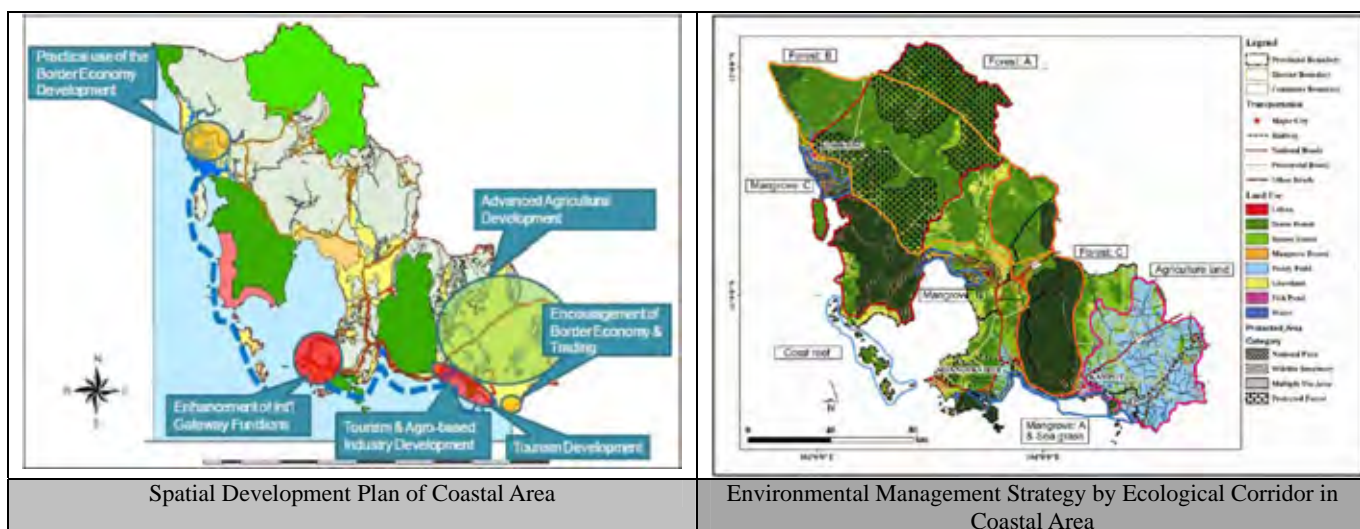
3. National Integrated Development Strategy in Coastal Area: Based on the above mentioned present development issues in Coastal area, the development goals was proposed as follows:



Population of Coastal area in 2030 is projected at 1,460thousand (822thousand for Kampot, 175thousand for Koh Kong, 64thousand for Kep, and 398thousand for Preah Sihanouk). For achieving this development vision, industrial promotion strategies, spatial development strategies, environmental management strategies, and infrastructure development strategies toward the target year of 2030 have been prepared, as follows.

| <i>Industrial Promotion Strategies and sub plans</i> | <i>Key Actions to Take</i> |
|--|--|
| <div style="border: 1px solid black; padding: 5px;"> <p>Strategy 1: Formation of the International Logistic Center and Base of Export-oriented Industries</p> <p>Plan 1: Promoting foreign investment in SEZ to diversify export-oriented industries</p> <p>Plan 2: Promoting industries that could achieve division of labor with the industries in the neighboring countries</p> </div> | <div style="border: 1px solid black; padding: 5px;"> <p>Key Actions for Promoting Manufacturing Industries</p> <ul style="list-style-type: none"> - Promotion of Export and Related Industries (SEZ) - Promotion of Relocation of Labor Intensive Light Industries from Neighboring Countries - Promotion of Diversification of Garment Related Products </div> |
| <div style="border: 1px solid black; padding: 5px;"> <p>Strategy 2: Formation of the Regional Market and Promotion of Regional Agriculture/ Fishery</p> <p>Plan 3: Promoting investments that have linkages with local industries and resources</p> <p>Plan 4: Promoting production and supply of high value added vegetables and fruits</p> <p>Plan 5: Promoting aquaculture and fish processing</p> <p>Plan 5: Promoting One Village One Products (OVOP)</p> </div> | <div style="border: 1px solid black; padding: 5px;"> <p>Key Actions for Promoting Resource-based Industries</p> <ul style="list-style-type: none"> - Expansion of High Value Added Crops with Establishing Linkage between Producers and Purchasers - Promotion of Fishery by Expansion of Aquaculture - Promotion of Investment in Local Resource Based Food Processing Industries - OCOP Development </div> |
| <div style="border: 1px solid black; padding: 5px;"> <p>Strategy 3: Development of International Tourist Destination (Beach & Eco.)</p> <p>Plan 7: Promoting tourism development by linking up several touristic spots within Coastal area</p> </div> | <div style="border: 1px solid black; padding: 5px;"> <p>Key Actions for Promoting Tourism</p> <ul style="list-style-type: none"> - Promotion of regional tourism advertisement activities by establishment of Hotel Association in Coastal Area - Human Resource Development by providing Training System under the Hotel Association - Promotion of Community-based Eco-tourism </div> |

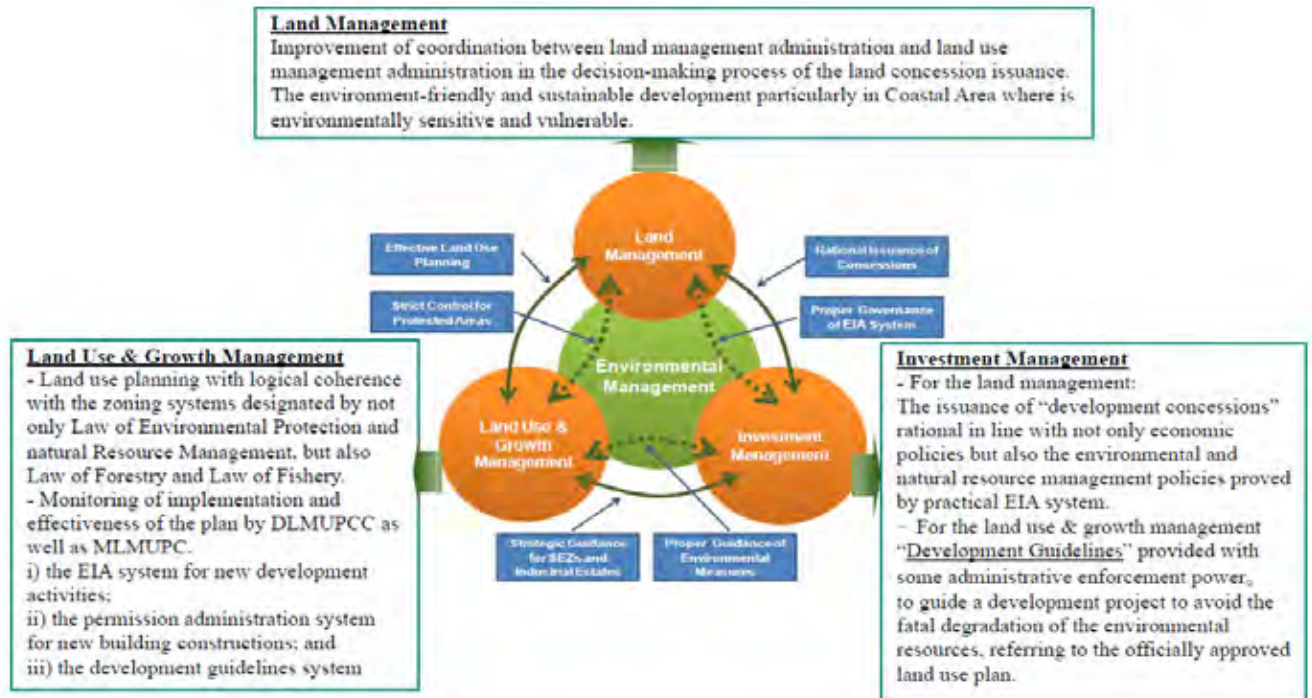
Industrial Promotion Strategies and sub-plans



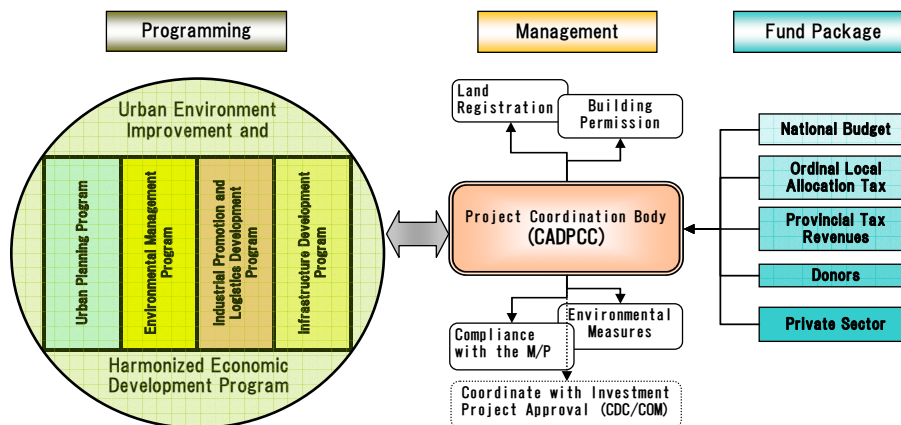
Spatial Development Plan of Coastal Area Environmental Management Strategy by Ecological Corridor in Coastal Area

| Infrastructure Development Strategies in Coastal Area | | | |
|---|---|--------------|---|
| Road | <p>Kampot: Improvement of border facility, development of outer ring road</p> <p>Kep: Improvement of the coastal road between Vietnamese border and Kep city.</p> <p>Preah Sihanouk: Upgrade of industrial road and development of access roads from NR.4 to tourism spots and urban center.</p> <p>Koh Kong: Improvement of border facility and NR.48.</p> | Water Supply | <p>Urban W/S: Improvement and extension of the existing water supply system in three provincial cities except Kep city. The connection rate of the urban population shall reach 80% by the year 2030.</p> <p>Rural W/S: Implementation of hydro and geologic studies for the underground water development, and establishment of sustainable rural water supply development based on the study results.</p> |
| Rail way | Development of dry ports (ICD) and container terminal stations of railway, and establishment of credible and safety railway transportation network. | Sewage | <p>Preah Sihanouk: Improvement of connectivity and expansion of existing sewage system and expansion of storage capacity of waste water treatment facility.</p> <p>Kampot, Kep, and Koh Kong: Establishment of sewage collection system (the first priority shall be Kampot.)</p> |
| Port | Expansion of the Sihanoukville Port, which is the only deep seaport in the country, and establishment of port transportation which is integrated with the inland transportation system. | Solid Waste | Securing of new dumping sites, achievement of reduction of waste through the community based activities such as 3R activities, and establishment of demarcation between public and private for the sustainable solid waste management. |

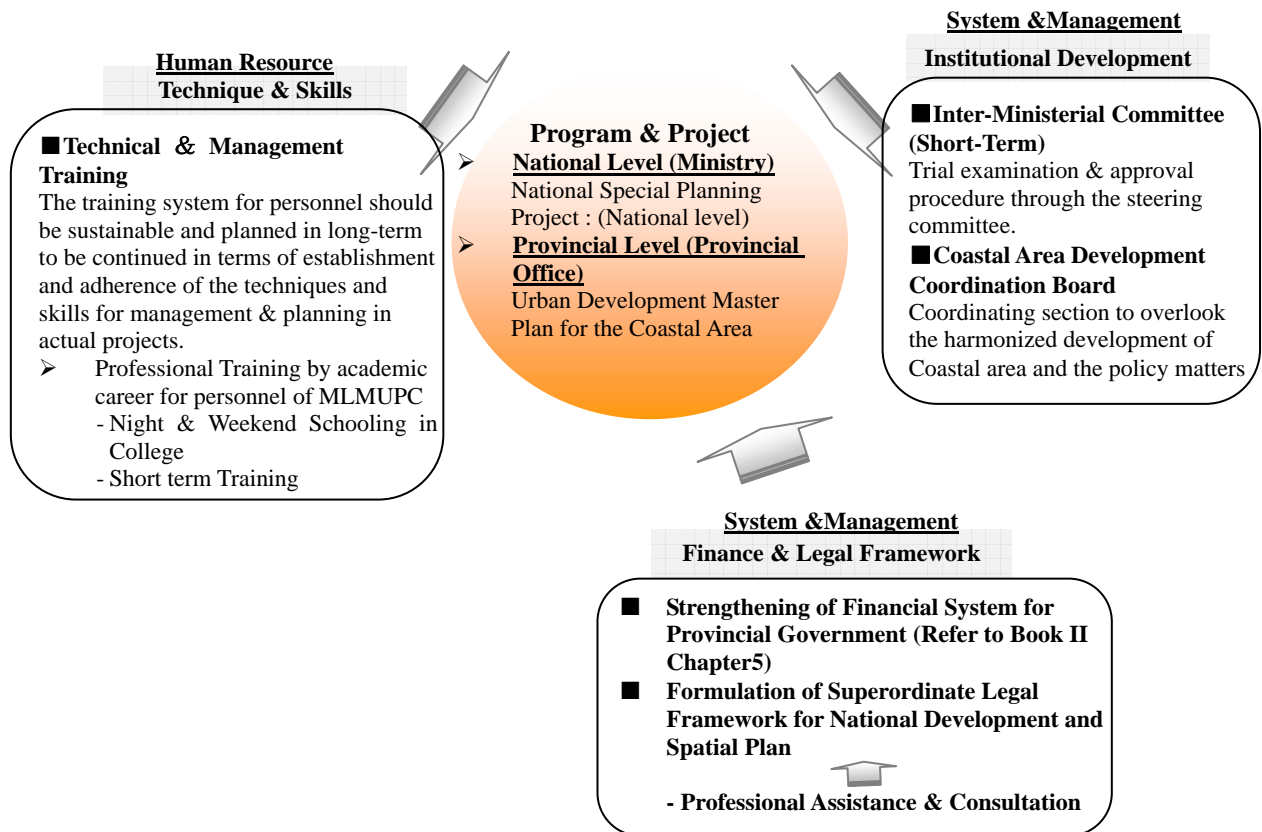
4. **Integrated Mechanism for Development Management:** Establishment of an integrated development management system is proposed. This is vital in order to implement the socioeconomic development as delineated in the Master Plan, keeping the environmental conditions sustainable. The proposed structure is conceptualized as shown below.



5. **Implementation Framework:** The proposed implementation framework of the Strategy contains the following three (3) components; i) Programming approach for priority projects, ii) Packaging of fund, and iii) establishment of a single coordination body (for Coastal area, so called "Coastal Area Development Program Coordination Committee (CADPCC)").



6. Capacity Development: For realization of National Integrated Development Strategy in Coastal Area and Master Plan of Preah Sihanouk, other than implementation of the framework for the Strategy stated above, the Capacity Development Plan to the staff of the Ministry of Land Management, Urban Development and Construction (MLMUPC) and the concerned provincial government for the preparation and implementation of urban planning master plans is indispensable, which is shown as follows:



The Study on National Integrated Strategy of Coastal Area and Master Plan of Sihanouk-ville for Sustainable Development

Final Report

< BOOK I >

Integrated Development Strategy for Coastal Area

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List of Abbreviations

| | |
|--------|--|
| AC | Asbestos Cement |
| ACHR | Asia Coalition of Housing Rights |
| ACMECS | Ayeyawady – Chaophraya – Mekong Economic Cooperation Strategy |
| ADB | Asian Development Bank |
| AFD | Agence Française de Développement |
| AIG | Attwood Investment Group |
| AISP | ASEAN Integration System of Preferences |
| AJCEP | Agreement on Comprehensive Economic Partnership among Japan and Member States of the ASEAN |
| APO | ASEAN Productivity Organization |
| ASEAN | Association of South-East Asian Nations |
| ATC | Agreement on Textiles and Clothing |
| BAAC | Bank for Agriculture and Agriculture Cooperatives |
| BOT | Build-Operate-Transfer |
| CAA | Cambodia Angkor Air |
| CAPCB | Coastal Area Project Coordination Body |
| CCBEN | Cambodia Community Based Ecotourism Network |
| CCU | Coastal Coordinating Unit |
| CDC | Council for the Development of Cambodia |
| CDF | Community Development Found |
| CEDAC | Centre d'Etude et de Developpement Agricole Cambodgien |
| CESSD | Council for Economic, Social and Spatial Development |
| CFS | Container Freight Station |
| CI | Conservation International |
| CIB | Cambodian Investment Board |
| CIPP | Context, Input, Process and Product |
| CLP | Council of Land Policies |
| CMDGs | Cambodia Millennium Development Goals |
| CMP | Community Mortgage Program |
| CMT | cut, make, and trim |
| CNR | Cambodian National Railway |
| CNRO | Cambodian National Right Organization |
| CODI | Community Organization Development Institute |
| COM | Council of Ministers |
| COP9 | Ninth Conference of the Parties |
| CPMEC | Chamber of Professional and Micro-Enterprises of Cambodia |
| CR | Cambodia Riel |
| CRC | Conditional Registration Certificates |
| CSEZB | Cambodian Special Economic Zone Board |

| | |
|----------|--|
| D&D | Distribution & Deconcentration |
| DLMUPCC | Department of Land Management, Urban Planning, Construction and Cadastre |
| DOE | Department of Environment |
| DPWT | Department of Public Works and Transport |
| DTIS2007 | Cambodia's 2007 Trade Integration Strategy |
| EEA | Environmental Examination Application |
| EEZ | Economic Exclusive Zone |
| EIA | Environmental Impact Assessment |
| EIC | Economic Institute of Cambodia |
| ELC | Economic Land Concessions |
| EMCZ | Environmental Management in the Coastal Zone-Cambodia |
| EMP | Environmental Management Plan |
| EPA | Economic Partnership Agreement |
| FDI | Foreign Direct Investment |
| EWEC | East-West Economic Corridor |
| FCL | Full Container Load |
| FiA | Fishery Administration |
| FiAC | Fishery Administration Cantonment |
| FoA | Forest Administration |
| FoAC | Forestry Administration Cantonment |
| FRC | Final Registration Certificate |
| FTA | Free Trade Agreements |
| GARs | Gross Attendance Rations |
| GCI | Growth Competitiveness Index |
| GDCC | Government-Development Partner Coordination Committee |
| GDCE | General Department of Customs and Excise |
| GIS | Geographic Information System |
| GMS | Greater Mekong Sub-region |
| GOJ | Government of Japan |
| GSP | Generalized Tariff Preferences |
| HBC | Hospitality Business Collage or Center |
| ICD | Inland Container Depot |
| IDRC | International Development Research Center |
| ILO | International Labor Organization |
| IEAT | Industrial Estate Authority of Thailand |
| IEIA | Initial Environmental Impact Assessment |
| IMF | International Monetary Fund |
| IRC | Inter-Ministerial Resettlement Committee |
| JICA | Japan International Cooperation Agency |
| KKSEZ | Koh Kong SEZ |
| KKVC | Koh Kong Provincial Vocational Center |
| KPI | Key Performance Indicators |
| LACRM | Local Area Coastal Resource Management Plan |

| | |
|---------|--|
| LCL | Less than Container Load |
| LDC | Least Developed Country |
| LOI | Law on Investment |
| MADeC | Marine Aquaculture Development Center |
| MAFF | Ministry of Agriculture, Forestry and Fisheries |
| MEA | Millennium Ecosystem Assessment |
| MEF | Ministry of Economy and Finance |
| MFA | Multi Fiber Agreement |
| MFI | Micro-Finance Institutions |
| MFN | Most Favored Nations |
| MIME | Ministry of Industry, Mines and Energy |
| MLMUPC | Ministry of Land Management, Urban Planning, and Construction |
| MLVT | Ministry of Labor and Vocational Training |
| MOC | Ministry of Commerce |
| MOE | Ministry of Environment |
| MOI | Ministry of Interior |
| MOWRAM | Ministry of Water Resources and Meteorology |
| MOT | Ministry of Tourism |
| MPWT | Ministry of Public Works and Transportation |
| MRD | Ministry of Rural Development |
| MRICOP | Mong Reththy Investment Cambodia Oil Palm Co., Ltd. |
| NAALD | National Authority for Addressing Land Disputes |
| NARs | Net Attendance Ratios |
| NAOL | National Agency for Occupations and Labor |
| NCAK | National Collage of Agriculture, Kampot |
| NCDD | National Committee for Sun-National Democratic Development |
| NCLMUPC | National Committee of Land Management, Urban Planning and Construction |
| NCSC | National Coastal Steering Committee |
| NESDB | National Economic and Social Development Board |
| NGO | Non-governmental Organization |
| NIS | National Institute of Statistics |
| NPRS | National Poverty Reduction Strategy |
| NRML | Natural Resource Management and Livelihood Programme |
| NSDP | National Strategic Development Plan |
| NSEC | North-South Economic Corridor |
| OCOP | One Community, One Product |
| ODA | Official Development Assistance |
| OVOP | One Village One Product |
| OWOP | One Workshop, One Product |
| PAS | Port Authority of Sihanoukville |
| PAT | Port Authority of Thailand |
| PIPs | Public Investment Program |

| | |
|--------|--|
| PMIS | Provinces-Municipalities |
| PMED | Provincial-Municipal Environmental Department |
| PPP | Public-Private Partnership |
| PRRO | Provincial Rural Road Office |
| QIP | Qualified Investment Project |
| RDB | Rural Development Bank of Cambodia |
| RGC | Royal Government of Cambodia |
| RHC | Reproductive Health Association of Cambodia |
| S/C | Steering Committee |
| SD-ELC | Sub-Decree (RGC) No. 146 ANK/BK on Economic Land Concessions |
| SEC | Southern Economic Corridor |
| SEDP | Socio-Economic Development Plan |
| SEZ | Special Economic Zone |
| SHM | Stakeholder Meeting |
| SLMC | State Land Management Committee |
| SLWG | State Land Working Group |
| SMEs | small- and medium-scale enterprises |
| SPZ | Special Promotion Zone |
| SRT | State Railway of Thailand |
| SUPF | Solidarity for Urban Poor Federation |
| SWAp | Sector Wide Approach |
| SWSA | Sihanoukville Water Supply Authority |
| SWM | Solid Waste Management |
| TDSP | Trade Development Support Program |
| TEEF | The Economics of Ecosystems and Biodiversity |
| TFR | Total Fertility Rate |
| TPC | Thaneakea Phum (Cambodia) Ltd. |
| TSS | Total Suspended Solid |
| UCDO | Urban Community Development Office |
| UNDP | United Nations Development Programme |
| UPDF | Urban Poor Development Fund |
| USD | US dollar |
| VAT | Value Added Tax |
| WB | World Bank |
| WEF | World Economic Forum |
| W/G | Working Group |
| WTO | World Trade Organization |
| 3R | Reduce, Reuse and Recycle |

Exchange Rate

(As of November 30, 2009)

USD1.00 = JPY 87.8

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

The Mekong Region is a focus of Japanese ODA assistance in the recent years. In 2007, the Government of Japan (GOJ) adopted a new concept for the partnership between the Mekong Region and Japan, which focused primarily on the three pillars;

- Reinforcing regional integration; Japan will contribute to strengthen ASEAN's integration and relations among the countries in the Mekong region through well-balanced development of the region.
- Attaining sustainable economic growth; With a view to vitalizing the economic potential of the Mekong region for the whole of Asia, Japan will, in addition to economic cooperation, support facilitating trade, investment and the exchange of people in the region to achieve region-wide sustainable economic growth.
- Harmonizing with the environment; Recognizing the natural richness of the Mekong region, Japan will pay due consideration to orderly development and environmental conservation.

Cambodia is an important country constituting the southern part of the Mekong Region. As it lies between Thailand and Vietnam, Cambodia constitutes a central part of the coastal area facing the Gulf connecting to Thailand and Vietnam. Coastal Area of Cambodia thus finds its strategic location on the development corridor connecting Bangkok on the west, Phnom Penh in the center, and Ho Chi Minh on the east, which is often called the Southern Economic Corridor.

