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# FROM CONFLICT TO COHESION: CAMBODIA'S JOURNEY TOWARDS PEACE AND PROSPERITY

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## Executive Summary

Until 1998, Cambodia experienced ongoing war and internal conflicts. Historically, Cambodia went through a series of internal conflicts, which resulted in the loss of lives, displaced people, and a low-level of socioeconomic development. Cambodia was under French colonialism from 1863 to 1953. The most dramatic period was during 1975 – 1979 when the Khmer Rouge took over the country. The country declined to almost “zero”. More than two million people died from killing, overwork and starvation. After the Khmer Rouge the country experienced a series of regime changes. However, after obtaining full peace in 1998, the country has developed very quickly. Cambodia sustained two-decades of high economic growth, averaging over 7 percent per year before COVID-19 struck in 2020. After the fall of the Khmer Rouge, internal border or zone conflicts and regional disparities were challenges to its overall development. Finally in 1998, the people of Cambodia obtained full peace. Uniting and integrating diverse provinces and regions within the country was crucial for promoting national cohesion, ensuring equitable distribution of resources, and fostering sustainable development.

The primary objective of this study is to investigate the strategies, stakeholders, and potential advantages associated with eliminating internal factional zones in Cambodia. Specifically, the study aims to (1) understand the historical significance and contemporary implications of internal zones (2) identify key actors, institutions, and organizations that can play a role in the process of border-zone elimination; (3) analyze potential social, economic, and political benefits resulting from ending internal zones; and (4) provide recommendations on necessary policy reforms, institutional frameworks, and implementation strategies for a zoneless Cambodia.

A multi-disciplinary approach was adopted, utilizing a combination of qualitative and quantitative research methods, including (1) literature review through the gathering of existing knowledge on internal zones, regional disparities, and their implications for Cambodia's development; (2) key informant interviews to be conducted with relevant stakeholders, including policymakers, government officials, community leaders, and representatives from civil society organizations; (3) case studies that analyze successful precedents from countries that have effectively eliminated internal borders-zones to extract valuable lessons for Cambodia; (4) data analysis, utilizing available statistical data to assess the socio-economic impact of internal border zones on different regions within Cambodia; and (5) stakeholder workshops, participatory workshops involving various stakeholders to validate findings, identify potential challenges, and develop a comprehensive action plan.

Based on literature reviews and consultative workshops, this study found that ending internal conflicts has impacted positively on Cambodia's development trajectory. First, economic growth and poverty reduction have been impressive. Cambodia achieved more than 7 percent-point growth over the last 2 decades. Perhaps an immediate gain for Cambodia's ending conflict in 1998 was its membership acceptance to the Association of Southeast Asian Nations (ASEAN) in 1999, although after the suspension in the previous year. The accession to ASEAN made Cambodia integrated into a single market of a combined 10 countries in the Southeast Asia region. Foreign direct investment grew substantially, especially after Cambodia's accession to the World Trade organization (WTO) in 2004. It is expected that in 2023, GDP per capita will be 1,924 Dollars (MEF, 2023). Inflation rate was kept between 2 and 3 percent until 2021. The economic performance in the past has been relatively inclusive and has lifted millions of Cambodians out of poverty. Cambodia's national poverty rate fell by almost half between 2009 and 2019. Cambodia's poverty rate dropped from 33.8 percent to 17.8 percent over the ten-year period to 2019/2020, with almost 2 million Cambodians escaping poverty.

Second, human development has substantially improved. Growing evidence highlights the investments in people are needed to drive economic progress and sustainable development. In Cambodia, the completion rates in primary education increased from 82.7% in 2018 to 91.72% in 2022. Completion rates in lower secondary education grew from 46.5% in 2018 to 56.50% in 2022. In addition, Cambodia has achieved the

Gender Parity Index (GPI) level in education. The GPI of the Gross Enrolment Rate (GER) in lower and upper secondary education increased from 1.09 in 2018 to 1.17 in 2022. The adult literacy rate increased from 67.34% in 1998 to 87.8% in 2022. The country made commendable improvements between 1990 and 2021 as life expectancy increased by more than 14 years to surpass the age of 70; and its mean years of schooling grew by 2.4 years to 5.1 years. With these improvements in income, health and education, the country's HDI increased by 56.9%, reaching the medium human development category and putting Cambodia at 146 among 191 countries.

