Cambodia
In the Greater Mekong Subregion

Cambodia has been an active participant in the GMS Program since the Program’s inception in 1992. The 11th Ministerial Conference was held in Phnom Penh in September 2002. The First GMS Summit of Leaders was held in Phnom Penh in November 2002. Given its central location in the Lower Mekong Basin, Cambodia is viewed as a key player in deepening economic cooperation among the participating countries in the GMS Program. The Mekong flows through the heart of Cambodia, which also hosts the Tonle Sap Great Lake, a unique ecological system that provides numerous subregional economic benefits, e.g., acting as buffer to annual floods and as spawning ground for various fish species. Cambodia is also at the center of the GMS Southern Economic Corridor, providing a strategic link between Thailand and Viet Nam through regional highways, and, in the future, railway links that form part of the Singapore–Kunming Rail Link Project.

Cambodia is also an active participant of the Development Triangle Initiative with Lao PDR and Viet Nam, and the Emerald Triangle Initiative with Lao PDR and Thailand. Cambodia is a major proponent of the early implementation of trade and transport facilitation measures in the GMS, in particular along the Southern Economic Corridor at the Aranyaprathet–Poipet and Bavet–Moc Bai border crossing points. Cambodia maintains a national secretariat to coordinate GMS program activities at the offices of the Council for the Development of Cambodia.

The Greater Mekong Subregion Economic Cooperation Program

The Greater Mekong Subregion (GMS) comprises Cambodia, the People’s Republic of China (PRC), Lao People’s Democratic Republic (PDR), Myanmar, Thailand, and Viet Nam. In 1992, with assistance from the Asian Development Bank (ADB), the six GMS countries launched a program of subregional economic cooperation designed to enhance economic relations among countries, and to reduce poverty. As enunciated by the GMS leaders, the vision of the GMS Program is a subregion that is prosperous, integrated, and harmonious. This vision is embodied in the 3Cs strategy of enhanced Connectivity, increased Competitiveness, and a greater sense of Community. The GMS Program focuses on providing physical infrastructure and software that have public goods characteristics, such as facilitation of transborder movement of people and goods, and development of regional power trade. It also gives due attention to mitigating shared concerns, such as communicable diseases and transboundary environmental issues.

Priority GMS projects and activities are being implemented with support from the ADB and other development partners in the nine sectors of cooperation, namely, transport, energy, telecommunications, environment, agriculture, human resource development, trade facilitation, investment, and tourism.
ADB ASSISTANCE TO THE GMS PROGRAM

The GMS Program has contributed to easing the cross-border flow of goods and services within the GMS and linking the subregion to other markets through the development of infrastructure and supporting software for its efficient use. A significant amount of resources has been mobilized for the GMS Program. As of the end of 2008, 41 priority projects worth around $11 billion have either been completed or are being implemented. For these projects, ADB has provided loans amounting to $3.8 billion, while GMS governments have provided $3.3 billion. Contributions of cofinancing partners and the private sector amounted to $4 billion. A total of $208 million of grant resources have been mobilized for 179 regional technical assistance (RETA) projects, of which $94.1 million has been provided by ADB, for project preparation and studies on various areas of GMS cooperation. A GMS Secretariat is based in ADB to coordinate overall GMS Program activities.

ADB-ASSISTED GMS PROJECTS INVOLVING CAMBODIA

As of 2008, Cambodia was involved in a total of nine loan projects with a combined ADB loan amount of $418 million. Cambodia was the recipient of three multi-country ADB loans for the GMS, namely, the Phnom Penh–Ho Chi Minh City Highway Improvement Project (with Viet Nam), the GMS Southern Coastal Corridor Project (with Viet Nam), and the GMS Mekong Tourism Development Project (with Lao PDR and Viet Nam). It was also a recipient of a multi-country grant for the Regional Communicable Diseases Control Project (with Lao PDR and Viet Nam). ADB loans for the Rehabilitation of the Railway in Cambodia and GMS Southern Coastal Corridor were approved in December 2006 and in November 2007, respectively.