The importance of Coastal Area to the Cambodian economy lies primarily in the fact that it accommodates the nation's only deep seaport, Sihanoukville Port. GOJ has been assisting the improvement and expansion of this seaport with Japanese ODA loans so as to facilitate Cambodia with modernized, efficient seaport as the gateway to the world for international trades.

Another important factor of Coastal Area of Cambodia is the connection to Phnom Penh, the Capital area of Cambodia. The areas encompassing Sihanouk and Phnom Penh were studied in depth in the 2003 JICA Study, Phnom Penh Sihanoukville Growth Corridor Study. As the two growth centers at Sihanouk and Phnom Penh were the fastest growing regions of Cambodia powering the economic growth of Cambodia, this study denoted the region as "the Growth Corridor of Cambodia", and proposed the regional development strategies including the development of Special Economic Zone (SEZ) in conjunction with the Sihanoukville Port. This SEZ has been positively supported under the Japanese ODA programs, and the construction will start soon.

While development activities related to international trades have been active in Coastal Area, some negative aspects also started to take shape. In Preah Sihanouk City (formerly called Sihanoukville), a number of developers started to formulate numerous development projects, and development projects started to rip off greenery on the hills and pollute water with mud and affluent. In order to regulate

and control development projects in Coastal Area of Cambodia, a through study of the region for sustainable development and conservation needs to be carried out. Also, in urban areas susceptible to uncontrolled development needs to have urban master plans in effect.

In 2008, RGC made an official request to GOJ to carry out this study to counter the aforementioned issues, and GOJ decided to adopt this request, and Japan International Cooperation Agency (JICA) dispatched a preliminary study mission to Cambodia in 2008, and agreed upon the scope of work for this project in December 2008.

1.2 Objectives of the Study

1.2.1 Objectives of the Study

The Study on National Integrated Strategy of Coastal Area and Master Plan of Sihanouk-ville for Sustainable Development, hereinafter called the Study, has the following objectives;

- 1) to formulate the national integrated strategy of Coastal area and master plan of Preah Sihanouk for sustainable development, targeting at year of 2030
- 2) to formulate capacity development plan for governments including the Ministry of Land Management, Urban Planning, and Construction (MLMUPC), and the provinces on regional development, through examination of the systems and institutions to enhance the effectiveness of the master plans of Preah Sihanouk and other cities in Cambodia

1.2.2 Outputs of the Study

The outputs of the Study are;

- 1) national integrated strategy of Coastal area for sustainable development including the strategies of industrial development, infrastructure development, environmental management, and development for core cities in Coastal area
- 2) master plan of Preah Sihanouk including the plans of land use, infrastructure development, etc. which target year is 2030
- 3) capacity development plan including drafts of training program, institutions improvement, organizations improvement, etc.

1.3 Study Area

The study area covers the coastal areal of Cambodia including the following four provinces.

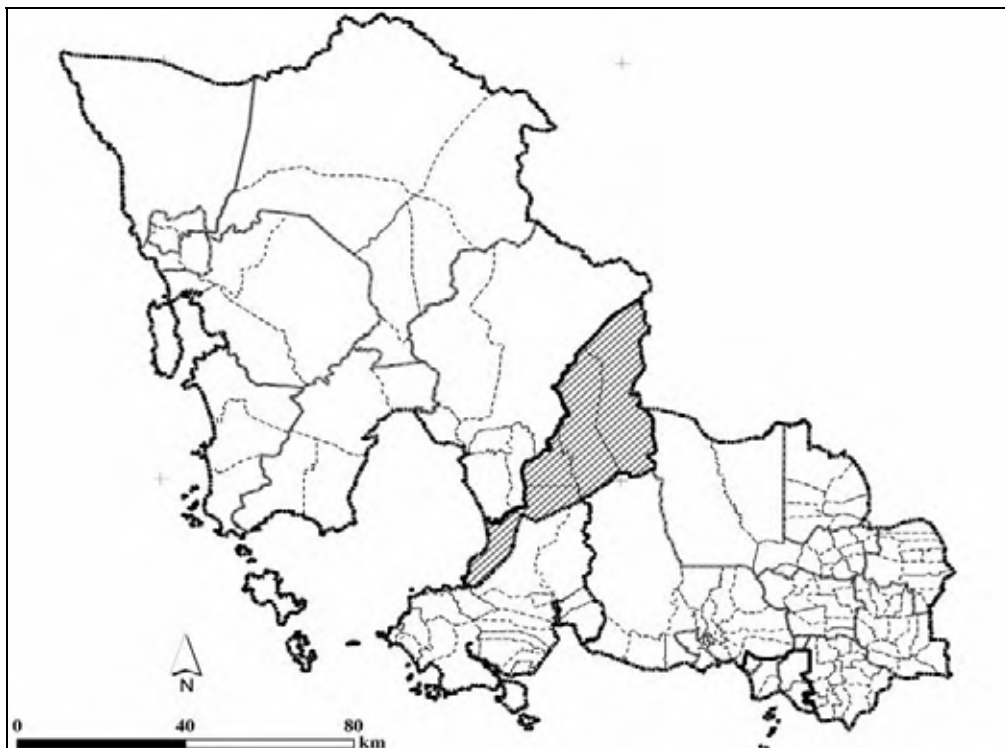
- Sihanouk (Preah Sihanouk)
- Koh Kong
- Kompot
- Kep



Figure 1.3.1 Location Map of the Study Area

In May 2009, there was a slight change in the administrative boundaries of Coastal area provinces. Basically, the Kampong Seila district was moved from Koh Kong province to Preah Sihanouk province. Thus the future planning shall be based on the new boundaries reflecting this change, although the past data, including the 1998 census and 2008 census (provisional figures) follow the old boundaries.

The following figure shows the old and new boundaries.



Note: The shadowed area, Kampong Seila district, has been transferred from Koh Kong to Preah Sihanouk province.

Figure 1.3.2 Administrative Boundaries of Coastal Area (Old and New Boundaries)

In respect to the census data of 2008, complete data have not been publicized yet at the writing of this report (August 2009), and JICA Study Team uses the provisional data which have been made available,

supplemented by the Study Team's own estimation. The full census data will be available by September 2009, and any necessary changes will be made to the figures at the time of Interim Report, though the changes shall be minor.

1.4 Implementation Arrangement

The executing agency of the Study was set as the Ministry of Land Management, Urban Planning and Construction (MLMUPC), together with the four provinces. MLMUPC is the ministry in charge of establishing and enforcing the urban planning and land management. Accordingly the Steering Committee (S/C) was established under the chairmanship of Secretary of State for MLMUPC. Also, for the purpose of discussing technical issues of the respective sectors for the smooth implementation of this Study, an inter-ministerial working group (W/G) was also established. The member of each is shown in Appendix A and B of this Report.

1.5 Work Progress

A team to carry out this study (JICA Study Team), consisting of experts in relevant fields, was dispatched by JICA to Cambodia in March 2009, the first S/C was held in Phnom Penh on 30th March 2009.

The Study was carried out based on the schedule as agreed upon in the first S/C, as shown in Figure 1.5.1.

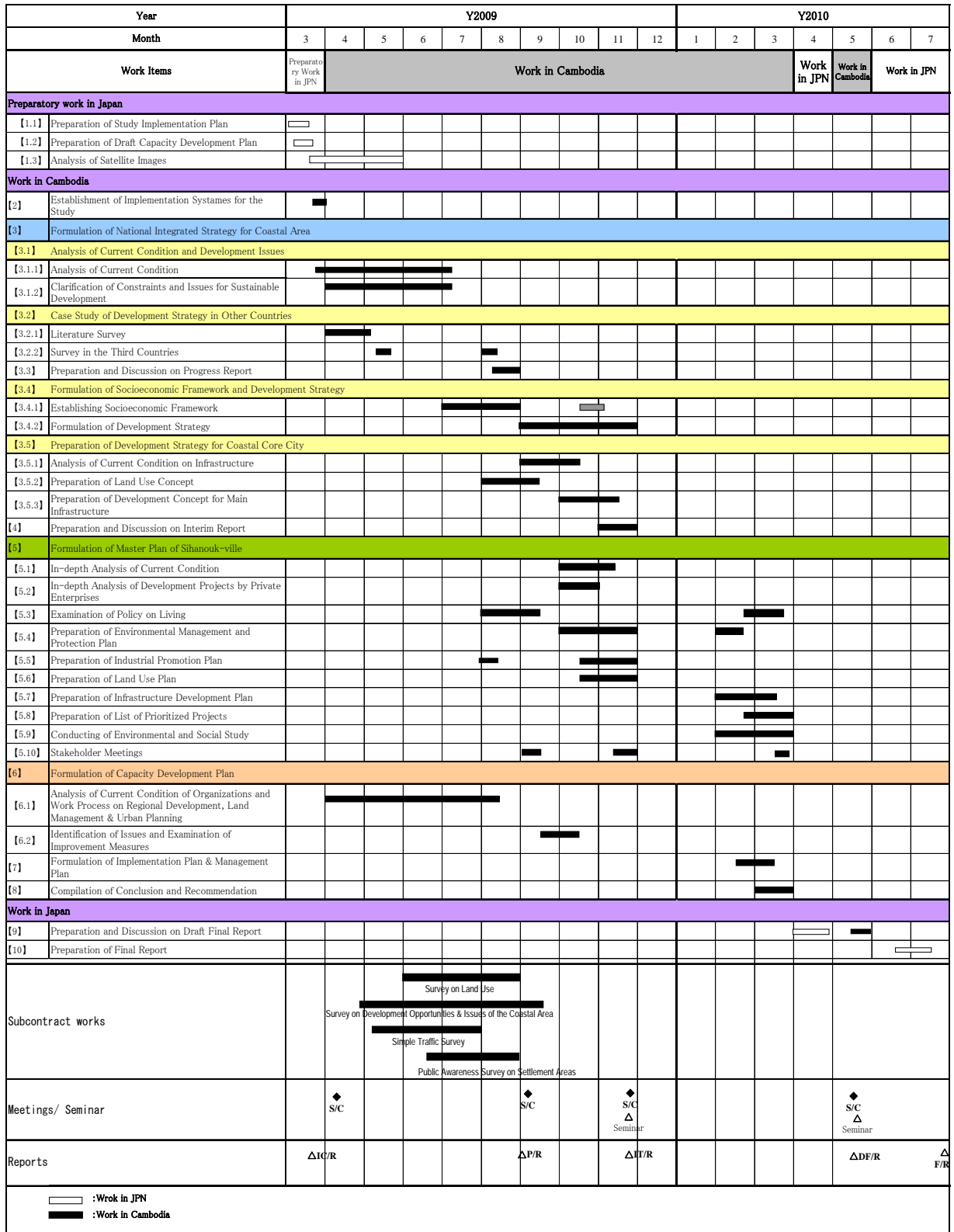
Progress Report which summarized the findings and issues related to Coastal area was prepared to make the basis for the planning, and discuss basic framework for planning. In September 2009, the Progress Report was submitted to the Cambodian side, and on 3rd September 2009, the second S/C was held in Phnom Penh on the subject of this Report.

Interim Report was compiled to present the study summary up to the interim point of the Study in November 2009, and the third S/C and the first Seminar were held in November on this subject.

In May 2010, JICA Study Team prepared Draft Final Report, composed of Book1 and Book2, and the Report was submitted to MLMUPC at the fourth S/C, which was held in the end of May 2010. The second Seminar was also held at the same timing.

At the end of the study period, Final Report is submitted to MLMUPC through JICA in September 2010.

*The Study on National Integrated Strategy of Coastal Area and
Master Plan of Sihanouk-ville for Sustainable Development
Final Report (Book I)*



Source: JICA Study Team

Figure 1.5.1 Work Schedule

CHAPTER 2: RELEVANT NATIONAL POLICY AND LEGAL FRAMEWORKS

2.1 National Strategic Development Plan (2006-2010)

2.1.1 Overall Goals

Following two of the previous national long term development plans, namely the five year Socio-Economic Development Plan (SEDP-I, 1996-2000) and second, the SEDP-II (2001-2005), the Royal Government of Cambodia (RGC) now launches a new national development plan called the National Strategic Development Plan (NSDP) for the subsequent five years of 2006-2010.

RGC puts an emphasis on the strategic goals and action plans to be achieved through the said period. Therefore, NSDP is regarded as “the single overarching, guiding and reference document for pursuing prioritized goals, targets and actions¹”.

NSDP synthesizes and prioritizes the Cambodia Millennium Development Goals (CMDGs) and National Poverty Reduction Strategy (NPRS).

In this context, the main objectives of NSDP are to:

- Align sector strategies and planning cycles to RGC’s overall long term vision;
- Influence and form the basis for future three year rolling PIPs (Public Investment Program) and annual budgets so that allocations and implementation fall into line with achievement of the national goals;
- Guide institutional reform and policy development across sectors;
- Assist external development partners to align and harmonize their efforts towards better aid effectiveness by following nationally developed and government-owned strategic framework, goals and priorities emphasizing mutual accountability, and to shift more to mechanisms such as Sector Wide Approaches for providing assistance leading eventually towards budget support as the preferred mode; and
- Help attract and mainstream private sector investments to implement RGC’s policies, priorities and strategies for the country’s socio-economic development.

The RGC has envisioned its annual GDP growth at 6% during the period, and in order to achieve that, an estimated total investment of approximately USD6,400 million is required during the said five years.

¹ Ministry of Planning. 2006. National Strategic Development Plan 2006-2010

Table 2.1.1 Major Goals of Targets and Indicators

| Major goals: Target/Indicators | | 2005 | 2010 | MDG(2015) |
|---|---|------------------------|------------------|------------|
| Eradicate - Poverty & Hunger (*) | | | | |
| 1* | Poverty levels % of population --2004 -- in 59% of country covered by 1993/94 survey | 34.7 (28.0) | 25 | 19.5 |
| 2* | Poverty levels % rural population -- 2004 --in areas covered by 1993/94 survey | 39.2 (33.7) | | |
| 3* | People below food poverty line % -- 2004 --in areas covered by 1993/94 survey | 19.7 (14.2) | 13 | 10 |
| Enhance Agricultural Production and Productivity | | | | |
| 4 | Paddy yield per hectare (tons) | 2.48** | 2.8** | |
| 5 | Irrigated area -- including supplemental irrign., (% of rice area) | 63** | 87** | |
| 6 | Land Reforms: Land Titles to farmers -- % of Total agri. land | 15** | 24** | |
| Improvements in Health (*) | | | | |
| 7* | Infant Mortality Rate per 1,000 live births | 66 | 60 | 50 |
| 8* | > 5 Mortality Rate per 1,000 live births | 82 | 75 | 65 |
| 9* | Maternal Mortality per 100,000 live births | 472** | 243 | 140 |
| 10* | Births attended by skilled health personnel -- % | 44** | 55** | 80 |
| 11* | HIV/AIDS prevalence, % of adults 15-49 | 0.9** | <0.6** | <0.6** |
| 12* | Malaria Cases - treated at public health facilities - per 1,000 population | 7.3** | 3.5** | 0.1 |
| 13* | TB smear positive cases, per 100,000 | 269** | 214 | 135 |
| 14* | Married women using modern birth spacing methods (%) | 20.1 | 40** | 60 |
| 15 | % of health facilities providing RH services | 33 | 45 | 70 |
| Improvements in Education (*) | | | | |
| 16* | Net Enrolment: Primary Schools -- Total; Boys; Girls --% | 91.3**; 93.0; 89.7** | 100 | 100 |
| 17* | Net Enrolment: Lower Sec. Schools --Total; Boys; Girls -- % | 31.3**; 32.1**; 30.4** | 50**; 50**; 38** | 100 |
| 18* | Survival rate % : 1-6: | 49.3** | 100 | 100 |
| 19* | Survival rate % : 1-9: | 26.3** | 50** | 100 |
| 20* | 6-14 years out of school (%) | 12.3** | 11 | 0 |
| Rural Development | | | | |
| 21 | Rural Roads rehabilitated -- Kms (out of total 28,000) | 22,700 | 25,000 | 28,000 |
| 22* | Safe Drinking water access -- % rural population | 41.6 | 45 | 50 |
| 23* | Sanitation access -- % rural population | 16.4 | 25 | 30 |
| Environmental Sustainability (*) | | | | |
| 24* | Forest Cover -- % of total area | 59** | 60** | 60 |
| 25* | Fuel Wood dependency: Households -- % | 83.9 | 61 | 52 |
| 26* | Access to safe water source -- % of urban population | 35** | 75** | 80 |
| 27* | Access to improved sanitation -- % or urban population | 55 | 67 | 74 |
| Gender Equity (*)2 | | | | |
| 28* | Mainstream gender in all spheres | | | |
| a | Concerned ministries/institutions have fomulated their Gender Mainstreaming Action Plan | 2** | 27** | |
| b | Concerned ministries/institutions have implemented their Gender Mainstreaming Action Plan | 2** | 15** | 27** |
| 29* | Female share of wage employment -- agriculture, industry, services (%) | 52.5; 53.5; 27.0 | 50; 50; 37 | 50; 50; 50 |
| 30* | Level of awareness that violence against women is a crime (%) | 4.5 | 50** | 100 |
| a | Court and administrative orders issued | 0** | 90** | |
| b | Access to services | 0** | 500** | |
| Reforms | | | | |
| 31 | Accelerate Governance Reforms | To be developed | | |
| Sustain high Macro-Economic Growth (*) | | | | |
| 32 | Annual GDP Growth at constant prices - % | 13.3** | 7.0** | |
| 33 | Per Capita GDP at constant prices (000 Riels) | 1.862** | 3,505** | |
| 34 | Rate of Inflation % | 5.8** | 4.0** | |
| Improve Budget Performance | | | | |
| 35 | Total Government budget revenues - % of GDP | 10.6** | 13.1** | |
| 36 | Total Government budget expenditure -- % of GDP | 13.2** | 14.0** | |
| Accelerate Industrial Growth & Employment | | | | |
| 37 | Annual Growth in manufacturing - constant prices (%) | 9.7** | 7.8** | |
| 38* | Working children aged 5-17 years -- % | 22.3 | 10.6 | 8 |
| Tourism | | | | |
| 39 | Annual Tourist arrivals nos -- 000s | 1,420** | 3,200** | 5,000** |
| De-mining, Victim Assistance (*) | | | | |
| 40* | Casualties (deaths and injuries) nos. | 875** | 205** | 0 |
| 41* | Area affected cleared of mines and UXOs -- % | 50.3 | 77 | 100 |
| Infrastructure | | | | |
| 42 | Length of paved roads (primary & secondary) out of 11,310- kms | 2,100 | 4,100 | |
| Energy | | | | |
| 43 | Per capita use of electricity - Kwh | 62** | 159** | |

Note* CMDG target items
**Figure has been revised by "Mid-Term Review 2008" (Nov. 2008)

Source: NSDP (2006)

2.1.2 Economic Targets

In the mid-term review in November 2008, the RGC revised its original macro economic targets announced in December 2005 upward because of the achievement of robust macro-economic growth. In this revision, GDP in 2010 was projected to be CR (Cambodia Riel) 32.8 thousand billion (at constant price of FY2000). The GDP per capita would reach CR 3,505 thousand or USD 842. The GDP has continued to grow at a high, double digit level, and then gradually declines to 7.0% in 2008.

In particular, the growth rate in industry as well as services is expected to grow during the five years. By 2010, the agriculture sector is projected to account for about 24.8% of GDP, while industry about 28.9% and services about 39.6%. The projected changes in the economic structure are shown in the following table.

Table 2.1.2 Major Economic Indicators –NSDP (2005& 2006-2010)

| | 2005 | 2006 | 2007 | 2008* | 2009* | 2010* |
|---|--------|--------|--------|--------|--------|--------|
| GDP (Constant@2000) unit: billion Riels | 22,009 | 24,380 | 26,868 | 28,736 | 30,607 | 32,759 |
| - Agriculture | 29.4% | 28.0% | 26.7% | 26.1% | 25.5% | 24.8% |
| - Industry | 26.8% | 28.6% | 28.1% | 28.3% | 28.5% | 28.9% |
| - Services | 38.5% | 38.3% | 38.3% | 38.7% | 39.1% | 39.6% |
| GDP per capita unit: 000 Riels | 1,862 | 2,108 | 2,416 | 2,892 | 3,217 | 3,505 |
| GDP per capita unit: USD | 455 | 514 | 594 | 716 | 778 | 842 |
| Real GDP growth (%) | 13.3% | 10.8% | 10.2% | 7.0% | 7.2% | 7.0% |
| Export unit: USD Mil. | 2,910 | 3,692 | 4,088 | 4,557 | 5,090 | 5,698 |
| Import unit: USD Mil. | 3,927 | 4,749 | 5,424 | 6,482 | 7,167 | 8,013 |

Note: *estimated/ forecasted.

Source: Mid-Term Review on NSDP (2006-2010)

2.1.3 Priority Sectors for Inducing Investment

In order to achieve the economic development target mentioned in the foregoing section, NSDP has determined the following as priority industries to enhance export-led, pro-poor growth through diversification of industries. Therefore, both the foreign and domestic investment is expected to cater to the following;

- Agriculture and agro-industry, including irrigation, because of the high potential for growth and multiplier effects in the economy through an increase in income in rural areas and demand for consumption;
- Transport and telecommunications infrastructure;
- Energy (oil and natural gas) and electricity generation and distribution;
- Labor-intensive industries and export-oriented processing and manufacturing;
- Tourism and related spheres; and
- Human resource development.

2.2 Legal and Regulatory Framework

2.2.1 Investment and Land

(1) Legal and Regulatory Framework for Investment

1) Transition of legal framework for the investment

The first investment law of Cambodia was made in 1989 to promote private sector investment. Since it was characterized with planned economy, however, the Law on Investment (1994 LOI) was enacted in 1994 to meet the market economy principle and it was amended in 2003 by the Law on the Amendment to the Law on Investment (2003 LOI). As the non-discriminatory investment policy has been adopted in Cambodia, there is no “Foreign Investment Law”, which targets and is applied only to the foreign direct investment (FDI).

The 1994 LOI aimed to provide the “Investment Projects”, which were to be approved by the Council for the Development of Cambodia (CDC), the investment guarantee together with the investment incentives.

All the “Investment Projects” were provided the following investment guarantee under the LOI.

- Non-discriminatory treatment under which both foreign- or domestic-sourced private investments were treated in the same manner, except for the ownership of land because the foreign ownership of land is prohibited by the Cambodian Constitution and the Land Law of 2001
- Non-nationalization policy
- Free pricing
- Free payments for the imports, royalties or management fees
- Free remittance of profits or free repatriation of invested capital in foreign currencies

The 1994 LOI also offered the “Investment Projects” the following investment incentives.

- Reduced corporate tax rate of 9%
- Corporate tax holiday up to 8 years
- Non-taxation on the distribution of dividends, profits or proceeds of investments
- Duty exempted imports of construction materials, means of production, equipments, intermediate goods, raw materials and spare parts for the export-oriented Investment Projects or Investment Projects located in the SPZ (Special Promotion Zone)

Nevertheless, it was pointed out by many investors that the 1994 LOI was complicated, nontransparent, and not effectively applicable. Since some of the classifications of the investment fields to which the incentives would be granted were rather obscure, the

discretionary granting of the incentives was prevailed and many investment projects were said to have failed to obtain the investment incentives.

In such circumstance, the Royal Government of Cambodia (RGC), the World Bank (WB) and the International Monetary Fund (IMF) jointly took the initiative to modify the 1994 LOI. According to the Joint IMF-World Bank Statement of April 4, 2001, circulated at the “Workshop on Revisions to the Law on Investment” held in Phnom Penh, the main point of the changes was to provide a transparent system with minimum administrative discretion that would provide adequate investment incentives, codified under the Law on Taxation. The 2003 LOI was thus enacted in March 2003.