Last, of the key progress made in Cambodia's development trajectory is that Cambodia became a lower-middle income country and is on the road to graduating from the Least Developed Country status, expected in 2027. Sustained and rapid development prior to the COVID-19 pandemic advanced Cambodia to a lower-middle-income country status in 2018 and to meet for the first time the criteria to graduate from the LDC category in 2021. It is expected that Cambodia will meet the three criteria for graduating from the LDC in the upcoming 2024 triennial review as the country seems to be following the right trajectory, having achieved an average GDP growth of 7.7% annually for the past two decades. Among many things that Cambodia has achieved in the past two decades, the openness of its economy to international trade and investment stands out – particularly following its afore mentioned accession to the World Trade Organization (WTO) in October 2004. When Cambodia acceded to the WTO, its merchandise exports were \$3.39 billion and these have increased to \$22.47 billion as of 2022. Incoming FDI increased from \$130 million in 2004 to \$3.58 billion in 2022. The country is projected to grow further by 2050 with critical expected outcomes and achievements by implementing the the Pentagonal Strategy – Phase I.

In conclusion, Cambodia has experienced significant socio-economic growth over the years, but internal borders or factional zones and regional disparities were challenges to its overall development. Uniting and integrating diverse provinces and regions within the country is crucial for promoting national cohesion, ensuring equitable distribution of resources, and fostering sustainable development. The study explores the potential pathways and actors involved in ending internal border-zones in Cambodia, examining the actors, strategies, and potential socio-economic benefits of this transformative process. This study employs a multi-disciplinary approach including literature reviews, key informant interviews, case studies, secondary data analysis and consultative workshops. Wars and conflicts were aggravated by factors such as the legacy of French Colonialism, socio-economic inequality, the growing nationalism of local actors in Indochina and the ideological interest of the region. Efforts have been made to end wars and internal conflicts, and not until 1998, the country managed to achieve full peace. As a result, peace allows for rapid economic growth, poverty reduction, and human development. This study suggests that in order to attain the development and growth, ending conflicts and national unity are the pre-requisites.



# 1. Background

## 1.1 Introduction

Until 1998, Cambodia experienced ongoing war and internal conflicts. Before World War II, Cambodia was a heavily taxed, relatively quiet corner of the French empire. Cambodia was under French colonialism from 1863 to 1953. The most dramatic period was during 1975 – 1979 when Khmer Rouge took over the country. The country declined to almost zero. More than two million of people died from killing, overworked and starvation. After the Khmer Rouge period, the country experienced a series of regime changes. However, after obtaining full peace in 1998, the country has developed very quickly. Cambodia sustained two-decades of high economic growth, averaging over 7 percent per year before COVID-19 struck in 2020. The garment exports and tourism were the most important sub-sectors underpinning the growth. The poverty rate in Cambodia has continued to decline from 53% in 2004 to 17.8% in 2019. During the COVID-19 crisis, the country's GDP registered a negative growth, but it started to gradually recover in 2021 and 2022. Having reached lower middle-income status in 2015, it sets a sign on attaining upper middle-income status by 2030. As a result, Cambodia became a lower-middle income country in 2018 and is now on the verge of graduating from the Least Developed Country (LDC) in 2029.

During the COVID-19 crisis, the country's GDP registered a negative growth, but it started to gradually recover in 2021 and 2022. Post-pandemic, Cambodia's economic recovery has gained momentum. Traditional growth drivers, specially manufacturing and agricultural commodities exports, have fully recovered. However, while travel and tourism have improved, the sector remains well below pre-COVID-19 levels. Besides COVID-19 pandemic, Cambodia still has to tackle a myriad of other pressing challenges such as wars in Ukraine, low productivity due to low skills and quality of education and healthcare, low level of technology, and Climate Change. However, due to a clear vision, Cambodia has maintained a stable momentum after COVID-19 due to right and timely responses and intervention from the government on the areas of social protection and economic recovery.

Historically, Cambodia went through a series of internal conflicts, which resulted in loss of lives, displaced people, low-level of socioeconomic development. In the period of 1975-79, the country fell declined to near zero. After the fall of the Khmer Rouge, internal border zone conflicts and regional disparities were challenges to its overall development. Until 1998, the people of Cambodia obtained full peace. Uniting and integrating diverse provinces and regions within the country is crucial for promoting national cohesion, ensuring equitable distribution of resources, and fostering sustainable development. This paper explores the potential pathways and actors involved in ending internal borders in Cambodia, examining the actors, strategies, and potential socio-economic benefits of this transformative process.