Cambodia has also participated in 128 RETA projects with ADB funding amounting to $61 million. These include, among others:

- GMS Cross-Border Transport Agreement (CBTA)
- Development of Strategic Framework for Action on Trade Facilitation and Investment; and Enhancing Transport and Trade Facilitation in the GMS
- GMS Business Forum
- Study on the Regional Indicative Master Plan on Power Interconnection in the GMS
- Preparation of the Inter-Governmental Agreement on Regional Power Trade and Regional Power Trade Operating Agreement; Regional Power Trade Coordination and Development; and Facilitating Regional Power Trading and Environmentally Sustainable Electricity Infrastructure Development
- Capacity-building program for GMS officials under the Phnom Penh Plan for Development Management (PPP)
- Transport Sector Strategy Study
- Developing the Energy Strategy
- Prevention of HIV/AIDS among Mobile Populations, HIV/AIDS Preventive Education in Cross-Border Areas, and Malaria Control for Ethnic Minorities

GMS DIMENSIONS OF CAMBODIA’S DEVELOPMENT STRATEGY

The Government of Cambodia sees regional and international integration as one of the key pillars of its development agenda. Regional integration will provide Cambodia with the economies of scale and opportunities to attract investment, create employment, generate income, and reduce poverty.

Greater regional integration is one of the key means to foster broad-based, private sector-led economic growth. During the period 1992–2006, its intraregional trade grew seven-fold. From 1994–2006, Cambodia’s real GDP grew by 8.5% per year on the average, and its openness ratio (defined as the ratio of total trade to GDP) doubled from 46% to almost 90%, indicating the growing importance of trade in Cambodia’s rapid economic expansion.
ECONOMIC CORRIDORS

The development of the GMS Southern Economic Corridor (SEC) will improve connectivity between Cambodia and its neighbors, facilitate increased cross-border trade and private investment, and promote tourism and agricultural development. The SEC is defined by three main road subcorridors and their areas of influence: the Central Subcorridor: Bangkok (Thailand)–Phnom Penh (Cambodia)–Ho Chi Minh City–Vung Tau (Viet Nam); the Southern Coastal Subcorridor: Bangkok–Trat (Thailand)–Koh Kong–Kampot (Cambodia)–Ha Tien–Ca Mau–Nam Can (Viet Nam); and the Northern Subcorridor: Bangkok (Thailand)–Siem Reap–Stung Treng–Rattanakiri–O Yadav (Cambodia)–Play Ku–Quy Nhon (Viet Nam). An important inter-corridor link is the Southern Lao PDR–Sihanoukville Subcorridor: Dong Kralor–Stung Treng–Kratie–Phnom Penh–Sihanoukville (Cambodia).

The conceptual purpose of each of these three subcorridors is varied, but complementary. The Central Subcorridor links three major population and commercial centers: Bangkok, Phnom Penh, and Ho Chi Minh City. The subcorridor helps to integrate the social, commercial, and economic resources of these centers to form a subregional economic zone.

The Southern Coastal Subcorridor links the commercial, industrial, and tourism complex of the Eastern Seaboard in Thailand with the coastal region of Cambodia. This has the potential for industrial and commercial growth based on fisheries, energy resources, light industry and trade (based in Sihanoukville). Its extension to the southern Mekong Delta in Viet Nam taps into the growth area for food processing and other light industries.

The Northern Subcorridor links a succession of existing and potential world class tourism sites that may be developed into a major tourist trail stretching from Bangkok via Siem Reap (Angkor Wat), Preah Vihear (the center of numerous Khmer era temples), Stung Treng (the Mekong River with fresh water dolphins and the Khoune waterfalls in southern Lao PDR), Rattanakiri (natural park and wildlife) to the central highlands and coastal areas (beach tourism and ecotourism) in Viet Nam. Currently, sections of National Road 33 to the border with Viet Nam along the Southern Coastal Subcorridor is being improved under an ADB loan approved in November 2007.

To give further impetus to the economic corridor approach, the GMS countries formed an Economic Corridor Forum in June 2008, intended to enhance collaboration among areas along corridors and GMS forums and working groups. It contributes to strengthening coordination and implementation of economic corridor development programs and activities.

The GMS Transport Sector Strategy Study, which recommended the provision of seamless transport services on a fully connected and integrated GMS transport network, will benefit Cambodia in terms of: improving its links and synergies with the GMS transport system; promoting multi-modalism, leading to improved competitiveness through reduced travel time and transport costs; and enhancing public and private sector investments in its various transport infrastructure—roads, rail, air, and waterways—needed to complete the GMS transport corridors.

To maximize the benefits of improved transport infrastructure, Cambodia, together with other GMS countries, has agreed to expedite the implementation of the GMS Cross-Border Transport Agreement (CBTA). The CBTA includes provisions for single-stop/single-window inspection at border checkpoints, simplified visa formalities, and exchange of traffic rights. When the CBTA is fully implemented, GMS countries will enjoy lower transport costs, increased tourism, and greater opportunities for cross-border trade and investment.