2) *The 2003 LOI*

The 2003 LOI, which was enacted on March 24, 2003, is applied to regulate and promote the private sector investments only when the investors seek for the investment guarantee and/or incentives provided under the 2003 LOI. In such cases, the investors have to submit the Investment Proposals to the Cambodian Investment Board (CIB) or Cambodian Special Economic Zone Board (CSEZB) of the CDC and receive the certificate for the registration of the Qualified Investment Project (QIP). For the investment projects less than USD 2 million, such applications shall be submitted to the Sub-committee on Investment of the Provinces-Municipalities (PMIS). If they do not seek for the investment guarantee and/or incentives, they can simply register corporate papers with the Ministry of Commerce (MOC), form companies, apply for the operational licenses and start business.

3) *Application for QIP*

The 2003 LOI introduced the concept of QIP, the automatic approval for the registration of QIP by setting the timeframe for approving the QIP registration, One-stop Service and the automatic provision of incentives.

The organizations for applying and approving the QIPs are summarized below.

Table 2.2.1 Responsible Organization for QIP Application and Approval

| | | |
|---------|---|---|
| QIP | <i>Projects which;</i> 1. have investment capital of USD 50 million or more; 2. involve politically sensitive issues; 3. involve the exploration and the exploitation of mineral and natural resources; 4. may have negative impact on the environment; 5. have long-term strategy; or 6. involve infrastructure concession | |
| | - Apply to the CIB - Approved by the Council of Ministers | |
| | <i>Projects outside of SEZ</i> | <i>Projects inside of SEZ</i> |
| | - Apply to the CIB - Approved by the CIB | - Apply to the CSEZB - Approved by the CSEZB/ SEZ Administration |
| | <i>Project outside of SEZ and less than US\$ 2 million</i> | |
| | - Apply to the PMIS - Approved by the PMIS | |
| Non-QIP | No application required | |

Source: JICA Study Team

4) *The automatic approval for the registration of the QIP*

Within 3 working days after the receipt of the investment proposal, the CIB/CSEZB or PMIS shall issue a Conditional Registration Certificates (CRC) or a Letter of Non-Compliance. The CIB/CSEZB or PMIS shall issue the CRC if the investment proposal contains all the information required, and if the proposed activity is not in the Negative List set out in the “Sub-Decree No.111 ANK/BK on the Implementation of the Law on the Amendment to the Law on Investment” dated on September 27, 2005. If the investment proposal does not satisfy the above, the CIB/CSEZB or PMIS issues a Letter of Non-Compliance.

If the CIB/CSEZB or PMIS fails to issue a CRC or Letter of Non-Compliance within 3 working days, the CRC shall be considered to be automatically approved. The CIB/CSEZB or PMIS shall issue a Final Registration Certificate (FRC) within 28 working days from the issuance date of the CRC.

5) *One-stop service*

The CRC specifies the approvals, authorizations, clearances, licenses, permits or registrations required for the QIP to operate, as well as the government entities responsible to issue such approvals, clearances, licenses, permits or registrations. These include the followings.

- CSEZB: to issue FRC and the fiscal responsibility certificate in every 90 working days after the end of the fiscal year
- MOC: to register as an investment company
- Tax Department, Ministry of Economy and Finance (MEF): to register for tax document
- Ministry of Environment (MOE): to do contract regarding the environmental protection
- Ministry of Industry, Mines and Energy (MIME): to declare the opening factory
- Ministry of Land Management, Urban Planning and Construction (MLMUPC): to approve the construction plan

The CIB/CSEZB or PMIS shall obtain all of the licenses from relevant ministries-entities listed in the CRC on behalf of the investor. All government entities responsible for issuing an authorization, clearance, license, permit or registration listed on the CRC shall issue such document no later than the 28th working day from the date of the CRC. Any government official who, without proper reason, fails to respond to an investor’s request by this deadline shall be punished by law.

The QIP application process from submission of Investment Proposal until obtaining a FRC is shown in Table 2.2.2.

Table 2.2.2 QIP Application Process

| Party to Take Action | Process | Condition/ Remarks |
|----------------------|---|--|
| Applicant | Submission of an Investment Proposal to the CDC or PMIS | Use a completed Application Form* Payment of Application Fee of 7,000,000 Riels |
| The CDC or PMIS | 1) Issuance of “Conditional Registration Certificate” (CRC) - if the Investment Proposal contains all the information required, and - if the proposed activity is not in the Negative List or not related to national interest/ environmental sensitivity | To be Issued within 3 working days after submission of the Investment Proposal The CRC specifies the approvals, authorizations, clearances, licenses, permits or registrations required for the QIP to operate, as well as the government entities responsible to issue such approvals, etc. The CRC confirms the incentives to which the QIP is entitled and recognize the statutes of the legal entity. Letter of Non-Compliance shall clearly state the reasons why the Investment Proposal was not acceptable and the additional information required for enabling the CDC or PMIS to issue a CRC. |
| | 2) Issuance of “Letter of Non-Compliance” - If the Investment Proposal does not satisfy the above condition | |
| | If a CRC or Letter of Non-Compliance is not issued within 3 working days, the CRC shall be considered automatically approved. | |
| The CDC or PMIS | Obtains all of the licenses from relevant ministries-entities listed in the CRC on behalf of the Applicant. | All government entities responsible for issuing an authorization, clearance, license, permit or registration listed on the CRC shall issue those no later than the 28th working day from the date of the CRC. Any government official who, without proper reason, fails to respond to an Applicant’s request by this deadline shall be punished by law. |
| The CDC or PMIS | Issuance of a “Final Registration Certificate” (FRC) | To be issued within 28 working days of the issuance of the CRC. The date of issuance of the FRC shall be the date of QIP commencement. |

Source: JICA Study Team

6) *The automatic provision of incentives*

Under the 2003 LOI, the following incentives shall be automatically provided to any of the QIPs and the FRC confirms the incentives that the QIP is entitled to.

- QIPs may elect to receive a profit tax exemption or use special depreciation.
- Profit tax exemption (Selective): A tax holiday period is composed of “Trigger period” + 3 years + Priority Period
 - Trigger Period: To be the first year of profit or 3 years after the QIP earns its first revenue, whichever comes sooner
 - Priority Period: To be determined by the Financial Management Law (Exemption period shall be decided basing on the type of industry and amount of investment)

- Special depreciation (Selective): 40% special depreciation allowance on the value of the new or used tangible properties used in the production or processing.
- Duty free import of production equipment, construction materials, production input as shown in Table 2.2.3 below:

Table 2.2.3 Duty-Free Import Granted to QIPs

| Type of QIP | Commodities to be imported free of duty |
|---|---|
| Domestically oriented QIPs | Production equipment, construction materials and production input to be used in the production of exports goods |
| Export oriented QIPs (except those which elect or which have elected to use the Customs Manufacturing Bonded Warehouse mechanism) | Production equipment, construction materials, raw materials, intermediate goods and accessories |
| Supporting Industry QIPs | Production equipment, construction materials, raw materials, intermediate goods and production input accessories. In the case where the Supporting Industry QIP fails to supply 100% of its manufactured products to the export industry or directly export its products, the QIP shall pay the customs duties and taxes on production inputs for the quantity that has not been supplied to the export industry or directly exported |

Source: JICA Study Team

- A QIP located in a designated SPZ or EPZ: To be entitled to the same incentives and privileges as other QIP stipulated in the Amendment to the LOI.
- A QIP shall be entitled to 100% exemption of export tax, except for activities as stipulated in laws in effect.
- The rights, privileges and entitlements of a QIP can be transferred or assigned to a person who has acquired or merged a QIP subject to the approval of the CDC or PMIS.

Under the amended LOI, Value Added Tax (VAT) is payable by QIP on imported production equipment and production input, although the import duties are exempted. Nevertheless, VAT is also currently exempted by Decision or Ministry's letter for garment and footwear QIPs and the QIP located inside of the SEZ for a limited period².

7) *The Special Economic Zones*

Following the enactment of the 2003 LOI, the Special Economic Zone (SEZ) scheme was introduced into Cambodia with the aim to boost the FDI especially in manufacturing fields, by the "Sub-Decree No.148 on the Establishment and Management of the Special Economic Zones (SEZ Sub-Decree)" of December 29, 2005.

Regarding the basic concept and conditions for the SEZ, the SEZ Sub-Decree defines as follows.

- SEZ refers to the special area for the development of the economic sectors which brings together all industrial and other related activities and may include General Industrial Zones and/or Export Processing Zones. Each Special Economic Zone shall

² For domestic QIP locating inside of SEZ, VAT is exempted only for the production equipment. VAT shall be payable for the production input.

have a Production Area which may have a Free Trade Area, Service Area, Residential Area and Tourist Area.

- It must have a land of more than 50 hectares with precise location and geographic boundaries.
- It must have a surrounding fence (for Export Processing Zone, Free Trade Area and the premise of each investor in each zone).
- It must have management office building and Zone Administration offices and all necessary infrastructures must be provided.
- It must have water sewage network, waste water treatment network, location for storage and management of solid wastes, environment-protection measures and other related infrastructures as deemed necessary.

As seen in the provisions of the SEZ Sub-Decree, the Cambodian SEZ scheme does not target the promotion of industries alone but also aims to develop the supporting functions to the industries.

The investment projects to locate inside of the SEZ have to be within the fields permitted by related Laws and Sub-Decrees. The Zone Investors, who plan to invest inside of the SEZ, have to complete the formalities for registering investment proposals as QIPs. Such applications shall be submitted to the SEZ Administration, which are set up by the CSEZB at the SEZ site. The SEZ Administration has a duty to decide on the registration of the investment proposal based on the legal, administrative and technical aspects and on the issuance of the FRC and such process has to be in compliance with the procedures of investment registration set forth in the Law and Sub-Decree on the Implementation of the Law on Amendment to the Law on Investment.

As the 2003 LOI defines in Article 14.9, a QIP located in a designated Special Promotion Zone (SPZ) or Export Processing Zone (EPZ) is entitled to the same incentives and privileges as other QIPs stipulated in the Law. Such definition is also applied to the SEZ. The incentives to be granted to the Zone Investors are as follows.

- The same incentives on customs duty and tax as other QIP shall be entitled.
- The Zone Investor entitled to the incentive³ on Value Added Tax (VAT) at the rate of 0% shall record the amount of tax exemption for its every import. The said record shall be disregarded if the Production Outputs are re-exported. In case the Production Outputs are imported into the domestic market, the Zone Investor shall refund the amount of Value Added Tax as recorded in comparison with the quantity of export.
- Zone investors or foreign employees have the right to transfer all the income derived from the investment and salaries received in the zone to banks located in other countries after payment of tax.
- The Zone Developer and the Zone Investor are entitled to obtain the investment guarantees as stated in Article 8, Article 9 and Article 10 of the Law on Investment in the Kingdom of Cambodia and other relevant regulations.

³ The Zone Investor entitled to the incentive: Investors such as garment and footwear manufacturers, their supporting industries or contractor.

- Non-discriminatory treatment as foreigners, non-nationalization and no-fixing price

To promote the investments in the SEZ, the RGC recently decided to provide the Zone Investors with the following additional or temporary incentives by Prakas No.3841 MEF of July 2, 2009.

- For Export Oriented QIP: The imposition of VAT shall be temporarily and automatically suspended for the construction materials, production equipments and materials to be imported by the Zone Investors.
- For Domestic Manufacturing QIP: The imposition of VAT shall be temporarily and automatically suspended for the construction materials and production equipments to be imported by the Zone Investors.
- Above incentive shall be valid until 31 December 2010.

The special customs procedures have also been decided to be applied to the SEZ as one of the incentives (Prakas No. 734 MEF on the Special Customs Procedures to be implemented in SEZ, dated September 11, 2008). Under such special treatment, the Zone Investors became to enjoy the simplified customs clearance procedures in the SEZs located within 20km from the official border.

8) *Summary of law and regulations relating to the investment activities*

The Cambodian laws and regulations regarding the private sector investment can be summarized as shown in Table 2.2.4 below.

Table 2.2.4 List of the Laws and Regulations relating to the Private Sector Investment in Cambodia

| Name of Law/Sub-Decree | Date of Promulgation / Issuance | Contents |
|---|---------------------------------|---|
| The Law on Amendment to the Law on Investment | March 24, 2003 | - To amend the Law on Investment of 1994 by bringing in the transparent, non-discretionary, automatic and predictable principles into the investment-related regulation - To define the QIP scheme, and to provide and regulate investment incentives. |
| Sub-Decree No. 17 on the Establishment of the Sub-Committee on Investment of the Provinces-Municipalities | February 9, 2005 | - To regulate the QIP registration scheme for the investment project less than two million US Dollars |
| Sub-Decree No. 111 on the Implementation of the Law on the Amendment to the Law on Investment | September 27, 2005 | - To implement the Law on Amendment to the Law on Investment |
| Sub-Decree No.148 on the Establishment and Management of the Special Economic Zones | December 29, 2005 | - To introduce the SEZ scheme into Cambodia |
| Sub-Decree No. 149 on the Organization and Functioning of the CDC | October 3, 2008 | - To revise the preceding "Sub-Decree No.147 on the Organization and Functioning of the CDC" |

Source: JICA Study Team

(2) Legal and Regulatory Framework for Land

1) *Current basic legal framework regarding the land*

“Land Law”, enacted on 30 April 2001, has been a basic law regulating the various rules regarding the land in Cambodia. It stipulates the basic principles for the various rights regarding the land, as well as the types, acquisition and forms of the land ownership. The articles regarding the land ownership acquisition include the provisions about the land concession. The Law also stipulates the rules for land lease for short term and long term.

On December 08, 2007, “Civil Code” was promulgated and some of its provisions are expected to be applied for substituting the current provisions of Land Law. The Civil Code is currently pending to come into effect until the enactment and promulgation of “Draft Law on Implementation of the Civil Code”.

2) *Land ownership*

The Land Law stipulates that only legal possession can lead to ownership and any regime of ownership of immovable property prior to 1979 shall not be recognized.

Only natural persons or legal entities of Khmer nationality have the right to ownership of land in Cambodia. Cambodian citizens, public territorial collectives, public institutions, Cambodian communities or associations, public enterprises, Cambodian civil enterprises and any Cambodian organization which is recognized by law as a legal entity, may be the owners of land. Any commercial enterprise registered in Cambodia, of which 51% or more of the shares are held by natural persons of Cambodian nationality or by Cambodian legal entities recognized pursuant to the laws of Cambodia, may also be the owner of land.

The State may also provide to natural persons or legal entities of Khmer nationality the ownership over immovable property belonging to the State within the strict limits. Besides the State, public territorial collectives, public institutions and any legal persons or entities recognized as such by public law may be the owners of immovable property.

3) *State property*

The following property falls within the public property of the State and public legal entities. State public property is inalienable and ownership of those properties is not subject to prescription.

- Any property that has a natural origin, such as forests, courses of navigable or floatable water, natural lakes, banks of navigable and floatable rivers and seashores;
- Any property that is specially developed for general use, such as quays of harbors, railways, railway stations and airports;
- Any property that is made available, either in its natural state or after development, for public use, such as roads, tracks, oxcart ways, pathways, gardens and public parks, and reserved land;
- Any property that is allocated to render a public service, such as public schools or educational institutions, administrative buildings and all public hospitals;

- Any property that constitutes a natural reserve protected by the law;
- Archeological, cultural and historical patrimonies;
- Immovable properties being royal properties that are not the private properties of the royal family. The reigning King manages royal immovable properties.

The property belonging to the private property of the State and of public legal entities may be the subject of sale, exchange, distribution or transfer of rights as it is determined by law. Such property may be leased out and it may be the subject of any contract made properly.

4) *Land concessions*

In Cambodia, there are three types of concessions, namely “Social Concessions”, “Economic Concessions” and “Use, Development or Exploitation Concessions”. In case of “Social Concessions”, beneficiaries can build residential constructions and/or cultivate State lands for their subsistence. In “Economic Concessions”, the beneficiaries can clear land for industrial or agricultural exploitation. The Land Law stipulates the provisions for these concessions.

“Use, Development or Exploitation Concessions” include the mining concession, port concession, airport concession, industrial development concession and fishing concession, and the provisions of “Law on Concessions” of October 19, 2007 shall be applied to regulate such concessions.

Under the Land Law, the land concession is defined as a legal right established by a legal document issued under the discretion of the competent authority, given to any natural person or legal entity or a group of persons to occupy a land and to exercise thereon the rights set forth by the Land Law.

The nature and conditions of a land concession is stipulated as follows in the Land Law.

- A land concession can only be granted on lands that are part of the state private property.
- The concession fees shall be payable except for the social concession given to poor families to establish residences for themselves and/or to develop subsistence cultivation.
- A land concession may only create rights for the time fixed by the concession contract. The maximum duration is limited to 99 years.
- Land concessions areas shall not be more than 10,000 hectares. Existing concessions which exceed such limit shall be reduced. However, if such reduction would result in compromising the exploitation in progress, a concessionaire may obtain a specific exemption.
- The concession must be registered with the Ministry of Land Management, Urban Planning and Construction.
- A land concession is revocable through governmental decision when its legal requirements are not complied with.

- Any land concession created for the purpose of industrial cultivation must be exploited within twelve months after issuance of the concession. If this is not complied with, the concession will be considered as cancelled.

5) *Economic Land Concessions*

“Sub-Decree (RGC) No. 146 ANK/BK on Economic Land Concessions” (SD-ELC) was issued on December 27, 2005 to determine the criteria, procedures, mechanisms and institutional arrangements for initiating and granting new economic land concessions, for monitoring the performance of all economic land concession contracts, and for reviewing economic land concessions entered into prior to the effective date of this sub decree for compliance with the Land Law of 2001.

Economic land concessions may be granted to achieve the following purposes.

- To develop intensive agricultural and industrial-agricultural activities that requires a high rate and appropriate level of initial capital investment.
- To achieve a specific set of agreements from the investor for developing the land in an appropriate and perpetual manner based on a land use plan for the area.
- To increase employment in rural areas within a framework of intensification and diversification of livelihood opportunities and within a framework of natural resource management based on appropriate ecological system,
- To encourage small as well as large investments in economic land concession projects, and
- To generate state revenues or the provincial or communal revenues through economic land use fees, taxation and related services charges.

An economic land concession may be granted only on a land that meets all of the following five criteria.

- The land has been registered and classified as state private land in accordance with the Sub decree on State Land Management and the Sub decree on Procedures for Establishing Cadastral Maps and Land Register or the Sub decree on Sporadic Registration.
- Land use plan for the land has been adopted by the Provincial-Municipal State Land Management Committee and the land use is consistent with the plan.
- Environmental and social impact assessments have been completed with respect to the land use and development plan for economic land concession projects.
- Land that has solutions for resettlement issues, in accordance with the existing legal framework and procedures. The Contracting Authority shall ensure that there will not be involuntary resettlement by lawful land holders and that access to private land shall be respected.
- Land for which there have been public consultations, with regard to economic land concession projects or proposals, with territorial authorities and residents of the locality.

6) *Land lease*

There are two types of land leases: lease for an indefinite period of time and a definite period of time. A lease for a definite period of time includes a short-term lease with an option to renew and a long-term lease for 15 years or more.

Lease contracts shall be entered into according to the will of the parties and shall be in writing.

Although there is no maximum period given for the long-term lease under the Land Law, the Civil Code stipulates the maximum length of perpetual lease (long-term land lease) to be 50 years. Given the remaining contract period of long-term lease exceeds 99 years when the Civil Code is implemented, such contract period will be first limited to 99 years and, for the following contract if original contract is renewed, the perpetual lease period will be maximum 50 years.

A long-term lease constitutes a right in *rem* over immovable property and such right may be assigned for valuable consideration or transferred by succession. Such long-term lease right may be registered only when the land ownership has already been registered either through sporadic registration or systematic registration.

7) *Law and regulations relating to land and concession*

The Cambodian laws and regulations regarding the land and economic concessions include the followings shown in Table 2.2.5.

Table 2.2.5 List of the Law and Regulations relating to the Land and Economic Concessions in Cambodia

| Name of Law/Sub-Decree | Date of Promulgation / Issuance | Objectives/Contents |
|--|---------------------------------|--|
| Decision #56 (RGC) on Creation of Inter-Ministerial Commission to Facilitate and Resolve Dispute in the Investment Zone of Yeejia Tourism Development Company Ltd. in the Area of Preah Sihanouk National Park "Ream" in Preah Sihanouk Province | September 5, 2009 | <ul style="list-style-type: none"> - To create an Inter-Ministerial Commission to facilitate and settle dispute occurring in the investment zone of Yeejia Development Company Ltd. in the area of the Preah Sihanouk National Park "Ream" in Preah Sihanouk Province. - The Commission shall have the following duties: (i) to review, facilitate, advise and handle disputes involved in this investment site so as to enable Yeejia Tourism Development Company Ltd. to smoothly operate the development; (ii) to participate in the discussion and consultation regarding conservation and development in the investment zone; (iii) to immediately take measure and settle all illegal activities occurring within the Company's development zone |
| Sub-Decree #105 (RGC) on Amendment to Sub-Decree № 125 ANKr.BK, dated September 13, 2007, on Transfer of Land Site of 750 Hectares in Khan Stung Hav of Preah Sihanouk Municipality | July 23, 2009 | <ul style="list-style-type: none"> - To declare An area of 721 (seven hundred and twenty one) hectares has been transferred to Attwood Investment Group Co., Ltd for the Development of an International Port. The remaining land area of 204 hectares, (the State land portion) shall be recorded in the State property inventory of Preah Sihanouk Provincial City Hall. |
| Decision #08 (RGC) on Creation of Inter-Ministerial Commission for Coordinating and Addressing Dispute Problems within the Investment Projects for Development of the UNION | January 30, 2009 | <ul style="list-style-type: none"> - To create the Inter-Ministerial Commission which shall have the role and duties as follows: <ul style="list-style-type: none"> • To facilitate and settle dispute problems in investment projects for development of the UNION Development Co., Ltd and investment projects for development in natural protected zones across the country; |

| | | |
|--|--------------------|---|
| Development Co., Ltd in Koh Kong province, and the Investment Projects for Development at Natural Protected Zones Across Cambodia | | <ul style="list-style-type: none"> • To participate, discuss and recommend on conservative work and development within investment projects for development of UNION Development Co., Ltd; • To take actions for immediately preventing and addressing all illegal activities occurring in the investment projects for development of the UNION Development Co., Ltd |
| Sub-Decree #131 on Amendment on Sub-Decree on Economic Land Concessions | September 15, 2008 | - To delete the provisions of “Sub-Decree on Economic Land Concession”, related to the delegated power of Provinces-Municipalities to grant the economic land concession |
| Prakas #101 (MEF) on Creation of an Inter-Ministerial Task Force to Manage Real Estate Development Business | February 12, 2008 | <ul style="list-style-type: none"> - To create “Inter-Ministerial Task Force to Manage Real Estate Development Business” - The task force shall have the duty to draft/prepare develop policy and legal standard letters so as to control and manage real estate development companies. |
| Decision #01 (RGC) on Creation of Commission for Preparing Legal Standards and Procedures on Land Use in Provinces-Municipalities and Urban Areas of the Kingdom of Cambodia | February 08, 2008 | - To create “Inter-Ministerial Task Force to Manage Real Estate Development Business”, of which Secretariat shall have the following duties: to research laws and other documents for technical support in developing/preparing legal standards and procedure on use of land in provinces-municipalities and urban areas of the Kingdom of Cambodia; and to prepare documents and technical reports to be submitted to the meeting of the inter-ministerial commission for review and decision. |
| Royal Kram NS/RKM/1207/030 on Promulgation of the Civil Code | December 08, 2007 | - To introduce the basic legal frames for general civil liabilities, the formation of obligations and the execution of contracts, juristic persons, etc. |
| Sub-Decree #125 (RGC) on Transfer of Land of 750 hectares located along Prek Roluos and Poyreap of Khan Steung Hav in Sihanoukville Municipality | September 13, 2007 | <ul style="list-style-type: none"> - To include The land of 750 hectares located along Prek Rolus and Poyreap in Sangkat O Tres and Sangkat Kampenh of Khan Steung Hav of Sihanoukville municipality shall be included as the State private property - To grant the 585 hectares of the total land to Atwood Investment Group Co., Ltd in order to develop International Port in Steung Hav of Sihanoukville municipality |
| Sub-Decree #114 (RGC) on the Mortgage and Transfer of the Rights over a Long -Term Lease or an Economic Land Concession | August 29, 2007 | - To determine principles and terms and conditions for granting rights to investors to put up as security and transfer of rights over a long-term lease or an economic land concession during the period of time of lease contract or concession agreement. |
| Instructional Circular #01 (MOJ) on Proceeding and Procedures for Settling Cases in relation to the State Land | July 03, 2007 | <ul style="list-style-type: none"> - To provide the proceedings and settlement of land dispute cases to the courts and prosecutors attached to provinces-municipalities - To ensure legal security of State land |
| Sub-Decree # 129 (RGC) on Rules and Procedures of Reclassification of Public Properties of the State and of Public Legal Persons | November 27, 2006 | - To determine principles, the mechanism and procedures for managing and organizing the State properties in relation to: <ul style="list-style-type: none"> (i) preparation of State properties inventory/listing; (ii) leasing/renting State properties; (iii) sale of State private properties; and exchange of State’s private properties. |
| Sub-Decree # 65 (RGC) on the Organization and Functioning of the Secretariat General of the National Authority for Addressing Land Disputes | July 14, 2006 | - To determine the mission, power, function, duties and structure of the Secretariat General of the National Authority for Addressing Land Disputes (NAALD) |
| Sub-Decree#146 on Economic Land Concessions | December 27, 2005 | - To determine the criteria, procedures, mechanisms and institutional arrangements for initiating and granting new economic land concessions; for monitoring the performance of all economic land concession contracts; and for reviewing economic land concessions entered into prior to the effective date of this sub decree for compliance with the Land Law of 2001 |
| Land Law | 30 April 2001 | - To determine the regime of ownership for immovable properties in |

| | | |
|---|------------------|---|
| | | Cambodia for the purpose of guaranteeing the rights of ownership and other rights related to immovable property |
| Law on Land Use Planning, Urbanization and Construction | May 24, 1994 | - To promote the organization and embellishment of the urban and rural areas throughout Cambodia with the purpose of assuring the development of the country in the spirit of: <ul style="list-style-type: none"> • respecting both common and individual interests, private rights, observing laws and regulations, and overseeing on the construction matters. • assuring through the development process an equilibrium between the cities /towns and rural areas based on their geographical conditions and special characteristics. • assuring the value of natural and cultural wealth, ensuring the development of the economic and touristic sectors and maintaining the quality of the environment. |
| Decision No.34 on the Creation of a National Committee for Land Planning and Urbanization of Areas surrounding Phnom Penh, Towns and provinces in the Kingdom of Cambodia | October 18, 1993 | - To create the "National Committee for Land Planning and Urbanization for Areas Surrounding Phnom Penh, Towns and Provinces in the Kingdom of Cambodia" - Each province and town shall have a sub-committee directly under the supervision of the Governor in order to implement the directives as well as to report its activities to the National Committee |

Source: JICA Study Team

Some of the Cambodian laws and regulations regarding the infrastructure concessions are shown for reference in Table 2.2.6.