This article is divided into 8 sections. Section 1 provides a background of the study. Section 2 reviews Cambodia's post-colonial history of conflicts. Section 3 highlights the causes and factors aggravating the internal conflicts. Section 4 is about internal intervention and the peace effort. Section 5 highlights the fall of the last Khmer Rouge stronghold. Section 6 describes the consequences of the internal conflicts. Section 7 analyses the benefits of ending the internal conflicts and Section 8 concludes.

## 1.2 Objectives

The primary objective of this study is to investigate the strategies, stakeholders, and potential advantages associated with eliminating internal borders in Cambodia. Specifically, the study aims to:

- Understand the historical significance and contemporary implications of internal border-zones.
- Identify key actors, institutions, and organizations that can play a role in the process of border-zone elimination.

- Analyze potential social, economic, and political benefits resulting from ending internal border-zones.
- Provide recommendations on necessary policy reforms, institutional frameworks, and implementation strategies for a borderless zone Cambodia.

### **1.3 Methodology**

To achieve the aforementioned objectives, a multi-disciplinary approach was adopted, utilizing a combination of qualitative and quantitative research methods such as:

- Literature review: Gather existing knowledge on internal border-zones, regional disparities, and their implications for Cambodia's development.
- Key informant interviews: Conduct interviews with relevant stakeholders, including policymakers, government officials, community leaders, and representatives from civil society organizations.
- Case studies: Analyze successful precedents from countries that have effectively eliminated internal border-zones to extract valuable lessons for Cambodia.
- Data analysis: Utilize available statistical data to assess the socio-economic impact of internal border-zones on different regions within Cambodia.
- Stakeholder workshops: Facilitate participatory workshops involving various stakeholders to validate findings, identify potential challenges, and develop a comprehensive action plan.

### **1.4 Expected Findings and Outputs**

- A contextualized analysis of the historical and present-day significance of internal border-zones in Cambodia.
- An overview of key stakeholders involved and their respective roles in the process of border-zone elimination.
- A comprehensive understanding of potential social, economic, and political benefits derived from a borderless-zone Cambodia.
- Policy recommendations and action plan for the Cambodian government to initiate the process and overcome associated challenges.
- Academic research paper and policy brief summarizing the study's findings for wider dissemination.

### **1.5 Practical Implications**

The results of this study will contribute towards evidence-based policy formulation, fostering political will and public support for sustaining peace for Cambodia. The recommendations and frameworks developed will empower governmental and non-governmental actors of the future generation and of other countries to actively work towards the elimination of internal border-zones, leading to enhanced national unity, balanced regional development, improved resource allocation, and sustainable economic growth.

## **2. Cambodia's Post-colonial History of Internal Conflicts – A Review**

### **Pre-independence**

It is important to note that Cambodia was under French Colonialism for 90 years. In the French colonial era, Cambodia was a protectorate, not a colony. Sovereignty was not officially destroyed, but as the 1877 and 1884 conventions showed, opposition to French rule was not broken (Slocumb, 2010). Under the terms of the Treaty of Guardianship, King Norodom handed over control of foreign relations to France for protection in return. During the colonial period, the French protectorate had a great influence on the structure and institutions that became modern Cambodia.

According to Slocomb (2010), Cambodia's economy at the turn of the twentieth century was characterised overwhelmingly by subsistence agriculture. Trade and usury, as commercial activities, were usually conducted by Chinese Cambodians. Private wealth most certainly existed; high officials, the Okhnya, were made rich by taxing the surplus product of the farmers and others in their domains or apanages, but wealth served the twinned purposes of prestige and power, not the creation of capital. In terms of meeting French needs, Cambodia's most valuable natural resource was what the Administration regarded as vacant land. The first world rubber boom occurred in 1910 and this necessitated the introduction of a labour law which applied to the whole colony and remained in force until the end of World War I.

After Japan's defeat in World War II, the reimposition by force of French colonial control of Indochina provoked armed nationalist resistance by both Viet Minh and Khmer Issarak ("independence") forces. Protracted anti-colonial conflict in both Vietnam and Cambodia fostered the emergence by 1951 of a Vietnamese-sponsored Cambodian communist movement, the Khmer People's Revolutionary Party (KPRP), which won increasing though not unchallenged pre-eminence among Issarak nationalists contesting French control of their country. One faction of the independence movement initially called itself "Democratic Kampuchea" — the title later used by the Pol Pot regime as the official name of its Khmer Rouge state. Members of another anti-communist splinter group carried out racist massacres of ethnic Vietnamese in 1949, and of Chams in 1952. Saloth Sar, latter known as Pol Pot, a student in Paris calling himself the "Original Khmer," returned home in 1953 and briefly served in the communist led Issarak ranks.