ENERGY

GMS cooperation in the energy sector is a means to improve the competitiveness of the Cambodian economy. Power transmission links with neighboring countries are expected to improve supply in the country, which would provide economies of scale and reduce the high cost of power—a key constraint to the development of Cambodia’s industrial sector. Development of energy supply (e.g., gas fields in the disputed areas and hydropower potential in the northeast) provides scope for exporting power to neighboring countries. Cambodia also participated in the development of the GMS Energy Strategy, which articulated the vision for GMS energy cooperation and developed an action plan that will lead to: financing of priority initiatives for enhanced energy trade, and establishment of institutional and other arrangements toward enhanced regional energy security.

TELECOMMUNICATIONS

Cambodia has been actively involved in collective efforts to improve the subregional telecommunications network, and the policy and regulatory frameworks needed to better attract private capital into the sector. The study “GMS Telecommunications Sector Policy Formulation and Capacity Building” covered these activities, together with those in Lao PDR and Viet Nam. ADB financed a follow-up advisory technical assistance on telecommunications reform in Cambodia, which involves capacity building and establishment of regulatory principles. As the GMS Telecommunications Backbone has been largely completed through bilateral financing, Cambodia’s participation is now focused on the construction of the GMS Information Superhighway Network (ISN). This would provide a broadband platform connecting the
six GMS countries in which basic services (voice, data and internet access) could be deployed for various applications: e-commerce, e-government, and e-learning. The ceremony for the completion of Phase I of the GMS ISN was held during the Third GMS Summit in Vientiane, Lao PDR, in March 2008. Cambodia will also be involved in GMS efforts to enhance information and communication technology applications for development and poverty reduction.

TRADE FACILITATION
Cambodia’s efforts at prioritizing trade facilitation and investment measures will be guided by the Strategic Framework for Action on Trade Facilitation and Investment (SFA-TFI), which was endorsed at the Second GMS Summit. The SFA-TFI covers four priority areas: customs procedures, inspection and quarantine measures, trade logistics, and mobility of business people.

Another important initiative is the implementation of the CBTA, which, as previously mentioned, will facilitate cross-border transport of goods and people in the subregion. The CBTA entered into force in December 2003 with its ratification by all six GMS member countries. Initial implementation of the CBTA at the Bavet–Moc Bai border crossing between Cambodia and Viet Nam is being prepared. The Memorandum of Understanding for the Initial Implementation of the CBTA at Poipet–Aranyaprathet border crossing between Cambodia and Thailand has been signed and is expected to commence implementation soon.

INVESTMENT
Cambodia has been participating in activities of the Subregional Investment Working Group, such as in capacity building for investment promotion and in improving the information architecture for investment promotion. Its National Chamber of Commerce is a member of the GMS Business Forum, which comprises the national chambers of other GMS countries and offers various services to promote private sector participation in the GMS Program.

HUMAN RESOURCE DEVELOPMENT
Communicable diseases control is a top priority for regional collaboration in health in the GMS in view of the potential for cross-border transmission of emerging diseases such as SARS, avian flu, and HIV/AIDS, along with endemic diseases like measles, malaria, and tuberculosis. This complements national efforts to prevent the spread of communicable diseases. On this basis, ADB approved a regional grant project for Cambodia, Lao PDR, and Viet Nam on communicable diseases control in the border areas. Cambodia has participated also in other projects designed to reduce HIV/AIDS vulnerability to develop capacity among ethnic minority groups, and to promote safe migration and prevent the trafficking of women and children.

The PPP, which was launched in Phnom Penh in November 2002 on the occasion of the First GMS Summit, continues to support the training of middle and senior level government officials in Cambodia in development policy, planning, and management. The resulting core of PPP training recipients in Cambodia will contribute to ensuring effective, efficient, and sustainable delivery of services, and help Cambodia achieve its poverty reduction targets and economic development goals. The PPP Learning Resources Center is located in Phnom Penh.

Cambodia will participate in the Mekong Water Supply and Sanitation Project in 2009 that will deliver enhanced and sustainable water supply and sanitation services to selected secondary towns in Cambodia, Lao PDR, and Viet Nam.