Table 2.2.6 List of the law and regulations relating to infrastructure concessions in Cambodia

| Name of Law/Sub-Decree | Date of Promulgation / Issuance | Objectives/Contents |
|--|---------------------------------|---|
| Royal Kram NS/RKM/1007/027 on Promulgation of the Concession Law | October 19, 2007 | - To promote and facilitate the implementation of privately financed Infrastructure Projects in Cambodia for public interest and the fulfillment of social needs and national economy - The Concession Law shall have a scope to govern Concessions. A Concession shall be granted by Contract in accordance with the provisions of this Law and the relevant provisions. |
| Sub-Decree #124 (RGC) on Granting Concession of Cambodian Royal Railway | September 12, 2007 | - To establish the legal framework in granting the Cambodian Royal Railway concession and to create a procedure for approving and managing the concession agreement |
| Decision # 03 (RGC) on Creation of Technical Commission to Facilitate Primary Study and to Inspect Investment Project in relation to Construction of New Highway Connecting from Phnom Penh to Sihanoukville Crossing Takeo and Kampot Provinces | January 24, 2007 | - To create Technical Commission to Facilitate Primary Study and To Examine Investment Project in relation to Construction of New Highway Connecting from Phnom Penh to Sihanoukville Crossing Takeo and Kampot Provinces - The Technical Commission shall have the following duties: <ul style="list-style-type: none"> • To facilitate primary study and examine investment project, other agreements of Phnom Penh-Sihanoukville Highway construction project, and necessary infrastructure projects along this new road; • To coordinate in addressing an appropriate land policy regarding land affected by the investment project; and to examine project implementation, construction and other works relating to this project. |
| Sub-Decree on Build-Operate-Transfer (BOT) Contract | February 13, 1998 | - To regulate a concession contract in which a Principal, the State or public legal entities, grants a concession to a Concessionaire, private legal entities, who is responsible for the construction and operation of a facility over the period of the concession before finally transferring the facility, at no cost to the Principal, as a fully operational facility. |

Source: JICA Study Team

2.2.2 Urban Planning

The Law on Land Use Planning, Urbanization and Construction (NS/RKM/04/94) as put in effect in August 1994. This law established procedures for formulation of development plans and land use plans on the national and local levels. The content of the Law is summarized in Table 2.2.6.

The objective of the law is stipulated to “promote the organization and embellishment of the urban and rural areas throughout the Kingdom of Cambodia with the purpose of assuring the development of this country” (Article 1), in the spirit of;

- Respecting both common and individual interests, private rights, observing laws and regulations and overseeing on the construction matters,
- Assuring through development process an equilibrium between the cities / towns and rural areas based on their geographical conditions and special characteristics, and
- Assuring the value of natural and cultural wealth, ensuring the development of the economic and touristic sectors and maintaining the quality of the environment.

The law stipulates to establish committees for planning, urbanization and construction at the central and local levels. The local level committees comprise of the committee for the capital city of Phnom Penh and provincial and municipal subcommittees.

The law requires the Phnom Penh and provincial and municipal subcommittees to formulate development master plans (Article 5), which are subject to approval by the National Committee. In addition, for any special area with the importance in the patrimony, environment and economic development as determined by the Council of Ministers, the Law enables the National Committee to formulate a specific development master-plan.

The Law also stipulates the formulation of land use master plans (Article 6) under the development master plans for Phnom Penh and at provincial and municipal levels. The land use master plan shall establish a zoning system comprising areas allocated for national defense, agriculture, commerce, industry, handicraft, culture, tourism, religion and administrative and public facilities.

The construction work in theory shall be conducted in obedience with the development plans and land use plans and relevant documents (Article 11, 12 and 13).

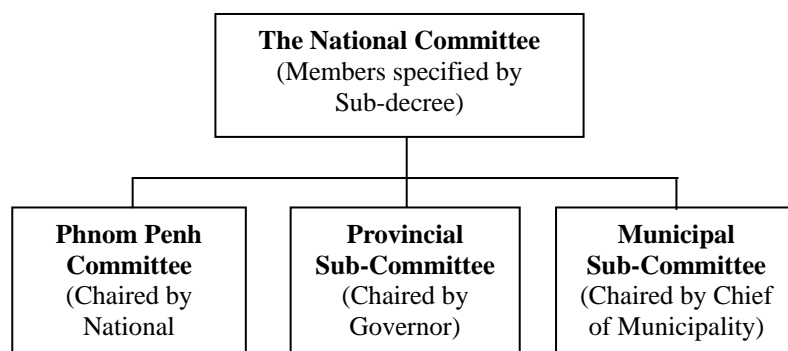


Figure 2.2.1 Committee Structure for Development Planning

Table 2.2.7 Law on Land Use Planning, Urbanization and Construction in Brief

| Article No. | Key Word | Description |
|-------------|---|---|
| Article 2 | Land Law | - The Law shall be based on the ownership titles as provided in the present Land Law. |
| Article 3 | National Committee | - A National Committee for Country Planning, Urbanization and Construction shall be established |
| | Phnom Penh Committee | - For the Capital City of Phnom Penh, a Committee for Planning, Urbanization and Construction shall be established |
| | Provincial and Municipal Committees | - For the provinces and other municipalities, a Sub-Committee for Planning, Urbanization and Construction shall be established, headed by Governor or Chief of Municipality |
| Article 5 | Development Master-plan | - Phnom Penh Committee or Sub-committees shall respectively draw up their own development master-plans - Such development master plan shall be approved by the National Committee and determined by a Sub-decree |
| | Specific Development Master-plan | - Any particular region [to protect the patrimony and the environment, and to assure the economic development] as determined by the Council of Ministers, the National Committee shall have the duty to prepare a specific development master-plan |
| Article 6 | Land Use Master-plan | - Land use master-plan shall be established for each capital city, province and municipality |
| Article 7 | Land Use Areas | - Land use master plans shall clearly indicate the areas to be allocated for national defense, agriculture, commerce, industry, handicraft, culture, tourism, religion and administrative and public facilities |
| Article 8 | Development Master- plan and Land Use Master-plan | - Land use master plans shall comply with the development master plans |
| Article 9 | Approval of Land Use Master-plan | - Land use master plans shall be first approved by the [relevant] Committee or by the Sub-Committee, and shall be approved subsequently by the National Committee |
| Article 10 | Special Provisions for Resort Places and Immobile Objects | - The Royal Government will set up special provisions and the services of urbanization for protecting and promoting the value of resort places of any immobile objects - The list of those immobile objects or resort places shall be determined by a Sub-decree |
| Article 11 | Authorization of Explorations or surveys | - All the explorations or surveys which produce an effect on archaeology shall be first authorized by the Royal Government |
| Article 12 | Banning of Construction | - All individual and private institutions as well as public authority are banned from conducting any constructions on the public yard-fields [in] water reservoir and water dams, the reserved mining fields and the forest zones, the archaeological and historical resort sites, the gardens and public parks and development zones and reserved land for the road constructions or reserved land for the road sides, and the reserved land for the construction of rail-roads and airports, or rivers, seas, streams including banks |
| Article 13 | Work of Construction | - The work of construction and the settlement shall be conducted in obedience with all [the relevant] documents and to the master plans mentioned in Article 4 and 5 of this Law |

Source: JICA Study Team

In the implementation of the Law, a sub-decree was issued in 1997 (87/ANK/BK on the Organization and Functioning of the National Committee of Land Management, Urban Planning and Construction). No legal provisions have been made so far on other issues of the implementation of the Law, such as the establishment of Phnom Penh, provincial and municipal committee and subcommittees, specific contents of development master plans and land use plans and procedure for approval of construction.

Even though the law was enacted in 1994, and despite the fact that there have been a number of efforts in formulating one in various cities with various donors support, no urban master plan has yet been approved officially under this law. The lack of practice imposes serious question as to the effectiveness of the law, and it is deemed imperative that RGC formulate a urban master plan under this law and approve officially, and enforce it effectively to rectify the diverse urban problems in Cambodia. From accumulation of such experiences, the real capacity for urban planning shall be developed.

2.2.3 Environmental Protection

Basic environmental conservation policy is mentioned in article 59 of the Constitution of the Kingdom of Cambodia (1993). The article clearly mentions that the state is responsible to protect the environment and balance of abundant natural resources and to make plans in order to realize the protection of natural environment. Ministry of Environment (MOE) was established in 1993 to carry out the environmental protection activities in cooperation with other relevant institutions. Under the Constitution, the Royal government has developed several legislations as shown in Table 2.2.8.

The Ministry of Environment, in collaboration with concerned ministries conducts research, assess the impacts on natural resources, and provide the concerned ministries with recommendation to ensure that the natural resources are managed in an environmentally rational and sustainable manner according to the legislation.

Law on Environmental Protection and Natural Resource Management (1993) is the primary source of environmental legislation in Cambodia. It deals with pollution, environmental impact assessment, environmental planning, and natural resource management.

The Royal Government Promulgated Law No. 1296-36 NS/RKM dated 24 December 1996 defining the Law on Environmental Protection and Natural Resource Management.

The purpose of this law is:

- (i) To protect and promote environmental quality and public health through the prevention, reduction, and control of pollution;
- (ii) To assess the environmental impacts of all proposed projects prior to the issuance of the decision by the Royal Government;
- (iii) To ensure the rational and sustainable conservation, development management, and use of the natural resources of Cambodia;
- (iv) To encourage and enable the public to participate in environmental protection and natural resource management; and
- (v) To suppress any acts that cause harm to the environment.

Table 2.2.8 Major Legislations for Environmental Protection

| Category | Title | Year |
|----------------|--|------|
| Constitution | Article 59 of the National Constitution of the Kingdom of Cambodia | 1993 |
| Royal Decree | Royal Decree on the Protection of Protected Areas | 1993 |
| Royal Decree | Royal Decree on the Establishment and Management of Tonle Sap Biosphere Reserve | 1994 |
| Law | Law on Environmental Protection and Natural Resources Management | 1996 |
| Sub-decree | Sub-decree on the Organization and Function of the Ministry of Environment | 1997 |
| Sub-decree | Sub-decree on Environmental Impact Assessment Process | 1999 |
| Sub-decree | Sub-decree on Water Pollution Control | 1999 |
| Sub-decree | Sub-decree on Solid Waste Management | 1999 |
| Sub-decree | Sub-decree on Air Pollution and Noise Disturbance | 2000 |
| Law | Land Law | 2001 |
| Law | Law on Forestry | 2003 |
| Sub-decree | Sub-decree on Community Forestry Management | 2003 |
| Strategic Plan | National Environmental Management Action Plan: Strategic Plan (2004–2008) | 2003 |
| Sub-decree | Sub-decree on Community Fishery Management | 2005 |
| Law | Law on Fishery | 2006 |
| Sub-decree | Sub-decree on International Trade in Endangered Species of Wild Fauna and Flora | 2006 |
| Law | Protected Areas Law | 2008 |
| Declaration | Declaration on General Guideline for Conducting an Initial and Full Environmental Impact Assessment Report | 2009 |

Source: Legislation documents provided by MOE, MAFF, FoA and FiA

Conditions and application of the relevant legislation in the Study area are as follows.

(1) Establishment and Conservation of Protected Areas and Protected Forests

Protected areas were initially established with Royal Decree on the Establishment and Designation of Protected Areas of November 1, 1993. The Protected Areas Law was enacted in February 2008, which was promulgated by Royal Decree No NS/RKM/1296/36 of December 24, 1996, Royal Decree on the Establishment and Designation of Protected Areas of November 01, 1993, Royal Decree on the Establishment and Management of Boeung Tonle Sap Biosphere reserve No NS/RKT/0401/070 of April 10, 2001, and other relevant documents. The law has a scope of application in protected areas defined by the provisions of the Law on Environmental Protection and Natural Resources Management.

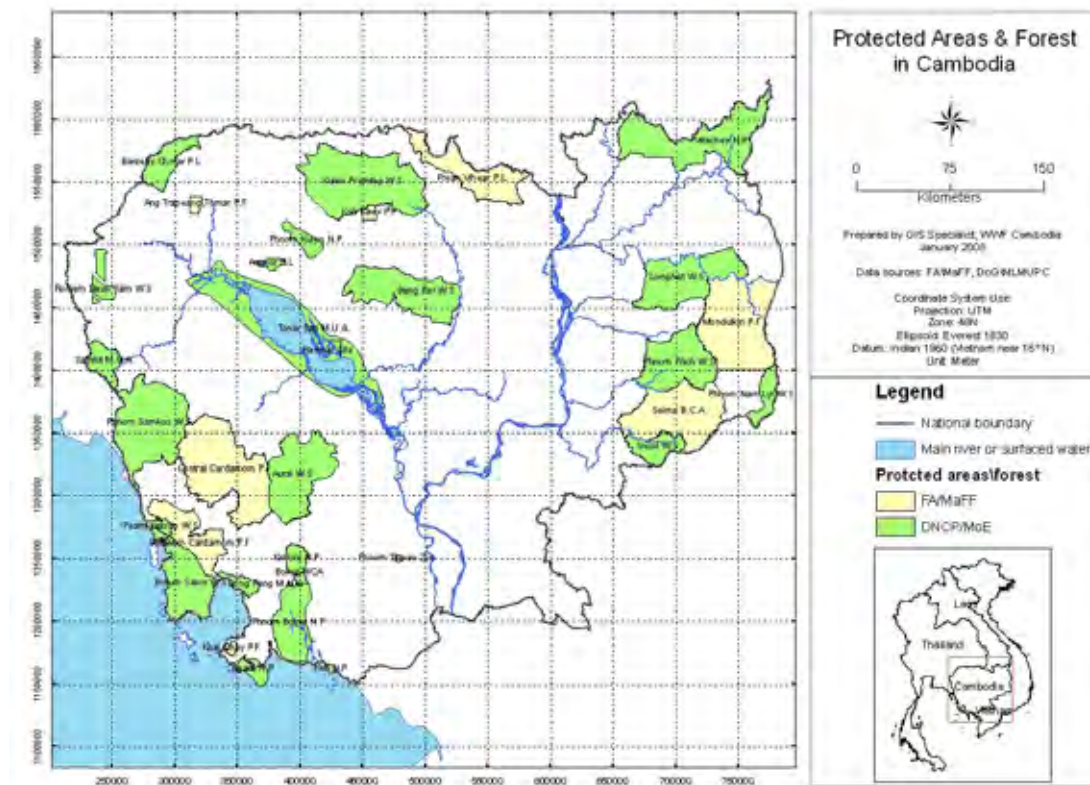
Protected areas in the Law are categorized as 1) National Park, 2) Wildlife Sanctuary, 3) Protected Landscape, 4) Multiple Use Area, 5) Ramsar Site, 6) Biosphere Reserve, 7) Natural Heritage Site, and 8) Marine Park. According to the Law, the exact areas would be defined by sub-decrees after the field reconnaissance. However, the field reconnaissance has not been completed yet and the sub-decrees are still under preparation. Therefore the protected areas designated by royal decree (1993) are provisionally regarded as the present protected areas. The total protected area is 3,134,471 ha and 17.3% of the country. There are seven national parks, ten wildlife sanctuaries, three protected landscapes and three multiple use areas in the country. In the Study area, there are five national parks (Kirirom, Phnom Bokor, Kep, Ream and Botum Sakor), two wildlife sanctuaries (Peam Krasop and Phnom Samkos), and one multiple use area (Dong Peng) (Forestry Statistics 2006, Forestry Administration, 2007). The protected areas are managed by Nature Protection and Conservation Administration, MOE.

The Law also stipulates zoning. Each protected area is divided into four management zones, namely a core zone, a conservation zone, a sustainable use zone and a community zone. Any development and investment activities are prohibited in core and conservation zones. The Nature Protection and Conservation Administration will conduct research and management zoning in accordance with the

MOE's guidelines and demarcated the boundary markers for each protected area based on an appropriate location on the map determined by sub-decree. However, as the sub-decree is under the preparation, zoning of each protected area has not been determined.

The Forest Administration (FoA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF) had defined protection forest by 2004 with sub-decrees or declarations. The total area is 1,490,500 ha and 8.2% of the country. There are 10 protected forests in the country and three protected forests (Kbal Chhay, Central Cardamom and Southern Cardamom) in the Study area (Forestry Statistics 2006, Forestry Administration, 2007). Figure 2.2.2 shows the locations of the protected areas and protected forests.

The protected forests are designated as the permanent forest reserves which qualify as a special ecosystem area, an area of scientific, cultural or tourism value, an area for biodiversity, and water and soil conservation. The FoA needs to prepare the management plan for the protected forests. Each protected forest is usually divided into sub-zones such as research forest, recreation forest, elephant corridor, tiger rehabilitation area and so on, and adequate conservation measures are applied.



Source: WWF Cambodia

Figure 2.2.2 Protected Areas and Protected Forests in Cambodia

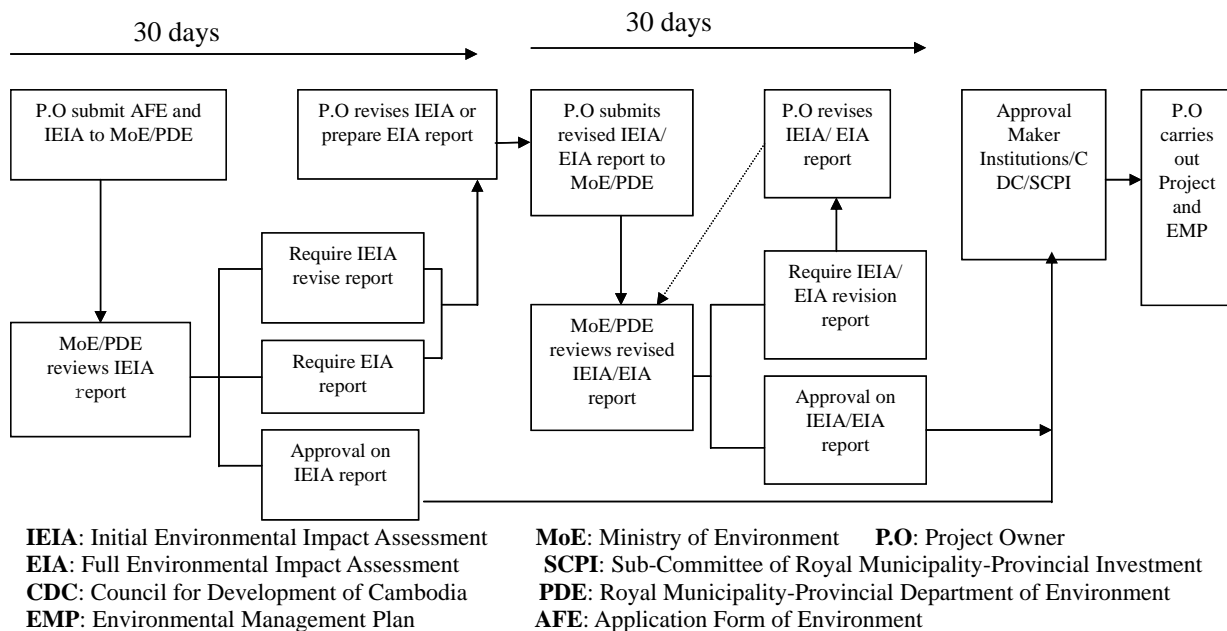
(2) Implementation of Environmental Impact Assessment (EIA)

Environmental Impact Assessment (EIA) is a system to evaluate and reduce the negative impact of development activity. It is the significant process to proceed with the environmental protection. EIA Department was established in 1995 in MOE, and outline of EIA and public participation are written in the Law on Environmental Protection and Natural Resources Management. Sub-decree on

Environmental Impact Assessment Process was released in 1999 which stipulated the EIA procedure. The procedure is as follows. A project owner submits a proposal description to MOE, and MOE carries out screening. MOE then determines if EIA or Initial Environmental Impact Assessment (IEIA) report is required. In case IEIA is submitted, MOE may require to revise it or to prepare full EIA report. If the requirement is fulfilled, revised IEIA or EIA report is approved by MOE. The flowchart of EIA process was attached on the sub-decree, but recently Declaration on General Guideline for Conducting an Initial and Full Environmental Impact Assessment Report was approved on 2nd September 2009, and revised flowchart is described in the general guideline as shown in Figure 2.2.3.

Full EIA is required on all proposals and investment for development within and adjacent to protected area boundary, in compliance with the Protected Areas law.

When the project owner would like to obtain Qualified Investment Project (QIP), the proposal description must be submitted to CDC if the investment is more than two million USD. CDC holds the meeting with relevant organizations. Director of EIA department is involved in the meeting and carries out the screening. If EIA or IEIA must be approved by CDC, the project owner need to take the process even after CDC would issue Final Registration Certificate, and the project owner won't be able to start the project, without the approval of EIA or IEIA.



Source: Department of Environmental Impact Assessment

Figure 2.2.3 EIA Process

(3) Pollution Control

As for the pollution control, sub-decree on water pollution control No.27 ANRK.BK/99, sub-decree on solid waste management No.36 ANRK.BK/99, and sub-decree on air and noise pollution control were publicized.