### **1954 – 1968**

The first Indochina War was attributable to Cambodia's declaration of independence in 1953 and the withdrawal of French troops from Cambodia and Indochina in 1954. The glorious period after independence from France in 1953, the Sangkum Reastr Niyum lasted from 1955 to 1970, when Prince Norodom Sihanouk formed his own party after surrendering the throne to his father and winning the election. That year, King Sihanouk became Prime Minister and built his vision of a new nation. Sereypagna (2017) notes that at that time, Cambodia enjoyed an unprecedented era of economic and social development, associated with a renaissance of the arts and architecture. The Sangkum employed a variety of strategies to drive growth.

Ongoing close cooperation with longstanding foreign investors and guarantees that their investments were safe from nationalisation served to attract further investment which enjoyed very liberal, even generous terms. Foreign aid was spent on infrastructure works that were essential to industrialisation and to attracting new investment: for instance, the seaport at Sihanoukville and the road and rail links between the port and the capital, the hydroelectric plant, bridges linking the capital with key provinces, and so on (Slocomb, 2010). There was public investment in state-owned enterprises and experimentation with mixed-economy enterprises and rural cooperatives.

As a developing country Cambodia was considered by many to be a model of successful decolonisation (Slocomb, 2010). Modernisation was about adding value through domestic manufacturing and processing of local resources and primary products and then profiting from their export or sale. Protective tariffs were the norm globally to ensure that domestic industry did not suffer from foreign competition.

### **1968 – 1975**

However, coming near to 1970, the coercive power of the state was far too weak, and the private sector far too powerful vis-à-vis the public and mixed-economy sectors for this situation to change. Institutional development lagged far behind economic development. Foreign aid receipts should have provided the government space to allow sources of that surplus to develop. There was little agricultural diversification during the Sangkum and the national economy remained dependent on the same crops as during the French Protectorate, namely rice and rubber.

Natural rubber was already coming under intense competition from synthetic rubber, but the state continued to establish new plantations, despite increasingly organised resistance from among indigenous groups like those around the Labansiek plantation in Ratanakiri where approximately thirty thousands of Khmer Islam ethnic minorities had settled since the early independence (Slocomb, 2010). Fundamentally, the nature and structure of the Cambodian economy in 1969 was little different from what it had been at independence.

During the 1960s and 1970s, the war in Vietnam was fought on Cambodia soil, destabilizing the whole country. In the early 1960s, the U.S. conducted airstrikes targeting Viet Cong in Cambodia's eastern parts – Parrot's Beak and Fishhook. In 1967, a revolt took place in Samlout alleging the expropriation of land for sugar plantation but was later violently suppressed by government military forces. From this point, Cambodia had fallen into a civil war (Kiernan, 2007; Chandler, 2008). In 1968, the Khmer Rouge initiated guerrilla insurgency in 17 provinces. The civil war that broke out after the bloodless coup that ousted Prince Norodom Sihanouk in March 1970 was fought between the pro-US Lon Nol republican regime and the pro-China Khmer Rouge revolutionary or communist movement. The Khmer Rouge won the war but turned the country into "killing fields" (Peou, 2020).

Throughout the 1970s and the 1980s, Cambodia was deeply factionalised, as evidenced by the fact that the country was at war and under repressive regimes, especially one led by the Khmer Rouge leadership (1975–1978). With support from communist countries such as China and North Vietnam, the GRUNK fought the Khmer Republic and American. The U.S. bombardment and airstrike on Viet Cong supply routes in Laos and Cambodia in 1969. While suffering massive US bombing campaigns and the growth of the Khmer Rouge insurgency, a coup led by the pro-US military ended the monarchy's rule and established the Khmer Republic in 1970 (Chang, 2022). In March 1970, King Norodom Sihanouk was overthrown in a coup d'état and on 9 October 1970, the Khmer Republic (1970–1975) was formally declared. Headed by General Lon Nol and Prince Sisowath Sirikmatak, it abolished Cambodia's centuries-old monarchy and installed a US-style presidency. There are reasons to look for liberal elements in Cambodian republicanism. There are strong conceptual links through the concept of liberalism (Norén-Nilsson, 2022). Khmer Rouge took advantage of the US bombing in Cambodia and the subsequent coup as a recruitment tool and emerged as a key player amongst the Royal Government of the National Union of Kampuchea (GRUNK) coalition against the Lon Nol's government.