ENVIRONMENT
In environment and natural resources management, Cambodia is expected to benefit from the ongoing GMS Core Environment Program (CEP), which is the central program to ensure that the accelerating pace of economic growth in all GMS countries proceeds in an environmentally sound and sustainable manner. The CEP, which will be implemented through the GMS Environment Operations Center established in Bangkok in 2006, will undertake the following: assess the environmental sustainability of priority development strategies and investment plans for the GMS economic corridors and sectors;
implement biodiversity corridor activities in at least five pilot sites under the BCI, which is the CEP’s flagship component; and institutionalize environmental performance assessment procedures and systems in GMS countries.

**AGRICULTURE**
The GMS countries recognize the importance of agricultural development in achieving sustained and inclusive development in the subregion. In line with the pledge of the GMS Leaders at the Second GMS Summit to accelerate subregional cooperation in agriculture and focus on its cross-border dimensions, the GMS countries have endorsed a Strategic Framework for GMS Cooperation in Agriculture and the accompanying Core Agriculture Support Program (CASP). Prepared with ADB assistance, and endorsed by the GMS Agriculture Ministers’ Meeting in April 2007, the Strategic Framework and CASP outline the key objectives, strategic thrusts, and indicative programs and projects in agriculture to be pursued between 2006–2010, in cooperation with development partners. The CASP will facilitate cross-border trade and investment in agriculture, enhance private sector participation and knowledge sharing, implement cooperative capacity building programs, establish emergency response mechanisms for crisis situations in agriculture and natural resources management, and strengthen institutional linkages and mechanisms. Cambodia actively participates in these activities.

**TOURISM**
The 10-year GMS Tourism Sector Strategy and associated 5-year action plan, both completed in June 2005, identified seven strategic programs and 29 high priority investment projects. These focus on intensifying promotion of GMS as a single tourist destination, developing tourism-related infrastructure, improving standards for the management of natural and cultural resources, and promoting pro-poor community-based tourism.

Cambodia has been designated as lead country for seven priority projects, including HRD and capacity building for middle-level public officials; HRD and capacity building for hospitality skills trainers in vocational schools; preparing/ implementing an HRD plan for national tourism organizations; Saving Cultures, Saving Lives; In the Steps of Shiva and the Lord Buddha (linking the monumental heritage of the GMS); Promotion of Small- and Medium-sized Enterprise Development and Investment in Tourism-related Facilities and Infrastructure; and Tourism and Infrastructure Feasibility Study and Development Along Coastal Route of the Southern Economic Corridor.

Cambodia, Lao PDR and Viet Nam are all participating in the ongoing GMS Mekong Tourism Development Project funded by ADB that covers tourism-related infrastructure improvements; pro-poor, community-based tourism development; subregional cooperation for sustainable tourism; and implementation assistance and institutional strengthening.
PROPOSED GMS PROJECTS IN CAMBODIA

GMS investment projects involving Cambodia for 2009–2011 include:
- Northwest Provincial Road Improvement;
- GMS Biodiversity Conservation Corridor;
- GMS Flood and Drought Risk Management and Mitigation;
- GMS Communicable Disease Control (Phase II);
- GMS Rural Renewable Energy;
- Mekong Water Supply and Sanitation;
- Trade Facilitation and Logistics Development;
- and Border Towns Development.

ADB’s indicative RETA program for the next three years will provide assistance in implementing high-priority GMS projects. These include, among others:

- The GMS CEP, including BCI
- Implementing the CASP
- Continuing assistance for the PPP
- Enhancing transport and trade facilitation, and logistics development in the GMS, including implementation of the GMS CBTA
- Implementing the GMS HRD Strategic Framework and Action Plan
- Providing a project preparation facility for priority GMS infrastructure projects.
- Supporting regional project preparation technical assistance to prepare projects on: rural renewable energy; border towns development; sustainable tourism; and water supply and sanitation.

GMS INFRASTRUCTURE PROJECTS IN CAMBODIA

Source: GMS Development Matrix.
Priority Tourism Development Zones

1. Mekong River Tourism Corridor*
2. Golden Quadrangle
3. East West Tourism Corridor Zone
4. Emerald Triangle*
5. Southern Coastal Tourism Corridor*
6. Green Development Triangle*
7. Lao PDR–Viet Nam Cross-border Community-based Tourism Zone
8. Andaman Coast Tourism Zone
9. Shangri-la–Tengchong–Myitkyina Tourism Development Zone
10. Red River Valley Tourism Zone
11. Guangxi–Northeast Viet Nam Borderlands Tourism Zone

Not shown on the map are:

12. Heritage Necklace Circuit*
13. GMS Coastal and River Cruise Lines*

* Priority tourism development zones involving Cambodia

Source: GMS Tourism Sector Strategy.
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- **GMS Energy Strategy**
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