Sub-decree on water pollution control regulates effluent discharge, stipulates permission and monitoring. MOE monitors any sources of pollution and may fine offenders. Water pollutions in public water areas are also stipulated to be conducted by MOE. The standard values of effluent, public water

for biodiversity conservation (river, lakes and coastal water), and public water for public health protection are attached on the sub-decree. The standard values are used for EIA as well.

Monitoring, permission and licensing are also mentioned in the sub-decree on solid waste management and the sub-decree on air and noise pollution control. The standard values attached on the sub-decrees are also used for EIA.

(4) Other Legislations

Other environment-related laws and regulations have been enacted by relevant organizations. RGC enacted Forestry Law in 2003 (FoA enforces the law). The Forestry Law includes sustainable forest management, wildlife conservation, and reforestation and national forest development. FoA and relevant organizations endeavor to conserve the forest environment under the forestry law.

Some other regulations have been released in order to conserve forests. MAFF has issued a declaration on the postponement of logging in coupes of all forest concessions in 2001, and all forestry in forest concession areas has been stopped. All forest clearance activities are prohibited by the regulation 01: prevention, suppression and abolishment of cutting, burning, clearing, leveling and fencing the forest, 2004, and regulations 02: prevention of all type of state forest land clearance for ownership, 2006, signed by prime minister.

RGC enacted Fishery Law in 2006 (Fishery administration enforces the law). The Fishery Law stipulates to establish the protected and conservation areas in sea grass beds, coral reefs, mangrove forests and group of islands that play the roll of spawning and nursery ground of marine organisms. Cutting mangroves and setting fires are prohibited in the law. Conservation of endangered species such as marine turtles will be stipulated in the sub-decree that is being appraised by council of ministers.

(5) International Convention

Main international conventions ratified by RGC are as follows.

- Convention for Prevention of all Pollution from Ships (28/Nov/1994)
- UN Framework Convention on Climate Change (18/Dec/1995)
- Convention on Biological Diversity (9/Feb/1995)
- Convention on Wetlands of International Importance Particularly as Waterfowl Habitat (22/Oct/1996)
- Convention on International Trade in Endangered Species (4/Jul/1997)

2.3 Relevant Organizations for Development Management

2.3.1 Organizations for Land Management and Urban Planning

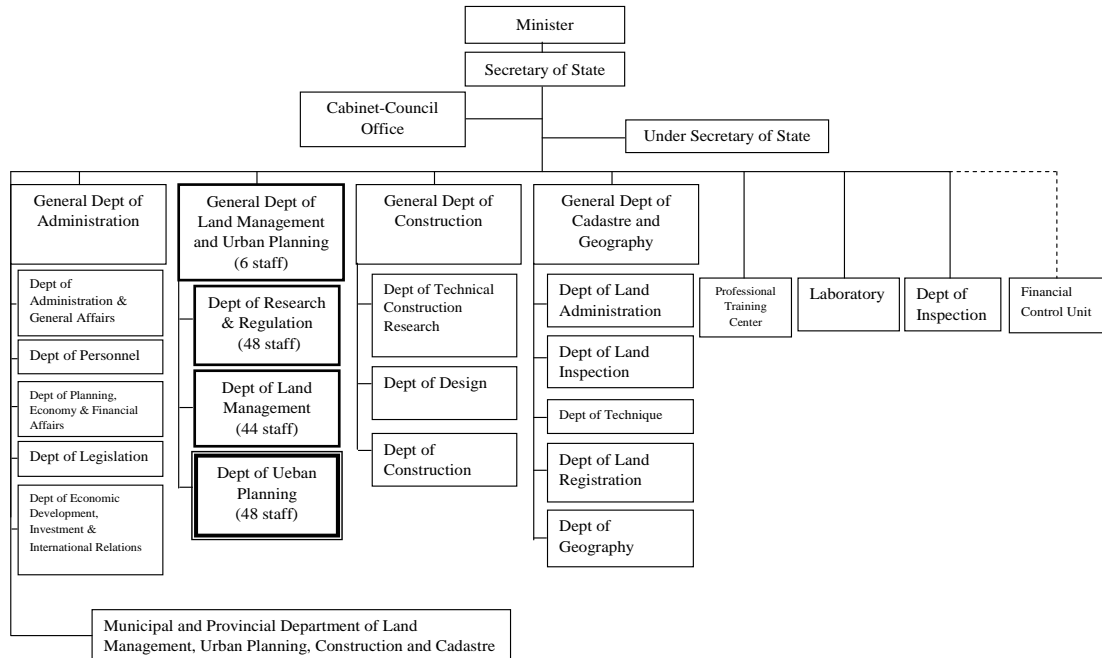
(1) Organization

The organization mainly in charge of the land use / urban planning is Ministry of Land Management and Urban Planning and Construction (MLMUPC) in the central government and Department of Land Management, Urban Planning, Construction and Cadastre (DLMUPCC) at the provincial/municipal level.

1) Ministry of Land Management, Urban Planning and Construction (MLMUPC)

Figure 2.3.1 shows the organizational structure of MLMUPC. In the Ministry there are 4 General Departments; General Department of Administration, General Department of Land Management and Urban Planning which is in charge of planning, land management and distribution, General Department of Construction, and General Department of Cadastre and Geography which is in charge of the land titling. The counterpart of this Study is Department of Urban Planning under General Department of Land Management and Urban Planning, and there are 2 other Departments under this General Department; Department of Research and Regulation and Department of Land Management.

As of January 2009, there are 2,424 staff in the Ministry, and out of them, about 668 staff are working at the central office in Phnom Penh, and the reminder are working in its provincial/municipal departments or offices at district or commune levels.



Source: JICA Study Team

Figure 2.3.1 Organizational Structure of MLMUPC

The general description of roles and duties of 3 general departments mainly in charge of urban planning and land management are shown as below.

General Dpt. of LMUP

Dpt. of Urban Planning

- **Office of Urban planning**
 - Collecting and analyzing data related to urban planning including socioeconomic characteristics,
 - Making and controlling plans of land use,
 - Studying , analyzing and raising development projects for city, city surroundings, town and rural areas,
 - Recognizing and improvement beauty and quality of the city and new development areas,
 - Studying master plans and designing specific plans by dividing development areas,
 - Cost estimation and determining investment capital,
 - Examining and monitoring the implementation of projects, and
 - Raising proposals, draft of laws, regulations of urban planning for public housing construction and social housing.
- **Office of Infrastructure**
 - Cooperating with relevant institutions to set up the plan of communication infrastructure and public transportation system needed in city and big towns, and
 - Studying, analyzing and design urban infrastructures.
- **Office of Technique**
 - Evaluating technical work and examining possibilities of project implementation,
 - Studying and researching the impact of projects on urban planning, political and social life, and well-being of people, and
 - Examining and issuing permits for construction and dismantlement based on the laws of land management, urban planning and construction

Dpt. of Land Management

- **Office of Land Documentation**
 - Formulating policies, plans and strategies of land management to ensure appropriate, balanced and sustainable use of land,
 - Disseminating policies of land management in cooperation with the Ministry and institutions concerned,
 - Collecting and analyzing demographical and socioeconomic data and other data of land management work,
 - Compiling national plan documents on land management,
 - Formulating procedures of master plans and national schema,
 - Making schema according to fields of land use types and purpose of land use,
 - Making schema for regions, provinces and municipalities,
 - Preparing technical documents for inter-ministerial meetings, and
 - Disseminating and monitoring the implementation of laws, regulations of land management by local authorities.
- **Office of Land Development**
 - Making formalities and programs in development and improving national infrastructure including communication network, irrigation system, reservoir, harbor, airport, and
 - Compiling technical documents for land development projects.
- **Office of Projects**
 - Examining requests for project locations by ministries and technical institutions in all fields in public and private,
 - Studying and evaluating the impact on the policy of land management by local and foreign investment projects, and
 - Monitoring, recording and making reports on management of land use.

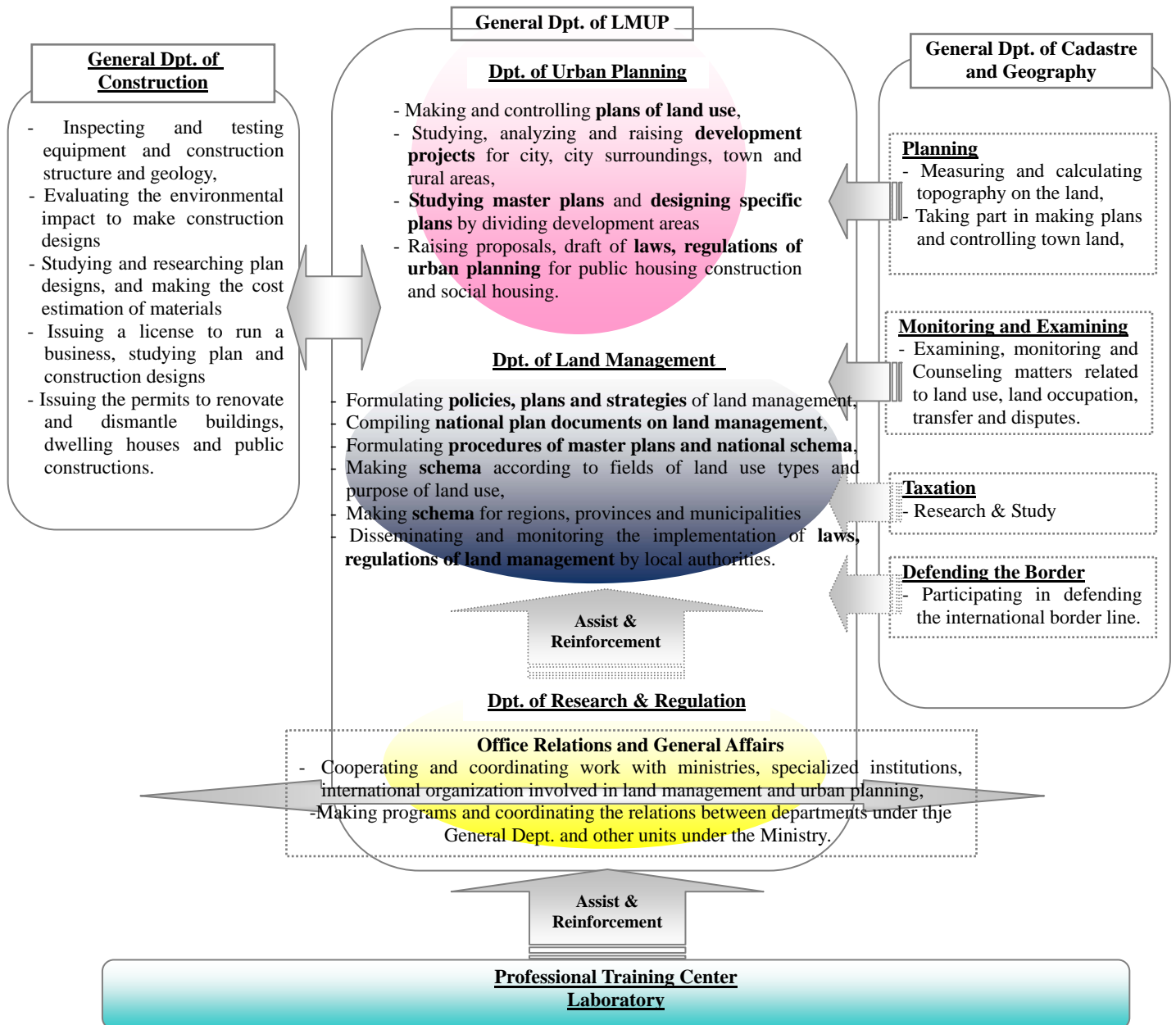
| | |
|--|---|
| | <p><u>Dpt. of Research & Regulation</u></p> <ul style="list-style-type: none"> ➤ Office of Land Management Regulations <ul style="list-style-type: none"> - Formulation legislation on land use management, - Definition criteria of the land location and type of land, - Collaborating with ministries, institutions provinces/municipality to conduct research, to collect information and data related to land management, - Making legislation regarding natural zones, and - Formulating documents related to land management. ➤ Office of Urban Planning Regulations <ul style="list-style-type: none"> - Formulation legislation regarding dwelling houses, , - Formulating regulations regarding social buildings, - Making regulations on trade and industry services, - Collaborating with ministries, institutions provinces/municipality to conduct research, to collect information and data related to urban planning, and - Formulating regulations regarding infrastructure works. ➤ Office Relations and General Affairs <ul style="list-style-type: none"> - Cooperating and coordinating work with ministries and specialized institutions involved in land management and urban planning, - Collaborating international organizations in the field of training and development projects, - Preparing plans and training programs on specialized skills for officials of the Ministry and municipal and provincial offices, and - Making programs and coordinating the relations between departments under thje General Dept. and other units under the Ministry. |
| | <p><u>General Dpt. of Construction</u></p> <ul style="list-style-type: none"> ➤ Gathering relevant data, ➤ Inspecting and testing equipment and construction structure and geology, ➤ Evaluating the environmental impact to make construction designs, ➤ Studying and researching plan designs, and making the cost estimation of materials, ➤ Monitoring the implementation of regulations, ➤ Making programs and proposing budget for renovation and maintenance of public buildings, ➤ Counseling and inspections safety, public order, and other related ➤ issuing a license to run a business, studying plan and construction designs for natural persons and construction mason teams whose business are related to construction, and ➤ Issuing the permits to renovate and dismantle buildings, dwelling houses and public constructions. |
| | <p><u>General Dpt. of Cadastre and Geography</u></p> <ul style="list-style-type: none"> ➤ Measuring and calculating topography on the land, ➤ Taking part in making plans and controlling town land, ➤ Examining and counseling the request forms of occupation of land within the specified jurisdiction, ➤ Research and study of Tax and land tax, ➤ Monitoring land use, sealing rights transfer related to land, verifying formalities, making regular registration, inscribing all papers regarding the transfer of rights, ➤ Counseling and evaluating the phenomena of land disputes, and ➤ Participating in defending the international border line. |
| | <p><u>Professional Training Center</u></p> <ul style="list-style-type: none"> ➤ Office of Professional Training <ul style="list-style-type: none"> - Organizing, planning and providing all kind of professional training for the Ministry civil servants to improve the capacity, - Studying, researching and compiling training documents, - Cooperating with involved institutions in advising, monitoring technical skill training in private schools, and - Collaborating with specialized units in preparing professional training programs for the public in accordance with the Ministry policy. ➤ Office of Dissemination and education <ul style="list-style-type: none"> - Making programs for disseminations and education according to the work plan of the Ministry, and preparing the content of dissemination and education on policy, law and regulations which related to he work, - Training and improvement the capacity of lecturers or trainers for disseminating and educating on policy, law, regulations to civil servants and the public, - Communicating and cooperating with national and international organizations, NGOs in accordance with the guidelines. |

Source: MLMUPC, JICA Study Team

Figure 2.3.2 Major Roles and Duties of MLMUPC

*NIPPON KOEI CO., LTD.
KRI INTERNATIONAL CORP.
VALUE PLANNING INTERNATIONAL INC.*

According to the Figure 2.3.2, a demarcation of the roles and duties and relationships among MLMUPC in terms of formulating plans and projects is shown as below Figure 2.3.3. Generally formulating and raising development projects in urban and rural area is the task of Dept. of Urban Planning, besides Dept. of Land Management is in charge of formulating scheme, strategy and policy over land management.

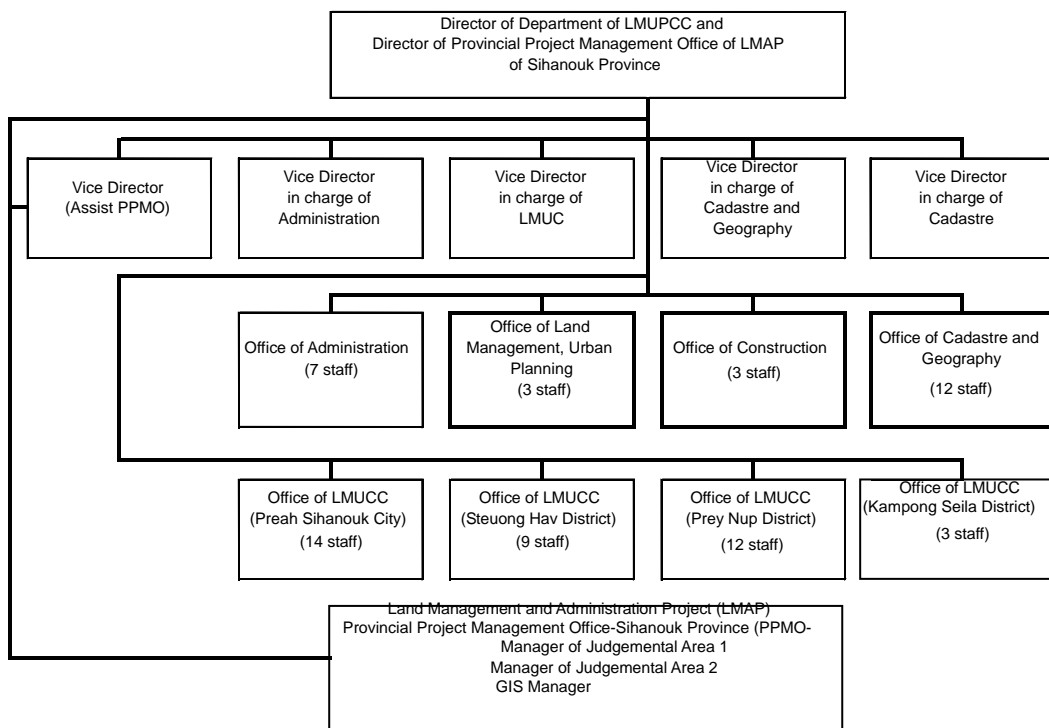


Source: MLMUPC, JICA Study Team

Figure 2.3.3 Major Roles and Duties of MLMUPC from the viewpoint of Planning and Management

2) *Department of Land Management, Urban Planning, Construction and Cadastre (DLMUPCC)*

Figure 2.3.4 shows the organizational structure of DLMUPCC in Preah Sihanouk Province. In the Department, there are 4 Offices. At the district level, there are the Offices of DLMUPCC. As of March 2009, there is 31 staff in DLMUPCC.



Source: No:76PrK/D.N.S/02 Sept 99, JICA Study Team (JST)

Figure 2.3.4 Organizational Structure of DLMUPCC in Preah Sihanouk Province

(2) **Demarcation and System for Formulation and Approval/Disapproval of Development Plan**

There are several government organizations involved in works related to three main roles and duties for urban planning and land management, which are;

- Approval/Disapproval and Management of Development Projects by Private Enterprises,
- Formulation of Land Use Plans and Urban Plans, and
- Review and Approval/Disapproval of Formulated Land Use Plans and Urban Plans

1) *Approval/Disapproval and Management of Development Projects by Private Enterprises*

Table 2.3.1 shows the roles and duties of government organizations regarding approval/disapproval and management of private development projects. MLMUPC is not in charge of approving investments for private development projects, while Council of Ministers,

CDC, and Sub-Committee on Investment at Provincial level are in charge. Regarding Economic Land Concessions (ELC), each relevant Ministry controls the contracts. For example, agricultural and agro-industrial ELC are controlled by the Ministry of Agriculture, Forestry and Fisheries (MAFF). Nonetheless, all land concessions and long-term lease have to be mentioned on the land title certificate issued by MLMUPC. Also, construction permits has to be issued either by MLMUPC or DLMUPC; thus, MLMUPC should be able to grasp all the land concessions and construction works for private development projects.

Private development projects affect the land use and urban plans which MLMUPC is in charge. Therefore, MLMUPC is responsible for grasping information on such projects and monitor them so that they would not contradict with the land use and urban plans. However, with the present circumstances, it is difficult for MLMUPC to obtain all necessary information to carry out its duties such as approved investment projects and information on approved land concessions because there is no database that covers all those projects.

Table 2.3.1 Roles and Duties on Approval/Disapproval and Management of Private Development Projects

| Organizations | Central Government Level | | | |
|----------------|---|---|---|--|
| | Council of Ministers | CDC | MLMUPC | Other Ministries |
| Legal Basis | <ul style="list-style-type: none"> • No 149ANK.BK (2008) Sub-Decree on the Organization and Function of the Council for the Development of Cambodia | <ul style="list-style-type: none"> • No 149ANK.BK (2008) Sub-Decree on the Organization and Function of the Council for the Development of Cambodia | <ul style="list-style-type: none"> • No. 62ANKR.BK (1999) Sub-Decree on Organization and Function of the Ministry of Land Management, Urban Planning and Construction • No 149ANK.BK (2008) Sub-Decree on the Organization and Function of the Council for the Development of Cambodia • No. 86ANK.BK (1997) Sub-Decree on Construction Permit • NS/RKM/0801/14 (2001) Land Law • No. 114 ANKr.BK (2007) Sub-Decree on the Mortgage and Transfer of the Rights over a Long-Term Lease or and Economic Land Concession | <ul style="list-style-type: none"> • Law on Economic Concession • Economic Concession • Concession related to Agriculture by MAFF |
| Roles & Duties | <ul style="list-style-type: none"> In charge of approval of investment projects which: -Have investment capital of USD 50 million or more; -Involve politically sensitive issues; -Involve the exploration and the exploitation of mineral and natural resources; -May have negative impact on the environment; -Have long-term strategy; or -Involve infrastructure concession. | <ul style="list-style-type: none"> -Be the “Etat-Major” and the “One-Stop Service” of the RGC in the examination and approval of matters pertaining to public/private investments and establishment of SEZ -”The Cambodian Investment Board (CIB)” under CDC is in charge of investment project evaluation and incentives, EIA, and investment projects monitoring -Monitor the implementation of private investment | <ul style="list-style-type: none"> -MLMUPC shall monitor the impact on land management and urban planning policies resulting from inside and outside the country’s investment -Support works of the “Cambodian Special Economic Zones Board” under CDC -Inscription on the permission within 45 days for buildings of more than 3000m2 of floor space -Register all kinds of land concessions -Issue a “Certificate of long-term lease” and a “Certificate of economic land concession” | <ul style="list-style-type: none"> • Sign contracts for Economic Land Concessions or Long-Term Leases |

| | projects | |
|----------------|---|--|
| Organizations | Provincial Level | |
| | Provincial Dept of LMUPC | Sub-Committee on Investment |
| Legal Basis | <ul style="list-style-type: none"> · Preah Reach Kram/04NS (1994) Law on Land Management, Urban Planning and Constructions · No. 76PrI/D.N.S/02 (1999) Prakas on Roles, Duties and Structures of Provincial and Municipal Department of Land Management, Urbanization, Construction and Cadastre, and Offices under the Department · No. 86ANK.BK (1997) Sub-Decree on Construction Permit | <ul style="list-style-type: none"> · No. 17 ANK/BK (2005) Sub-Decree on the Establishment of the Sub-Committee on Investment of the Provinces-Municipalities of the Kingdom of Cambodia |
| Roles & Duties | <ul style="list-style-type: none"> - Establish a committee to review the construction permit application and issue it if there is no land use plan, - Advise on construction sites proposed by other Ministries and private companies and international investment projects - Evaluate technical process and check feasibility of implementation of projects in the province, districts and communes - Issue construction permit within 45 days for buildings of less than 3000m² of floor space | <ul style="list-style-type: none"> - Approve QIP with an investment capital of less than 2 million USD. |

Source: JICA Study Team

2) *Formulation of Land Use Plans and Urban Plans*

Table 2.3.2 shows the roles and duties of government organizations regarding formulation of land use/urban plans. MLMUPC is the responsible Ministry for the formulation of land use/urban plans except the protected areas which are under the direct responsibility of the Ministry of Environment (MOE).