## **1975 – 1979**

The most tragic period was from April 1975 to January 1979, when the country fell into communist Khmer Rouge hands which established Democratic Kampuchea. The "new Cambodia" lasted exactly three years, eight months, and twenty days, during which time the people of Cambodia were subjected to a cataclysmic social experiment. During the period, the Khmer Rouge carried out a program of mass violence that is, in many respects, unparalleled in modern history. Its ruthlessness was characterized by extreme policies (so called the Great Leap Policy) and mass killing of people including those belonging to ethnic groups such as Chinese, Vietnamese, Cham Muslim, and Thai.

The regime dismantled property rights and religions, shut down schools, and abandoned national currency. Mass evacuation of about 2 million people from Phnom Penh to the countryside, particularly to Battambang and Pursat provinces where evacuees were forced to produce crops three times of the pre-regime yield. In just under four years, approximately two million people died from starvation, disease, exhaustion, inadequate medical care, torture, murder, and execution. The total number of deaths translates into one-quarter to one-third of the country's pre-1975 population (Heuveline, 1998; Kiernan, 2003).

## **1979 – 1991**

In 1979, Cambodia emerged from four years of brutal Khmer Rouge rule as a shattered country (Slocomb, 2004). It was the second most dramatic period when Cambodia started to build back from zero. Economic production had declined dramatically, the collectivization of agriculture having been a total disaster. There

was no private sector and very few educated persons to take over the reins of state. Government organizations were virtually non-existent and infrastructure ruined. The new government, with Vietnamese support, made steady but slow progress in rehabilitating economy and society while international wrangling over Cambodia's future meant that foreign aid was just a trickle despite the country's enormous needs. During the 1980s, the government of People's Republic of Kampuchea (PRK) struggled to rebuild, with limited resources, a country in ruins of ten years of civil war, foreign invasions, bombardments, and Democratic Kampuchea (DK) experiments in ultra-collectivization (Frings, 1994). With Vietnamese guidance, economic reconstruction was done in a social framework. While trying to improve socio-economic conditions with limited resources, the country the government during that time was also engaging intensively with fighting against Khmer Rouge.

The spring of 1989 marked the end of state socialism in Cambodia when a Peace Agreement was reached under the initiative of the French and Indonesian governments. The breakthrough came in 1991 with the Paris Peace Agreements followed by the arrival of the United Nations Transitional Authority in Cambodia (UNTAC). Democratic elections were held, and vast amounts of foreign aid began to flow into the country. The economy was opened up and the growth of the private sector encouraged. Economic development was important but initially took second place to the achievement of political objectives.

After the turmoil of 1997, marked by the bloody clashes in July of that year, and the political standoff that followed the elections of July 1998, Cambodia in 1999 experienced a year of remarkable stability. The extent to which this political stability was matched by an improvement in the lot of the general population continues to be a matter for debate, but there is no argument against the proposition that, at the level of national politics, Prime Minister Hun Sen's dominance has been clearly established (Osborne, 2000).

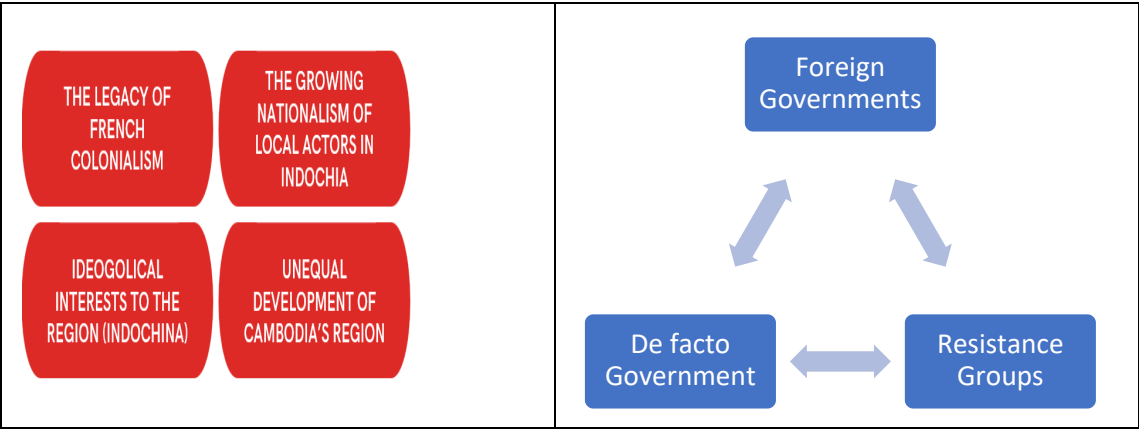
### **3. Causes and Factors Aggravating Internal Conflict**