There have been several Laws and Sub-Decrees stipulated about the formulation of land use/urban plans, but none of them was so clear about its procedure. Law on Land Management, Urban Planning & Construction of 1994 only says that Provincial M/Ps are formulated by Provincial Sub-Committee for Land Management, Urban Planning and Construction. There is no mention on District M/Ps and Commune M/Ps. Sub-Decree on Organization and Function of the MLMUPC of 1999 stipulates that MLMUPC is in charge of formulation of Provincial level urban planning, and Sub-Decree on Roles, Duties and Structures of Provincial and Municipal DLMUPCC, and Offices under the Department of 1999 stipulates that District level M/Ps are formulated by the sub-Committee for Land Management, Urban Planning and Constructions. Sub-Decree on State Land Management (No. 118 HNK/BK) of 2005 stipulates the composition of Provincial/Municipal State Land Management Committee and District/City State Land Working Group. According to this Sub-Decree, Provincial/Municipal State Land Management Committee has a duty to decide (approve) and review commune land use action plans, and District/City State Land Working Group has a duty to participate in land use planning. The new Sub-Decree mentioned above is in line with No. 118 HNK/BK.

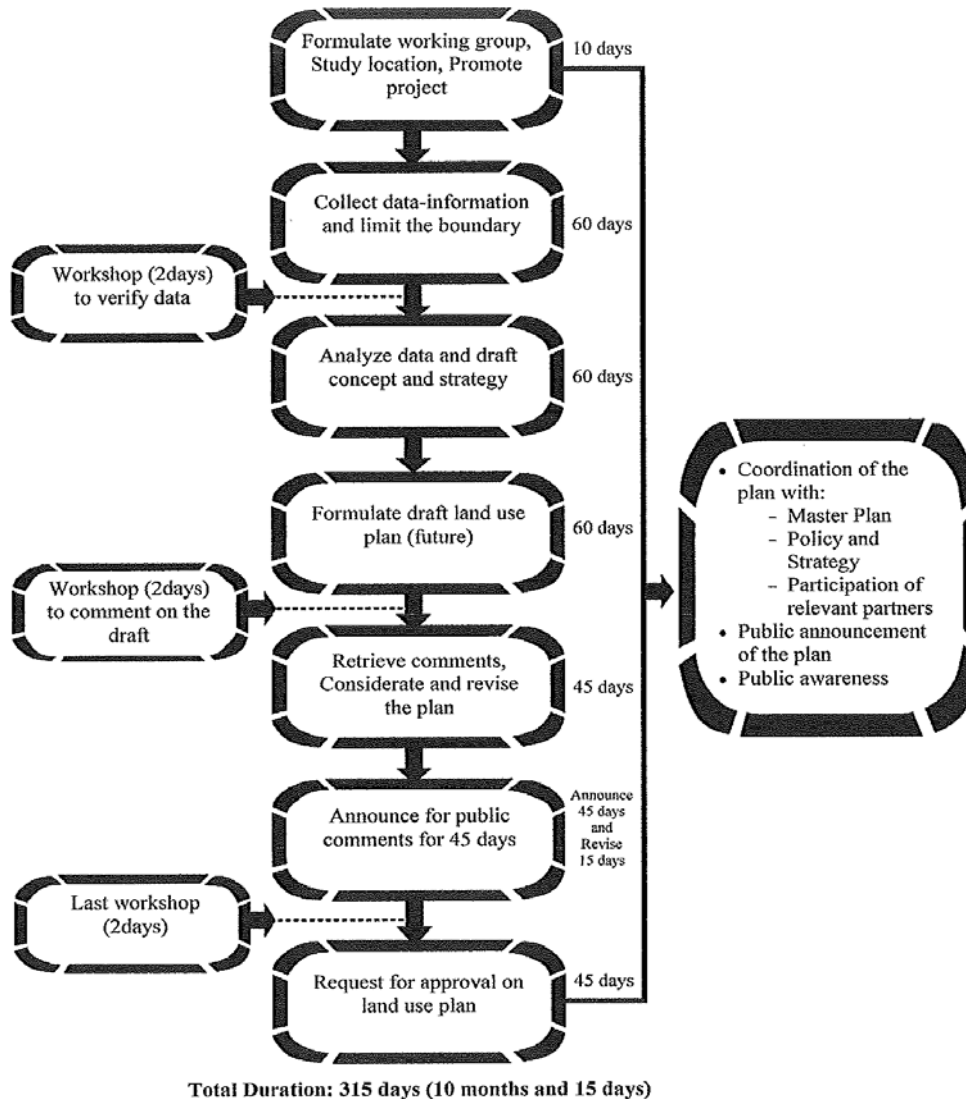
Thus, currently there is no Sub-Decree that stipulates the procedure of District and Provincial level M/Ps yet, but such Sub-Decree will be created in near future. This new Sub-Decrees, together with the one stipulates the commune level land use planning procedure, is expected to facilitate more organized land use/urban planning.

Table 2.3.2 Roles and Duties of Government Organizations on Formulation of Land Use/Urban Plans

| Provincial/District Land Use/Urban Plans | | | |
|--|--|---|---|
| Organizations | MoE | MLMUPC | Provincial Dept of LMUPC |
| Legal Basis | <ul style="list-style-type: none"> •Royal Decree on the Creation and Designation of Protected Areas (1993) •Protected Area Law (2008) | <ul style="list-style-type: none"> •Preah Reach Kram/04NS94 (1994) •Law on Land Management, Urban Planning and Constructions •No.87ANKR.BK (1997) Sub-Decree on the Organization and Function of the National Committee of Land Management, Urban Planning and Construction •No. 62ANKR.BK (1999) Sub-Decree on Organization and Function of the Ministry of Land Management, Urban Planning and Construction | <ul style="list-style-type: none"> •Preah Reach Kram/04NS94 (1994) •Law on Land Management, Urban Planning and Constructions •No. 76PrI/D.N.S/02 (1999) Sub-Decree on Roles, Duties and Structures of Provincial and Municipal Department of Land Management, Urbanization, Construction and Cadastre, and Offices under the Department |
| Roles & Duties | <ul style="list-style-type: none"> -Supervise the planning and development of a National Protected Area System for 23 areas, covering about 3,327,200 ha (18.23% of total land area), as national parks, wildlife sanctuaries protected landscapes, or multiple use areas -Manage and propose the establishment of protected areas (national park, wildlife sanctuary, protected landscape, multiple use area, Ramsar site, biosphere reserve, natural heritage site, marine park) | <ul style="list-style-type: none"> -Establish National Committee for Land Management, Urban Planning and Constructions -Be the Chairman of the National Committee of Land Management, Urban Planning and Construction -Direct and develop master plans for provinces and towns (The National Committee) -Determine zoning (The National Committee) -Collect information and data and plan programs, procedures, legislation, provisions, regulations, standards, and measures related to land management and urban planning; -Set up procedures for the development of a national, sectoral, regional and provincial master plan -Study and design M/Ps and specific plans | <ul style="list-style-type: none"> -Establish sub-Committee for Land Management, Urban Planning and Constructions -Participate in developing M/Ps for districts/khans |
| Commune Land Use/Urban Plans | | | |
| Organizations | State Land Management Committee at Provincial level (SLMC) | State Land Working Group at District/City level (SLWG) | Commune Council |
| Legal Basis | <ul style="list-style-type: none"> •Sub-Decree on Procedure of Commune/Sangkat Land Use Planning | | |
| Roles & Duties | <ul style="list-style-type: none"> -Approve/disapprove the request of land use planning from SLWG within 21 days -Submit budget proposal from SLWG to MEF through MOI -Review and modify the draft plan from SLWG -Examine the recommendations from SLWG and finalize the plan within 30 days | <ul style="list-style-type: none"> -Submit the request of land use planning to SLMC within 15 days after receiving request from Commune Council -Prepare budget proposal for land use planning within 15 days of approval by SLMC -Submit budget proposal to SLMC -Prepare Commune land use plan within 30 days after budget approval by MEF -Submit the draft land use plan to SLMC | <ul style="list-style-type: none"> -Request the needs for land use planning to State Land Working Group (SLWG) -Prepare budget proposal for land use planning within 15 days of approval by SLMC -Prepare Commune land use plan within 30 days after budget approval by MEF -Announce the land use plan revised by SLMC to the public for 45 days -Prepare recommendations based on public opinions to SLMC through SLWG within 30 days. |

Source: JICA Study Team

MLMUPC has prepared the “Urban Land Use Planning Guideline for Cambodia” in 2007. This guideline sets the required contents and procedure of formulation of land use / urban plans. By this new guideline the 7 pilot projects have been conducted under MLMUPC (Figure 2.3.3). Table 2.3.3 shows the on-going land use plan projects of MLMUPC. Projects No.1 through to 7 are the pilot project under the new guideline. Project No.8 and 9 are the original land use plan project of MLMUPC. Project No.1 is supposed to be the first approved land use plan in early 2010.



Source: “Urban Land Use Planning Guideline for Cambodia”
 by Urban Planning Department of General Department of Land Management, MLMUPC
Figure 2.3.5 Procedure of formulation of Land Use / Urban Plan

Table 2.3.3 On-going land use plan projects of MLMUPC (November, 2009)

| | Name of Project | Location | Area Size (ha) | Start | Completion | Procedure Status on Guideline in Nov. 09 |
|---|----------------------------|---|----------------|--------------|------------|--|
| 1 | Bavit Town | In Svay Reang Prv. | 12,500 | 25 Aug.,06 | 2009 | Step 6 |
| 2 | Stung Hav Urban | In Stung Hav Dist. Phreas in SHHV Prv. | 13,539 | 15 Sep., 06 | 2009 | Step 6 |
| 3 | Anlong Veng Urban | Anlong Veng Dist. In Ordormeanchey Prv. | 5,651 | 08 Sep., 06 | 2009 | Step 6 |
| 4 | Neak Leong | In Neak Leoung Dist. In Prey Veng Prv. | 550 | 24 Aug., 06 | 2009 | Step 6 |
| 5 | Kratie Town | In Kratie Prv. | 2,492 | 31 Aug., 06 | 2009 | Step 6 |
| 6 | Stung Treng Town | In Stung Treng Pev. | 6,360 | 29 Aug., 06 | | Step5 |
| 7 | Kampong Trach Urban | In Kampong Trach Dist. in Kampot Prv. | 1,174 | 31 Aug., 06 | 2009 | Step5 |
| 8 | Kampong Cham Town | In Kampong Cham Prv. | NDT | 17 June., 06 | 2010 | Step 2 |
| 9 | Suing Town | In Kampong Cham Prv. | NDT | 17 June., 06 | 2010 | Step 2 |

Source: MLMUPC

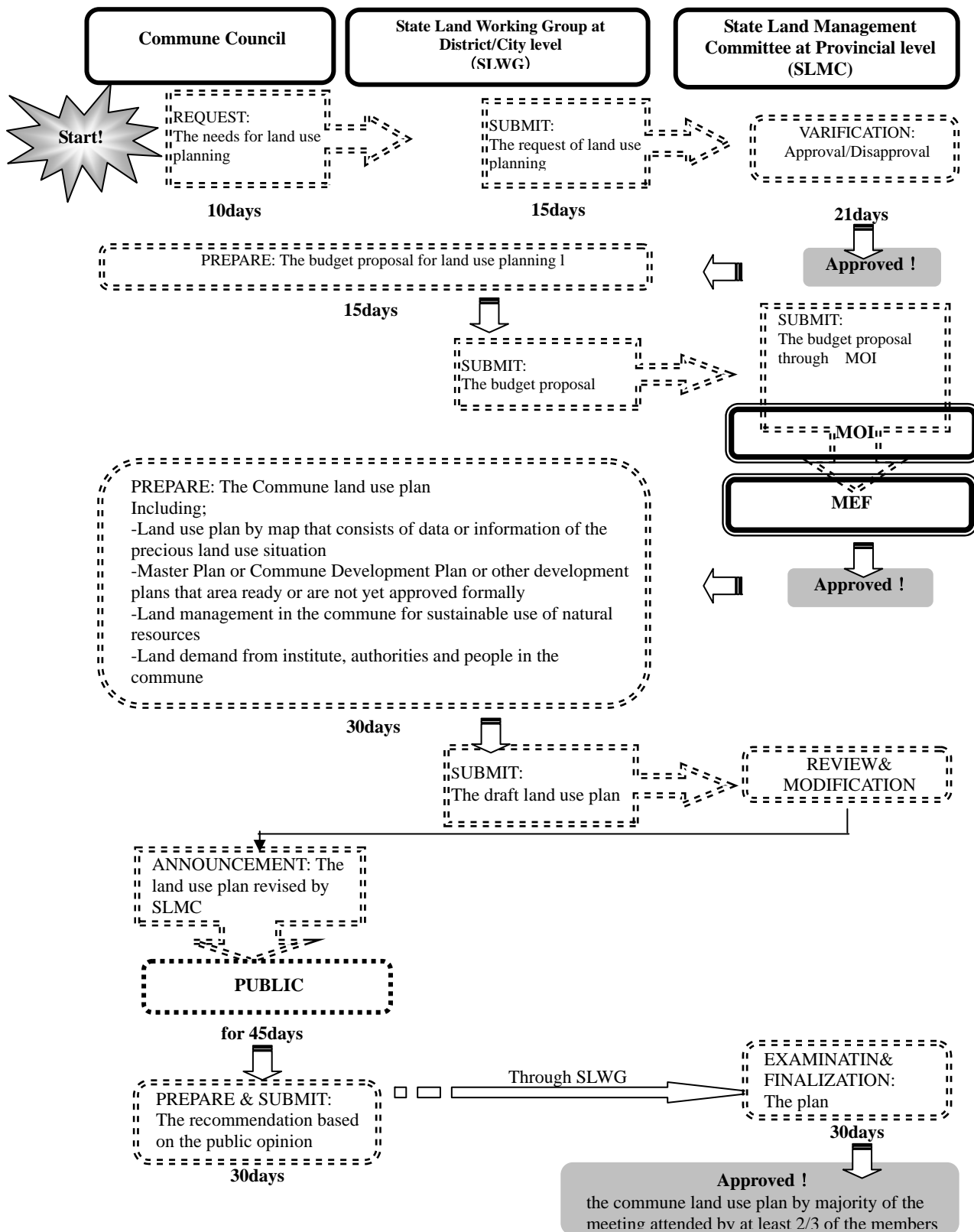
Also, there is a new Sub-Decree on Procedure of Commune/Sangkat Land Use Planning which had just received the official enactment as of May 2009. This new Sub-Decree is the first one that defines land use plans for communes are formulated by Commune Councils and State Land Working Group at District/City level and stipulates the detail procedure of the formulation (Figure 2.3.6).

3) *Review and Approval/Disapproval of Formulated Land Use Plans and Urban Plans*

Table 2.3.3 shows the roles and duties of government organizations regarding review and approval/disapproval of formulated land use/urban plans.

According to the existing laws, Sub-Decrees and guidelines, Provincial level plans are firstly approved by the DLMUPCC (the Provincial Governor is included as a member of the committee), and finally approved by MLMUPC and Ministry of Interior (MOI). However, exact procedure and time frame of approval has not yet been determined. Moreover, check points in a review process and roles and duties for the MLMUPC and MOI in the approval process, such as how they should feed back to the provincial sub-committee when they cannot approve the plans, are not defined clearly.

Regarding the Commune level plans, a new Sub-Decree on Procedure of Commune/ Sangkat Land Use Planning stipulates that State Land Management Committee at Provincial level is in charge of review and finalization the plans prepared by Commune Councils and State Land Working Group at District/City, and it also approves the finalized plans. State Land Management Committee is chaired by the Provincial Governor. Director of DLMUPC is a permanent member, and all other relevant departments join as members.



Source: Sub-Decree on Procedure of Commune / Sangkat Land Use Planning, JICA Study Team

Figure 2.3.6 Formulation & Approval Procedure for Commune level Land Use Plan

In Preah Sihanouk Province, there is a land use plan for Stung Hau district. In Kampot Province, there is a land use plan for Kampong Trach district. In Kep Province, a land use M/P for the whole province has been drafted in 2008 and submitted to MLMUPC. In Koh Kong Province, land use plans for Koh Kong district and Mondol Seima district have been prepared with support from DED. However, in Cambodia there is no land use/urban plans officially approved for implementation; thus, none of the above mentioned plans have been approved by MLMUPC.

Table 2.3.4 Roles and Duties of Government Organizations on Review and Approval/Disapproval of Land Use/Urban Plans

| Provincial/District Land Use/Urban Plans | | | | |
|--|---|---|--|---|
| Organizations | Council of Ministers | MLMUPC | MOI | Provincial Dept of LMUPC |
| Legal Basis | · Preah Reach Kram/04NS94 (1994) Law on Land Management, Urban Planning and Constructions | Preah Reach Kram/04NS94 (1994) · Law on Land Management, Urban Planning and Constructions | · No.87ANKR.BK (1997) Sub-Decree on the Organization and Function of the National Committee of Land Management, Urban Planning and Construction | · Preah Reach Kram/04NS94 (1994) Law on Land Management, Urban Planning and Constructions |
| Roles & Duties | - Approve M/Ps for the special regions to protect matrimony and environment | - Approve M/Ps made at Provincial sub-committee to be determined as Sub-Decree (National Committee) - Give final approval to land use/urban plans together with MOI (*Not written in the legal documents, but written in the "Urban Land Use Planning Guideline for Cambodia") | - Be the Vice Chair man of the National Committee of Land Management, Urban Planning and Construction - Give final approval to land use/urban plans together with MLMUPC (*Not written in the legal documents, but written in the "Urban Land Use Planning Guideline for Cambodia") | - Approve land use M/Ps for province and submit it to the National Committee for the final approval |
| Commune Land Use/Urban Plans | | | | |
| Organizations | State Land Management Committee at Provincial level | | | |
| Legal Basis | · Sub-Decree on Procedure of Commune/Sangkat Land Use Planning | | | |
| Roles & Duties | - Review and modify the draft plan from SLWG - Approve the commune land use plan by majority of the meeting attended by at least 2/3 of the members. - Submit the approved commune land use plan to the Commune and all relevant Ministries | | | |

Source: JICA Study Team

4) Roles and Duties for Land Use / Urban Planning of MLMUPC and DLMUPCC

According to the analysis based mainly on the existing laws, regulations and sub-decrees, the roles and duties of MLMUPC and the provincial departments were identified as below.

Table 2.3.5 Roles and Duties for Land Use / Urban Planning of MLMUPC and DLMUPCC

| Approval/Disapproval and Management of Development Projects by Private Enterprises | Formulation and Review, Approval/Disapproval of Land Use Plan and Urban Plan |
|--|--|
| <p>To:</p> <ul style="list-style-type: none"> -issue a construction permit based on the Sub-Decree on Construction Permit, -issue a construction permit in accordance with existing land use/urban plan, -issue a “Certificate of long-term lease” and a “Certificate of economic land concession” based on the Sub-Decree on the Mortgage and Transfer of the Rights over a Long-Term Lease or and Economic Land Concession -issue a “Certificate of long-term lease” and a “Certificate of economic land concession” in accordance with existing land use/urban plan -obtain necessary information and data from CDC and other government organizations, and -advise CDC and other government organizations so that new development projects will not contradict with existing land use/urban plans. | <p><Formulation></p> <p>To:</p> <ul style="list-style-type: none"> -identify development issues based on basic study on current land use and urbanization condition and existing potentials, -define the vision of future development set framework for future population, industries, and land use, -forecast the future demand on transportation, -forecast the future demand on electricity, -forecast the future demand on water supply and sewerage, -forecast the future demand on solid waste/waste water site, -develop land use plan, -utilize GIS as a tool for land use planning and monitoring, -develop implementation plan and action plan for realization, and -conduct participatory planning process. <p><Review, Approval/Disapproval></p> <p>To:</p> <ul style="list-style-type: none"> -review the formulated plans to check all required documents are submitted and all required data and contents are written, -review the formulated plans so that they are not contradict with National Development Plan and existing protected area, and -instruct how to revise the land use/urban plans when necessary. |

Source: JICA Study Team

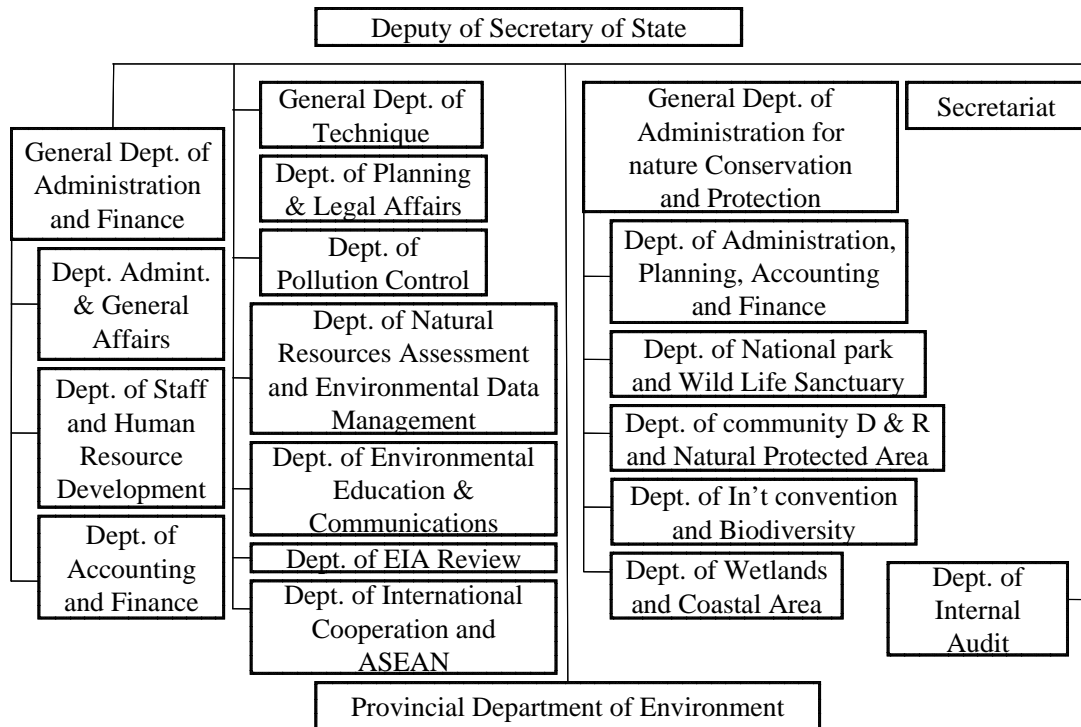
2.3.2 Organization for Environmental Management

(1) Organization

The organizations in charge of natural environmental management are separated into three organizations, i.e. Ministry of Environment (MOE), Forest Administration (FoA) of Ministry of Agriculture, Forestry and Fishery (MAFF), and Fishery Administration (FiA) of MAFF. Those structures (Central/Provincial) are as follows.

1) Ministry of Environment (MOE)

Figure 2.3.4 shows the organizational structure of MOE. In the Ministry there are three General Departments; General Department of Administration and Finance, General Department of Technique that is in charge of EIA and pollution control, and General Department of Administration for Nature Conservation and Protection that is in charge of protected areas.

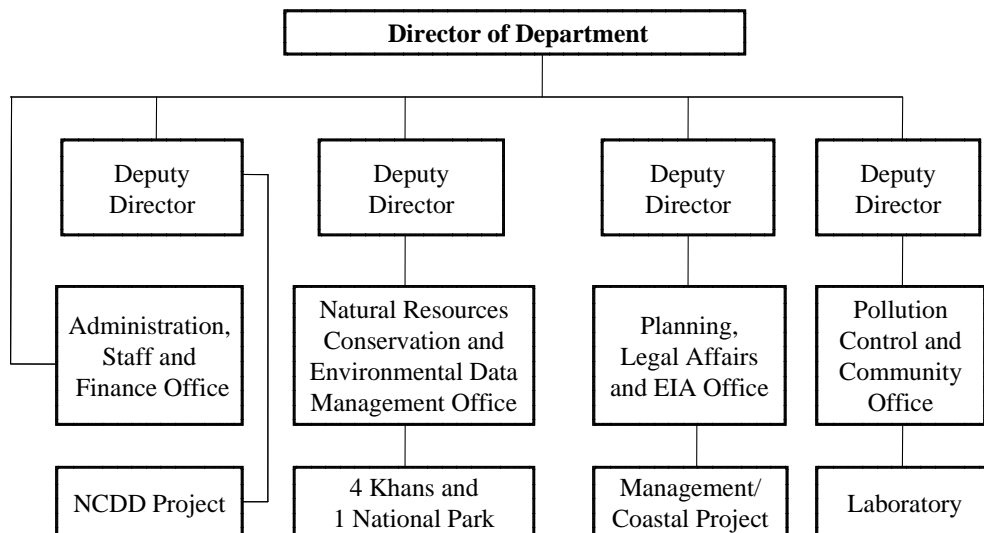


Source: Ministry of Environment

Figure 2.3.7 Organizational Structure of MOE

2) *Department of Environment (DOE)*

Figure 2.3.5 shows the provincial organizational structure of MOE in Preah Sihanouk Province. In the Department, there are three Offices and provincial tasks of three general department of MOE are dealt with by DOE.



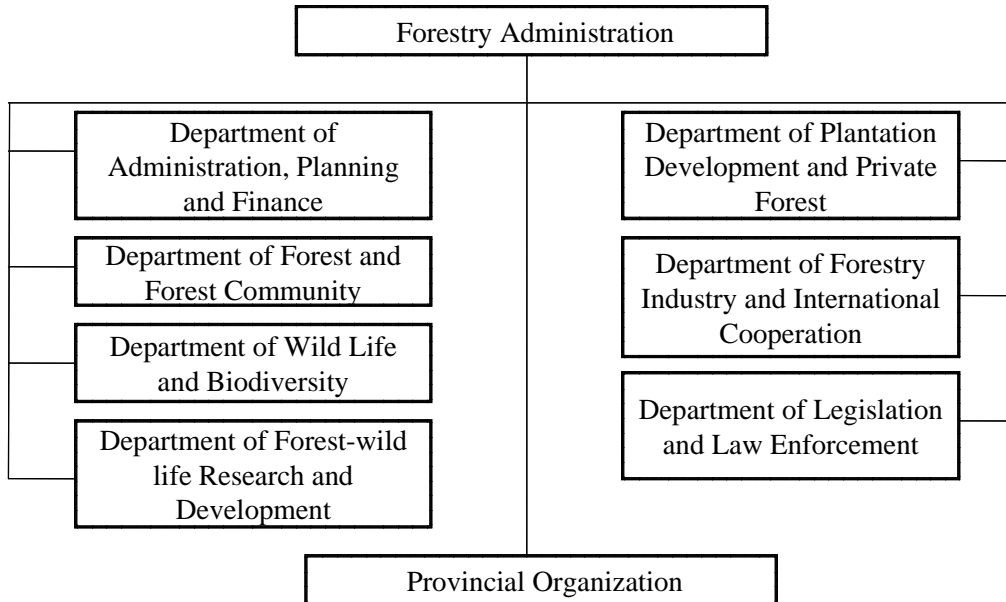
NCDD: The National Committee for Sun-National Democratic Development

Source: Department of Environment in Preah Sihanouk Province

Figure 2.3.8 Organizational Structure of DOE in Preah Sihanouk Province

3) *Forestry Administration*

Figure 2.3.6 shows the organizational structure of FoA. In the Administration there are seven departments for planning and finance, community forestry, wildlife and biodiversity, wildlife research, plantation, forestry industry, and law enforcement.

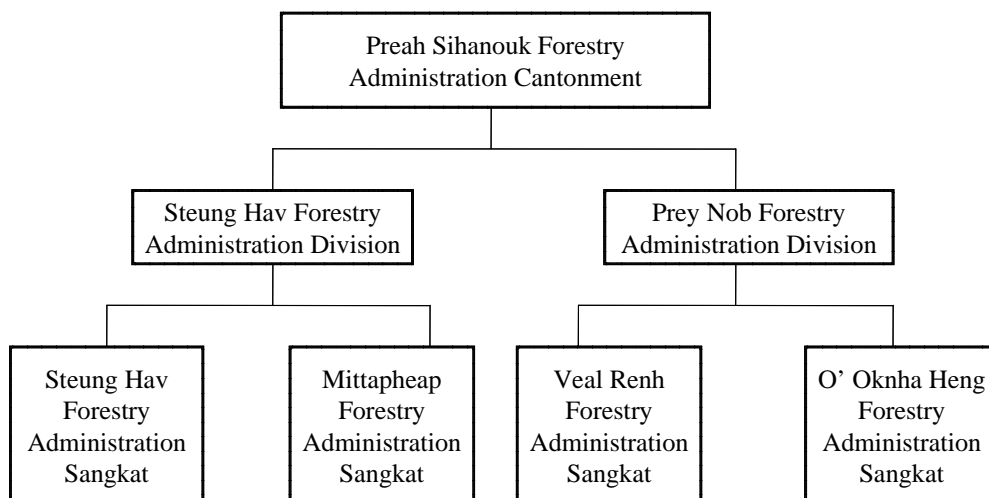


Source: Forestry Administration

Figure 2.3.9 Organizational Structure of FoA

4) *Forestry Administration Cantonment*

Figure 2.3.7 shows the provincial organizational structure of FoAC in Preah Sihanouk Province. At the district level, there are two offices of FoAC, and four offices at commune level.

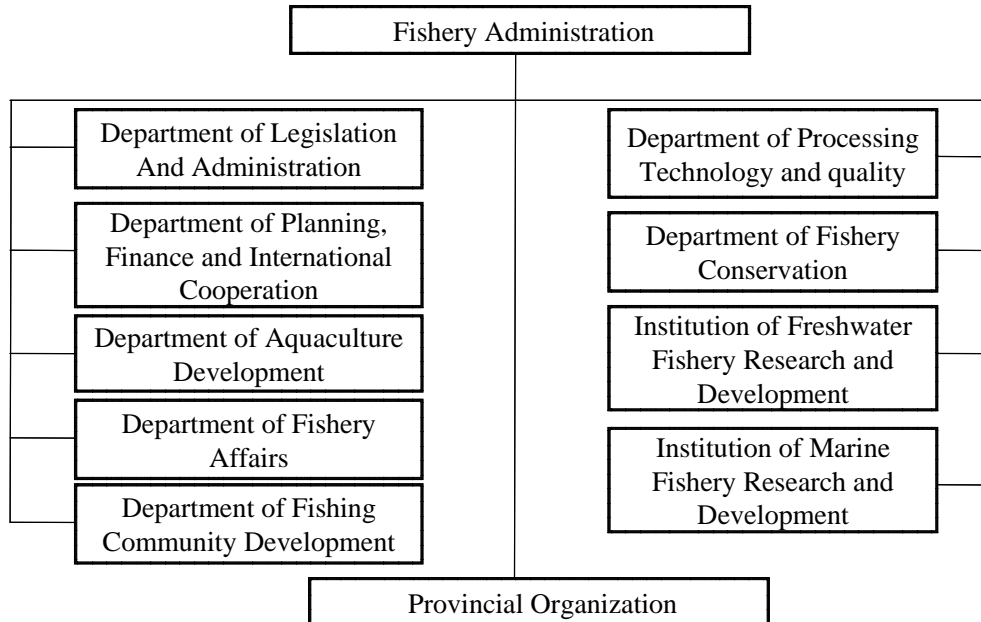


Source: Forestry Administration Cantonment in Preah Sihanouk Province

Figure 2.3.10 Organizational Structure of FoAC in Preah Sihanouk Province

5) *Fishery Administration*

Figure 2.3.8 shows the organizational structure of FiA. In the Administration, there are seven departments and two institutions. There is the Department for fishery conservation, and there is the institution of marine fishery.

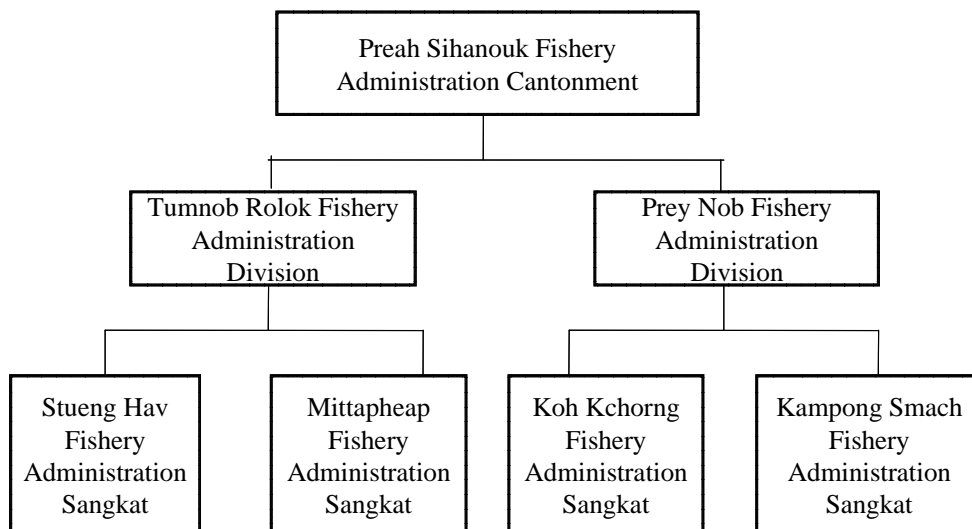


Source: Fishery Administration

Figure 2.3.11 Organizational Structure of FiA

6) *Fishery Administration Cantonment*

Figure 2.3.9 shows the provincial organizational structure of FiAC in Preah Sihanouk Province. At the district level, there are two offices of FiAC, and four offices at commune level.



Source: Fishery Administration Cantonment in Preah Sihanouk Province

Figure 2.3.12 Organizational Structure of FiAC in Preah Sihanouk Province

(2) Roles and Duties for Environmental Management

There are mainly three organizations i.e. MOE, FoA and FiA to manage the natural environmental conditions. MOE has the mandate to supervise and manage the environmental sector in general. FoA manages the natural environment in forest, and FiA manages freshwater and marine natural environment including inundated forest (mangrove forest in the coastal area).

The roles and duties of MOE listed in Sub-decree on Function and Organization of the Ministry of Environment (1997) are as follows.

- Implement environmental policies to ensure sustainable development of the country and prepare National and Regional Environmental Action Plans in collaboration with concerned Ministries
- Review and make recommendations on environmental impact assessments of proposed and current public and private sector projects and activities
- Provide guidance to concerned ministries to ensure the conservation development, management and utilization in a rational and sustainable manner of the natural resources.
- Manage the national protected areas as demarcated in the Royal Decree dated on 1st November 1993 in collaboration with relevant agencies of the Government as specified in the Royal Decree and recommend the establishment of new protected areas
- Inventory the sources, types and quantities of all solid and liquid wastes, pollutants, toxic and hazardous substances, emissions, noise and vibration and propose measures to prevent, reduce and control environmental pollution in collaboration with concerned ministries
- Propose procedures for inspecting pollution sources and reporting on offenses to competent entities in collaboration with concerned ministries, and to inspect pollution sources and report on offenses to competent entities, and enforce the law as prescribed by Chapter 9 of the Law on Environmental Protection and Natural Resources Management
- Collect, analyze and manage environmental data, prepare an annual State of the Environment Report, and provide information on its activities and information related to environmental protection, natural resources management and current environmental situation to the public
- Develop and implement environmental education programs among all sectors of society, in collaboration with concerned Ministries, national and international organizations
- Promote investment in environmental protection and natural resources conservation and organize and manage an environment endowment fund for environmental protection and conservation of natural resources

Forestry Administration takes responsibility to conserve natural environment in forest except for protected areas and mangrove forest. According to the National Forestry Policy and the Forestry Law, the main objective of FoA is to ensure the sustainable management of forests in the country. The duties of FoA are as follows.

- Issue regulation and forestry policy governing forest activities to ensure sustainable management of the permanent forest estate
- Collect data on state forest highlighting the scientific, economic, social and environment factors necessary to determine a sustainable production level

- Assess boundaries classification and demarcation of forests in order to develop a land use map of the permanent forest estate in coordination with the MLMUPC, local authorities and communities
- Prepare and implement the National Forest Management plan
- Promote reforestation on degraded forest land and idle forest land
- Develop and implement research, protection and conservation programs for forest resources and wildlife
- Take appropriate measure investigate, prevent and suppress various forms of forest destruction, forest fires and forest clearing to ensure effective forestry law enforcement
- Promote public education programs demonstrate the importance of managing, maintaining and protecting forest resources, as well as taking action to rehabilitate natural ecosystems and maintain national forest
- Promote international cooperation to strengthen the capacity to protect and develop forest resources

Fishery Administration has responsibility to conserve the natural environmental condition including freshwater and marine organisms, fauna and flora, planktons, seaweed, sea grass, coral reef, and inundated forest such as mangrove. Fishery law stipulates following obligations of FiA.

- Prepare and establish fishery resource inventory, assess potentiality classified by species and follow up the evolution of fishery resource
- Enact law, regulations and orders for fishery protection and improvement and the management of fishery resource exploitation and monitor the implementation
- Prepare planning to manage fishery zones fishery conservation and set up fishery resource development policies and measures to ensure the environmental protection.
- Conduct scientific research study on fishery and aquaculture and establishment of documentation
- Inspect and manage all activities of fishery resource exploitation and aquaculture
- Support and encourage any person who initiated on fishery resource protection and take consideration of aquaculture promotion
- Above ministry and administrations have provincial offices, and delegate some roles and power to the offices. The roles and duties of provincial offices in Sihanouk are as follows.

Department of Environment in Preah Sihanouk Province

- Implement the environmental policy linking sustainable development and prepare the proposal of environmental management plan in collaboration with the concerned provincial departments
- Provide the suggestion on EIA process of the project proposal and existing activities (less than 2 million USD) according to the power that are provided by MOE
- Make inventories of sources, categories and amount of wastewater, solid waste, toxic substances, noise and vibration in cooperation with other related organizations

- Control the sources of environmental pollution and apply measures for protection and reduction based on the MOE's guideline
- Inspect the sources and activities that generate the environmental pollution, file document, and send it to the court or fine the violators
- Manage the environmental database and prepare the yearly report
- Mobilize the public people to provide the information related to the environmental protection and management, and encourage the public participation on the protection
- Find charity and grant aid to support the environmental protection and management activities

Forestry Administration Cantonment in Preah Sihanouk Province

- Prepare a part of the National Forest Management Plan and working action plan for Preah Sihanouk Province
- Prepare permanent forest reserves to create forestry community by defining specific boundary
- Permit to harvest forest products and by-products for local community
- Permit to establish stock places to sell and distribute forest products and by-products and small scale facilities of forest products and by-products
- Permit to establish kilns to process forest products and by-products
- Register community forests with agreement between FoAC and local communities living in or near permanent forest reserve
- Report regularly about working actions of the forest in their jurisdiction to FoA

Fishery Administration Cantonment in Preah Sihanouk Province

- Prepare management strategic plan and fishery resources protection plan
- Supervise and examine the implementation of fishery
- Examine, inspect and patrol fishery business and prevent the fishery offence
- Examine the standard of processing place, market place and sanitary quality of fishery products
- Prepare legal documents on fishery offences to send them to the court
- Promote conservation works and aquaculture development

In the mean time, for the management of environmental condition in the coastal area, there is the National Coastal Steering Committee (NCSC). Decision on the Creation of the National Coastal Steering Committee was enacted in 2001, and NCSC Committee was established to facilitate coastal zone management and protect the environment and natural resources in the coastal zone. The members of the NCSC comprise several ministries, CDC, and Governors of coastal provinces. The secretariat is the Coastal Coordinating Unit in the Ministry of Environment.

The NCSC has the following role and duties:

- Coordinate between regional and national institutions and donors on coastal issues.
- Monitor and advise the Royal Government for the purpose of harmonizing policies, plans and legal framework concerning coastal zone management with national development priorities, and international conventions and laws on coastal zone management.
- Prepare regular annual reports on its activities and outcome and provide recommendations to the Royal Government.
- Provide and advise guidance on coastal zone management.
- Seek financial and technical assistant to support the committee's operation.
- Implement other roles as delegated by the Royal Government.

The NCSC has working groups in provincial level. The provincial working groups have the following roles and duties:

- Establish priorities for coastal and marine management activities in the particular province.
- Coordinate coastal zone projects in the province and provincial departments and institutions on coastal issues.
- Provide advice on all coastal issues through Chairman of Provincial Working Group (Governor) to the NCSC.
- As needed, establish technical groups in connection with the planning and implementation of difference project activities. The composition of the groups may include staff from different provincial departments, districts, communes, and villages, NGO staff and representatives from local communities and other stakeholders.
- Perform other duties assigned by the NCSC.

Thus, NCSC is cross sectoral organization and has several important roles and duties for environmental protection. NCSC prepared Coastal Environmental Management Action Plan 2007-2011 and several action plans are proposed in terms of forest management, marine fisheries, waste management, and land use management. However, they can hardly proceed with the plans with relevant organizations. The ideal organization is not working well at present, in particular, in central level. Sectionalism is still remained, and each organization tends to take part of above duties separately.

CHAPTER 3: LESSONS FROM NEIGHBORING NATIONS FOR COASTAL DEVELOPMENT

3.1 Regional Development in Eastern Seaboard in Thailand

3.1.1 Schedule

The Study Team sent a mission to Thailand to visit Eastern Seaboard area to inspect the development of port infrastructure, industrial zones and utility development projects.

Table 3.1.1 Schedule in Thailand

First Leg

| Date | Program |
|-------------|---|
| 10 May Sun. | PM: Move to BKK |
| 11 May Mon. | 9:00 AM: Visit to NESDB (National Economic and Social Development Board) 14 :00 PM Visit to IEAT (Industrial Estate Authority of Thailand) |
| 12 May Tue | 9:00 AM: Visit to PAT (Port Authority of Thailand) in charge of Laem Chabang Port operation 15:00 PM: Move to HCMC |

Second Leg

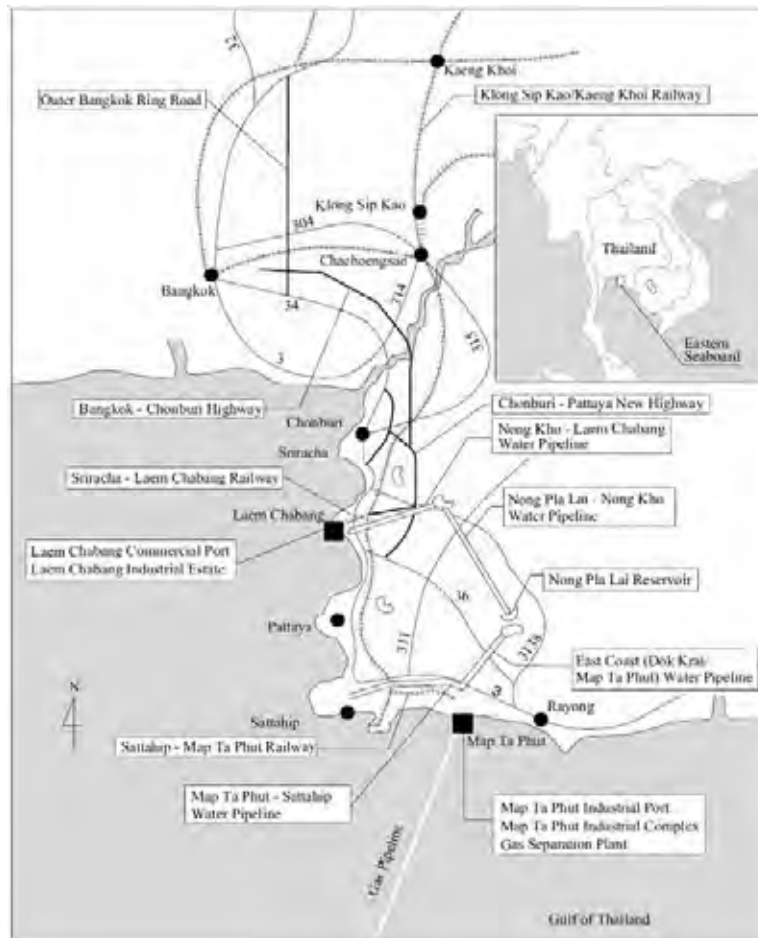
| | |
|--------------|--|
| 16 June Tue. | 14:00PM: Visit to SRT (State Railway of Thailand) |
|--------------|--|

3.1.2 Overview of the Eastern Seaboard Development¹

Thailand implemented the Eastern Seaboard Development Program from 1980s to the first half of 1990s as a means to lessen the heavy concentration of economic activities in Bangkok Metropolitan Region. The goal of the Program was to develop the eastern seaboard in the southeast of Bangkok and to build a new industrial center in Thailand. It had two important components; heavy and chemical industries capitalizing on the natural gas in the Bay of Siam, and export-oriented industries (including machinery and electrical equipment).

In the course of the development, the Thai government mainly developed the necessary economic and social infrastructure on its own, while the investments in the production facilities such as factories were to be borne by the private sector. In preparing the economic and social infrastructure Japan supported this by providing technical assistance and ODA soft loans. The Thai government made steady efforts to develop infrastructure in such areas as ports, roads, railroads, water for industrial use and industrial complex.

¹ For this section, reference was made to “POST-EVALUATION FOR ODA LOAN PROJECT Đ KINGDOM OF THAILAND - Overall Impact of Eastern Seaboard Development Program”, Kenichi Ariga et al. JBIC Review No. 2 November 2000 pp 81~115.



Source: Ariga et. al

Figure 3.1.1 Locations of ODA loan projects in Eastern Seaboard Development Program

(1) Map Ta Phut Industrial Port and Industrial Complex Project

The project includes constructing an industrial port (one multipurpose berth and two liquid cargo berths) and an industrial complex (grading of 380.8 ha and construction of infrastructures), with a view to promote location of heavy chemical industry in the Map Ta Phut area for the Industrial Estate Authority of Thailand (IEAT), which is the project executing agency. The Map Ta Phut Industrial Complex currently covers 804.8 ha. About fifty enterprises, mainly of petrochemical industry are located in this complex as of 1998 which is now the greatest petrochemical core base in Thailand.

(2) Laem Chabang Commercial Port and Industrial Estate Project

This project is to construct an alternative commercial port for the congested Bangkok Port which is a river harbor not allowing entry of large container vessels. The Port Authority of Thailand (PAT), which is the executing agency, formulated a master plan consisted of three phases up to the year 2025.

Along with the development of Laem Chabang Commercial Port, this project is to construct an industrial estate adjacent to the port, including both an export processing industry zone and a general industry zone. The industrial estate (about 420 ha) was entirely full as of 1999 with typical industries

operating there including assembly and parts manufacturing of the automotive sector, and assembly and parts manufacturing of the electric and electronic sector.

(3) Water Resource Development and Water Pipeline Project

The project involves the development of water resources (dam) and water pipeline construction for coping with the water demand resulting from the large-scale industrial development of the Eastern Seaboard Area, to avoid water shortage which may impede normal economic activities and social life.

(4) Railway Projects

The railways were constructed, aiming at meeting the demand for long distance, massive transport, for the Eastern Seaboard Development Program. First, the trunk railway (Chachoengsao- Sattahip Railway) in the Eastern Seaboard Area was constructed with the fund of the Thai government. Their branch lines, namely Si Racha - Laem Chabang Railway and Sattahip - Map Ta Phut Railway, were constructed under ODA loan from Japan. In addition, the Klong Sip Kao - Kaeng Khoi Railway was laid under ODA loan from Japan. All these railway networks are used for long distance transportation of container cargoes handled in Laem Chabang Commercial Port and energy such as LPG produced in the Map Ta Phut Industrial Complex.

(5) Road Projects

Together with railways, new road networks were constructed to meet the demands for land transportation generated as a result of the development of the Eastern Seaboard Area. The ordinary national roads were first widened with the fund of the Thai government and partially under the supports of the World Bank, etc. Then new Motorways linking Bangkok with the Eastern Seaboard Area were constructed under ODA loans from Japan. These motorways are contributing to general land transportation of passengers and cargoes of this area.

3.1.3 Lessons Learned in the Eastern Seaboard Development

(1) Positive Role of the National Government in Plan Formulation

- In the early part of the Eastern Seaboard Development, a newly established national agency called National Economic and Social Development Board (NESDB) acted as the focal point of plan formulation of the Eastern Seaboard development, in which various technical assistances from donors were given, including a continuous support by Japan International Cooperation Agency (JICA). These technical assistances for NESDB resulted in master plans and feasibility studies for respective component projects constituting the Eastern Seaboard Development.
- In the master plans, a comprehensive plan for regional development was formulated, including the industrial and commercial ports were proposed for development as well as large scale industrial estates in the hinterland of the ports. In order to maintain sustainability, water sources and conveyance facilities were also proposed for development. The infrastructure facilities such as Nong Pla Lai dam and pipelines for water supply resulted from these plans.
- The Thai Government fulfilled the public sector role for infrastructure development as the pilot of development and made endeavor to accelerate the overall development in the early time of the Eastern Seaboard Development. Japan supported the Thai Government in full with the technical

assistance and ODA soft loans continuously.

- In the Sihanoukville and Coastal Area development in Cambodia, the role of government as the navigator of development and provider of crucial visions and key infrastructure for to engineer the development is quite large and important. While RGC takes positive public sector role for the development, donors including JICA should support this initiative to keep the momentum for development.

(2) Development of Industrial Estates by the Public Sector

- In Thailand, a public corporation called Industrial Estate Authority of Thailand (IEAT) procured a large expanse of land in proximity to the site of new ports, and IEAT soon afterwards, developed industrial estates for sale.
- Later, when the demand for industrial estates boomed, IEAT let private sector to carry out the development of industrial estates to fill up the gap between the supply and demand, the IEAT land development for IEs captured some of the windfalls of public investment in infrastructure development, enabling the public sector to energize the development.
- With regard to private sector development, IEAT exerts a regulatory function as a public sector organization.
- In Cambodia, a new SEZ is being developed besides the Sihanoukville Port with Japanese ODA loan, which is the pilot example of public sector involvement in SEZ development in Cambodia. RGC must provide well equipped Industrial Zones and Special Economic Zones in necessary quantity and in the right timing for the Coastal Area, and must exert regulatory function as a public sector organization for private sector IZs and SEZs.

(3) Efficient Transport in Combination of Road and Railway

- As have been seen, the Government of Thailand carried out the development of new roads and highways between the Eastern Seaboard Area and the Bangkok Metropolitan Region, an efficient mix of railways and roads are seen in these area. About one third of the cargo moving between the Laem Chabang Port and Bangkok is transported by rail from the Lat Krabang Inland Container Depot (ICD).
- The distance between Laem Chabang and Bangkok is about 120 km, which may be considered to be short for utilizing railway in transportation, but as mentioned earlier, the use of railway is rather popular.
- The construction of LICD was completed in 1995. It was divided to 6 independent modules leased out to private sector operators but the facility is managed by SRT. Since the commencement of the LICD, the cargo throughput is growing year by year. In 2008, the Lat Krabang ICD handled in total 1,795 thousand TEU of cargo in total, of which 447 thousand TEU, or 26%, was transported on the rail.
- A similar composite integrated rail to sea transport needs to be considered for Sihanoukville and Phnom Penh. The distance between Sihanoukville and Phnom Penh is longer than the case of LICD, and should be more favorable.

(4) Sustainable and Reliable Water Resource Development

- Stable and uninterrupted water supply was crucial in sustainable development of the Eastern Seaboard. In early time of the development, IEAT launched a number of projects for water source development, water purification and transmission, to some of which the Japanese ODA funding was channeled. The steady planning and implementation for stable water supply was one of the basic conditions on which the Eastern Seaboard grew.
- In Sihanoukville today, the only water source was utilized by a private firm in the BOT type of scheme, and the public sector seem to have weak commitment for the sustainable water supply. While long term planning will be needed in securing the water source and extending the capacity to supply water, stronger role of the Government shall be expected in preparing the infrastructure in place for the coastal development, particularly the water resource.

3.2 Regional Development in Ho Chi Minh City and Ba Ria-Vung Tau Province in Vietnam

3.2.1 Schedule

The mission visited port infrastructure planning firm, industrial development authorities and infrastructure development projects in Vietnam especially around Ho Chi Minh City from 13 to 16 of May in 2009.

Table 3.2.1 Schedule in Vietnam

| Date | Program |
|------------|--|
| 13 May Wed | PM: Move from BKK to HCMC (PG 939N BKK 1625>>HCMC 1750) |
| 14 May Thu | 9:00 AM: Meeting with Portcoast (92 Nam Ky Khoi Nghia St, Dist. 1, HCMC) (Attn: Chairman-General Director, Mr. Tran Tan Phuc) 10:30 AM: Meeting with HEPZA (35 Nguyen Binh Khiem St, Dist 1, HCMC) (Attn: Chairman, Mr. Vu Van Hoa) 11:30 AM: Move to Vung Tau City 15:00 PM: Meeting with BIZA (124 Vo Thi Sau St. Vung Tau City) (Attn: Chairman, Mr. Le Minh Chau) |
| 15 May Fri | 9:00 AM: Visit PMU No.85 of Cai Mep-Thi Vai International Port Development Project (Attn: Director, Mr. Nguyen Van Phu); and Cai Mep-Thi Vai Port 13:30 PM: Visit Industrial Zones around HCMC Bien Hoa (1&2); Amata in Bien Hoa City in Dong Nai Province 17:00 PM: Move to HCMC |
| 16 May Sat | 08:30AM: Visit to UMRT HCMC Project Office 10:00AM: Visit to Highway Project Office |

3.2.2 Outline of Ho Chi Minh City (HCMC) Development

(1) Outline of HCMC²

HCMC is rapidly expanding economically and socially. Its population has grown to about 6.6 million in 2007, plus perhaps 2 million migrants not officially registered. Economic development pressures are strong and promise benefits to the city, its residents, and Viet Nam as a whole. But they also create

² "Transportation and Land Use in Ho Chi Minh City", Vietnam Leaders in Development Program 2008, ASH Institute

threats to economic development and quality of life –congestion, pollution, and competition for scarce centrally located sites.

(2) Transportation problem in HCMC

At similar stages of economic development in the world, cities usually have about 50-60% bus trips, 20-30% walking or bicycling, and 20-30% private auto and motorcycle. In HCMC, however, motorcycles account for 74% of non-walking trips, with buses only 5% and private autos 2%, with most of the rest on bicycles.

Explosion of motorcycle ownership in HCMC (and Viet Nam overall) during 1990s and 2000s:

Table 3.2.2 Transportation index in HCMC

| Year | HCMC Population | Motorcycles | Autos |
|------|-----------------|-------------|----------------|
| 1991 | 4.25 million | 0.5 million | 13.5 thousand |
| 2000 | 5.24 million | 1.6 million | 131.0 thousand |
| 2007 | 6.60 million | 3.4 million | 399.0 thousand |

Incomes of Vietnamese went up, tariffs came down, and cheaper motorcycle imports became available. So today: i) National ratio: 1 motorcycle for every 4 people, ii) HCMC ratio: 1 motorcycle for every 2 people.

(3) Bus system in HCMC

Bus ridership is low in HCMC because the bus system effectively collapsed in the two decades after reunification. Thus, there was relatively little bus service available when VN income levels allowed people to move from bicycles to faster and speedier modes of transport. Efforts to improve the bus system began in 1994 but have been only moderately successful, pushing use from 2% to 5% of trips. Currently: Saigon Bus, a public enterprise, operates 900 buses; and 28 privately owned cooperatives operate about 2,300 buses, many of them very small.

3.2.3 HCMC Development Master Plan

(1) Development Master Plan 2020

HCMC's first planning effort began in 1994, producing a Master Plan for the year 2020, which was approved in final form in 1998. But this plan had only general guidance on where growth should be encouraged and lacked specifics on permissible land uses and densities. Implementation was also weak with reasons of: i) lack of technical staff in the key agency, ii) cumbersome permitting process, iii) problematic coordination of policies between districts and city government.



Figure 3.2.1 HCMC Development Master Plan 2020

(2) Development Master Plan 2025

In March 2008, the People’s Committee of HCMC adopted a revised master plan for the city to guide development through 2025. The plan designates areas where growth is to be encouraged and includes a list of transportation and other infrastructure projects and policies to support this development. The list of infrastructure projects is quite ambitious, including; i) four elevated expressways and ii) six Mass Rapid Transit (MRT) lines.

3.2.4 Transportation Development Plan of HCMC

The growing traffic in the city provoked the government to explore the possibilities for increasing the capacity of the transportation system by building rail transit lines or new highways. At first these initiatives were evaluated piecemeal¹³, but eventually the government asked local and international

consultants to prepare an overall transport plan and a more detailed rapid transit plan for the year 2025, which were completed in 2007 and 2008, respectively.

(1) Mass Railway Transit (MRT) Plan

Much of the attention focused on the development of new mass rapid transit MRT rail lines. The German rail equipment manufacturer Siemens had signed a memorandum of understanding (MOU) with the government in 2004 to study the feasibility of two MRT lines and the Japanese government had signed a similar MOU for a third line in 2005. Proposals for other MRT lines, tram lines and even a monorail emerged from other quarters. The 2025 transport master plan included 6 MRT lines plus a tram line and a monorail in its plan, and the subsequent MRT study rationalized the alignments of the 6 MRT lines.

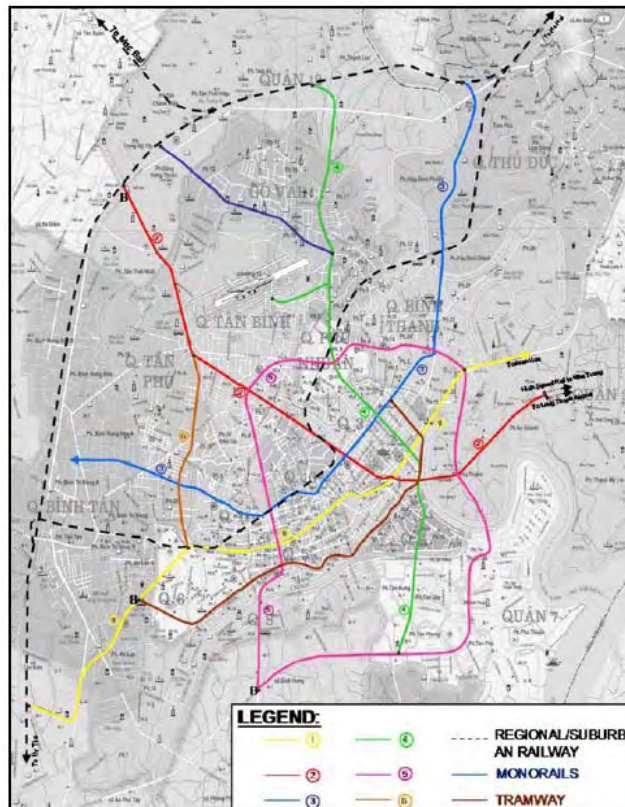


Figure 3.2.2 Mass Railway Transit (MRT) Plan

(2) Plan for Four Elevated Expressways

The main innovation inside the second ring was a system of four elevated toll expressways, inspired by the elevated expressways that Bangkok had built during the 1990s. The elevated expressways were designed to complement existing roads that could not be widened and provided both a bypass around the Districts 1 and 3 as well as additional capacity from outlying districts to the center.

In 2007 and 2008 the government had signed memoranda of understanding with three big construction firms from South Korea, Malaysia and Vietnam to develop feasibility studies for the four expressways. The idea was that the construction companies would propose the final alignment and a scheme for financing the road.



Figure 3.2.3 Elevated Expressways Plan

3.2.5 Port Development in HCMC

(1) Cai Mep- Thi Vai International Port Development

The development of Cai Mep- Thi Vai port has been a top priority in the development of the southern port network. The port will play an important role in economic development in the region, especially in attracting investment to industrial parks in the region.

The port is designed to receive Panamax or Post Panamax container vessels of 50-80,000 DWT (dead weight tones) and 4-6,000 TEU (twenty foot equivalent units). The Vung Tau - Thi Vai area lies in the southern key economic zone where urbanization and industrialization are running at a high pace. The volume of goods through that area is expected to reach 16.6mil tones in 2010 and 45.9mil tones in 2020.

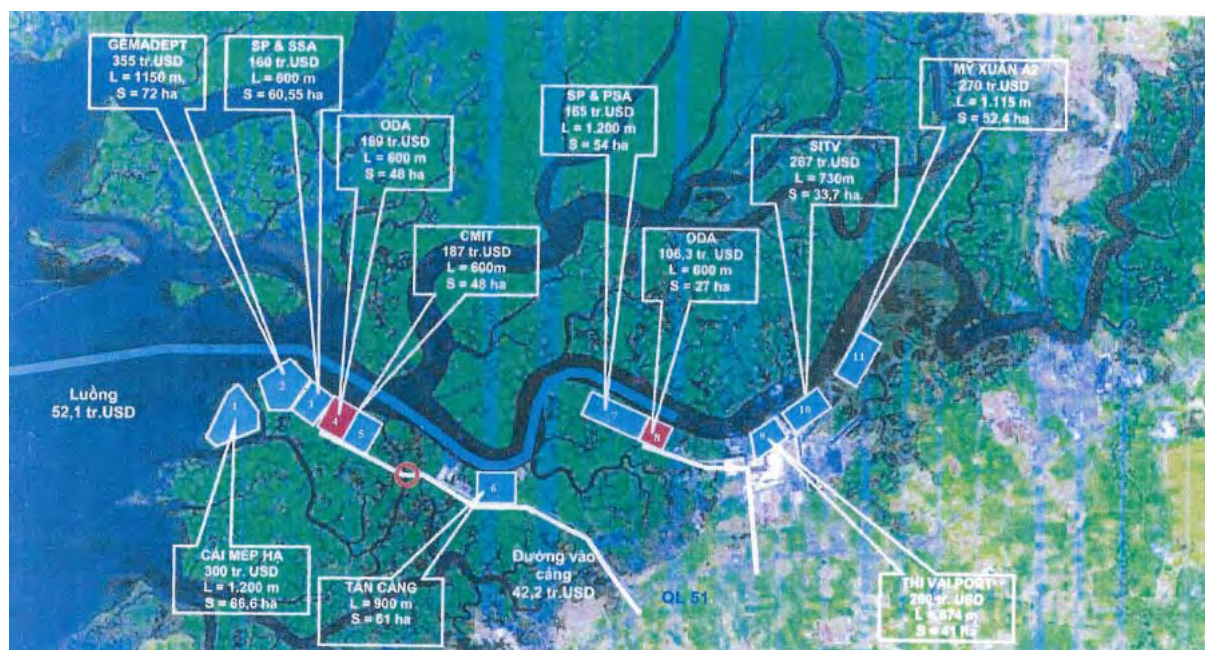


Figure 3.2.4 Cai Mep- Thi Vai International Port Location Map

3.2.6 EPZs & IZs Development in and around HCMC

(1) HCMC Export Processing & Industrial Zones Authority (HEPZA)

Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA) was established in 1992 in order to carry out state administration on investment activities of the export processing and industrial zones in HCMC.

HEPZA's responsibilities and power on investment management are as the following:

- i) Contributing its opinions about the formulation of legal measure, policy and master plan related to investment activities and development of EPZs & IZs to ministries, governmental bodies and Ho Chi Minh People Committee;
- ii) Receiving investment registration from investors; evaluating, granting, adjusting and revolving investment certificate within its competence;
- iii) Examining, inspecting and supervising the realization of investment objectives indicated in the investment certificate, the capital contribution and project execution progress;
- iv) Coordinating in supervising and examining the observance of laws on labor and wages; protecting legitimate rights and interests of employees and employers, activities of socio-political organizations, and protecting the ecological environment.

Investment projects within HEPZA's competence:

- i) Investment projects in EPZs & IZs, including investment projects within the competence of the Prime Minister of which the Prime Minister has approved the investment policy;
- ii) Investment projects on EPZs & IZs infrastructure.



Figure 3.2.5 EPZs & IZs under HEPZA

Table 3.2.3 List of Established EPZs & IZs in HCMC

| No | Name | Location | Quare | Contact address for land leasing |
|----|--|------------------------------------|-----------|--|
| 1 | TAN THUAN EPZ (4 Km from downtown) | Dist. 7 | 300 Ha | Tan Thuan Corporation (TTC) Huynh Tan Phat St., Tan Thuan Doang Ward, Dist. 7, HCM City Tel: (84.8) 7701777 / 888 Fax: (84.8) 7701999 Email: tanthuan@ttn.vn Website: http://www.tanthuan.com |
| 2 | LINH TRUNG I (EPZ-IZ) (16 Km from downtown) | Thu Duc Dist. | 62 Ha | Sepouse Linh Trung National Highway No.1A, Linh Trung Ward, Thu Duc Dist., HCM City Tel: (84.8) 8962356 Fax: (84.8) 8962350 |
| 3 | LINH TRUNG II (EPZ-IZ) (15 Km from downtown) | Thu Duc Dist. | 62.5 Ha | Interprovincial Road No.43, Binh Chieu Ward, Thu Duc Dist., HCM City Tel: (84.8) 7291290 Fax: (84.8) 7291289 Email: sngoc@linhtrung.com.vn Website: http://www.linhtrung.com |
| 4 | TAN TAO IZ (12 Km from downtown) | Binh Tan Dist. | 422 Ha | Tan Tao Company (TACO) National Highway No.1A, Tan Tao IZ, Binh Tan Dist., HCM City Tel: (84.8) 7502354 / 7502356 Fax: (84.8) 7502317 Email: tacco@taco.com.vn Website: http://www.taco.com.vn |
| 5 | TAN BINH IZ (18 Km from downtown) | Tan Phu Dist. | 125.7 Ha | Tan Binh Import Export Corp. (TANIMEX) 188 Tay Thanh St., Ward 15, Tan Phu Dist., HCM City Tel: (84.8) 8161254 / 8150073 Fax: (84.8) 8150074 Email: kettanbinh@tanimex.com |
| 6 | LE MINH XUAN IZ (18 Km from downtown) | Binh Chanh Dist. | 100 Ha | Binhchanh Construction Investment Shareholding Company (BOCC) A6/17B Tran Dai Nghia St., Tan Nhat Ward, Binh Chanh Dist., HCM City Tel: (84.8) 7660034/123/119 Fax: (84.8) 7660023 Email: krs@boccc.com.vn Website: http://www.boccc.com.vn |
| 7 | YENH LOC IZ (15 Km from downtown) | Binh Tan Dist. Binh Chanh Dist. | 200 Ha | Cholon Import-Export & Investment Company (CHOLIMEX) Nguyen Thi Tu St., Binh Chanh Dist. & Binh Tan Dist., HCM City Tel: (84.8) 7650102/015 Fax: (84.8) 7650303/7500655 Email: cholimex@cholimex.com.vn Website: http://www.vip.com.vn |
| 8 | TAN THINH HIEP IZ (15 Km from downtown) | Dist.12 | 29 Ha | Tan Thinh Hiep Co., Ltd (TTH) 108 Nguyen Anh Thu St., Hiep Thinh Ward, Dist. 12, HCM City Tel: (84.8) 717523234 Fax: (84.8) 71752284 Email: thinh@tth.com.vn |
| 9 | TAY BAC CU CHI IZ (32 Km from downtown) | Cu Chi Dist. | 320 Ha | Cu Chi Commercial & Industrial Developing Investment Joint Stock Company (CICIDCO) National Rd. 22, Cu Chi Toward, Cu Chi Dist, HCM City Tel: (84.8) 8921196/ 8921046 Fax: (84.8) 8921008 Email: cicidco@bcm.com.vn |
| 10 | BINH CHIEU IZ (15 Km from downtown) | Thu Duc Dist. | 27.3 Ha | Binh Chieu Industrial Development Company Interprovincial Road No. 43, Binh Chieu Ward, Thu Duc Dist., HCM City Tel: (84.8) 8963560 Fax: (84.8) 8963559 Email: binchieu@binchieu.com.vn Website: http://www.binchieu.com |
| 11 | HIEP PHUOC IZ (20 Km from downtown) | Nha Be Dist. | 332 Ha | Tan Thuan Industrial Promotion Company (IPC) Nguyen Van Tao St., Hiep Phuoc Ward, Nha Be Dist., HCM City Tel: (84.8) 7800345 Fax: (84.8) 7800341 Email: hiep@tanthuan.com.vn Website: http://www.ipcm.com |
| 12 | CAT LAI IZ (Spec. II) (15 Km from downtown) | Dist.2 | 111.6 Ha | District 2 Housing Management and Development Company 536 Nguyen Thi Dinh St., Thanh My Loi Ward, Dist. 2, HCM City Tel: (84.8) 7421166 Fax: (84.8) 7421167 E-mail: company2@hmg2.com.vn |
| 13 | PHONG PHU IZ (11 Km from downtown) | Binh Chanh Dist. | 163.3 Ha | Phong Phu Industrial Park Joint Stock Company (PPIP) D15/407 Thanh Quang Nghi St., Phong Phu Toward, Binh Chanh Dist., HCM City Tel: (84.8) 761365708 Fax: (84.8) 7612459 Email: km-phongphu-ppip@hcmc.vn |
| 14 | TAN PHU TRUNG IZ (20 Km from downtown) | Cu Chi Dist. | 542.64 Ha | Northwest Saigon City Development Corporation (SCDC) National Rd. 22, Tan Phu Trung Toward, Cu Chi Dist, HCM City Tel: (84.8) 7963378/7963384 Fax: (84.8) 7963378 Email: scdcorp@nha.ch Website: www.kongki.com.vn |
| | CAT LAI IZ (Spec. IV) (10 Km from downtown) | Dist.2 | 127 Ha | SUNIMEX 71 Doang Khai St., Dist. 1, HCM City Tel: (84.8) 8296637 Fax: (84.8) 8222941 Email: sunimexcorp@sunimex.com |

(2) The Ba Ria-Vung Tau Industrial Zones Authority (BIZA)

Situating in the Southern key economic are, Baria-Vungtau province is the gateway to the Pacific Ocean. By July 2007 the Province has established nine (9) Industrial Zones with total area of 2,592ha. For the years 2007-2010 the Province would develop another 4 Industrial Zones and expand 2 Industrial Zones.

Most Industrial Zones in the Province are located alongside Cai Mep – Chi Vai deep sea water port system on the left and National High Way No. 51 on the right connecting Vungtau City with neighboring cities and provinces, which creates favourable condition for the investors to transport raw materials and product.

BIZA is an Agency of the People’s Committee of Baria-Vungtau Province which performs the function of state management over the industrial zones in the Province. The power and responsibilities of BIZA over investment management are as the following:

- i) To have opinion with the central ministries, branches and localities in the issuance of legal taxes, policy, planning related to investment activities, development of IZ, EPZ and High Tech Park;
- ii) To exercise investment registration; appraise, issue, amend and withdraw investment Certificate for the projects according to competence;
- iii) To examine, inspect, monitor the implementation of the investment targets regulated in the investment Certificate, Capital contribution schedules and the investment project implementation; to cooperate to examine and inspect the execution of the Law on labour, salary; to protect lawful rights of employees, employers, activities of the socio-political organizations. Ecology environment protection for the projects in IZ, EPZ and High Tech Parks;
- iv) To settle the difficulties, obstacles of the investors in IZ, EPZ and High Tech Parks; requesting the Prime Minister, ministries, relevant branches and provincial people's committee to settle the issues out of competence;
- v) To evaluate the investment effectiveness in IZ, EPZ and High Tech Parks.



Figure 3.2.6 EPZs & IZs under BIZA

3.2.7 Lesson Learnt

This sector summarizes lessons learnt from Vietnam's experience.

(1) Slow speed of public sector development project

In Southern Vietnam many of development projects are going on. Especially private sector projects such as port and industrial zone development are significant. Infrastructure development projects by public sector are unable to follow the speed of private sector. As a result of this situation, severe traffic problems drag down the economic growth.

A well coordinated schedule and keep-on-schedule manner is necessary.

(2) Insufficient coordination among governmental agencies

Because of a vertically-segmented administrative systems in Vietnam, some project suffers delay of its implementation or difficulty in comprehensive designing of infrastructure. For example, MRT project has problem on land transfer from other governmental agency and designing on total development around MRT station.

An improvement in coordination mechanism among the governmental agencies is necessary for well designed development.