Major root causes of internal conflicts include political, economic, and social inequalities; extreme poverty; economic stagnation; poor government services; high unemployment; environmental degradation; and individual (economic) incentives to fight (Stewart, Holdstock, & Jarquin, 2002). Conflicts in Cambodia were caused by intertwining factors such as legacy of the colonialism, political interests of the region, growing nationalism of countries in the region, and unequal economic development. Actors involved in the conflicts included de facto governments, resistance groups and foreign governments.

The legacy of French colonialism had mixed influence on social and political thinking in Cambodia. While the French introduced modern infrastructure and educational system, it failed to create liberal ruling system for Cambodia and indirectly the French presence helped foster the emergence of communist movement in the country (udom Deth, 2009). Cambodian people were suffered during the colonialism as they were heavily taxed. The French colonialism left Cambodia in extreme poverty and high inequality. There were also elite groups, who had been provided with novel opportunities (Slocomb, 2010). There is no established national dialogue on the historical role of French colonialism (1867–1946) in producing vast disparities in wealth that gave rise to social discontent and thereby radicalized segments of the population (Kiernan, 2002).

Coupled with high inequality during after the independence and the rising popularity of the communist ideology, Cambodia enjoyed peace for only short period of time. The movement's members, who were a new elite intellectual class, came some of whom studied in France in the late 1940s and early 1950s brought in Communism. Those people included Saloth Sar (latter Known as Pol Pot), Son Sen, Ieng Sary, and Ieng Thirith, and would later become leaders of the Communist Party of Kampuchea, more commonly known as the "Khmer Rouge," meaning red/communist Khmer. In addition to embracing ideas of nationalism, these future leaders also studied the communist teachings of Lenin and Marx, which shaped their ideas and plans for their nation's future.

Figure 1: Causes and Actors Involving in Internal Conflicts



Source: Authors' compilation based on various sources

The political instability arises especially from the coup in 1970. Urban-rural disparities had been serious since the French colonial period (Slocumb, 2010). The richest five percent of the population accounted for more than 30 percent of the national income. Another 20 percent of the population, who were in the non-agriculture sector, owned 60% of the national income. The effort of Lon Nol and Sarimatak taking power in 1970 led the country to adopt a corrupt republic government that did not, at that time, receive much popularity, especially amongst the rural population. However, Khmer Rouge propaganda was effective to recruit people to rebel against the republic government and the US's bombardment.

Collier and Hoeffler (2004) posited that availability of finance made civil conflict feasible in the long run. Civil war in Cambodia was undeniably financed by foreign governments. For instance, Lon Nol's government was supported by the US to fight against the Chinese-backed Khmer Rouge forces. Similarly, the Chinese-back Khmer Rouge regime during 1975-1979 was overthrown by the Vietnamese-support resistance group since 1978.

The period of 1954 to 1975 was characterized by the political interest of the Indochina region of the superpowers – namely the United State of America, USSR, and China. Cambodia suffered severely and eventually fell into civil war. Once the United States escalated the Vietnam War in 1964-65, Cambodia had little hope of remaining an oasis of peace. Its frontiers became increasingly porous and vulnerable. Cambodia was drawn further into the war by waves of ethnic Khmer refugees fleeing Saigon's persecution, Vietnamese communists seeking neutral sanctuary, anticommunist troops in "hot pursuit," and U.S. Special Forces incursions and jetfighter raids. Then, in 1969, President Nixon ordered extensive B-52 bombing raids of border areas of Cambodia.

All in all, in the thirty years after World War II, Cambodia witnessed the reassertion of colonial power, the spread of nationalism, the birth and growth of a communist party, the achievement of independence, the stifling of reform during a decade of peace, the rise of an armed domestic insurgency, the encroachment of an international war, massive bombardment and civilian casualties, pogroms and ethnic "cleansing" of religious minorities (Kiernan, 2002).

4. International Intervention and Efforts for Peace

Efforts for peace started in 1988, when the first face-to-face talks among the four Cambodian parties took place in Jakarta. In April 1989, Viet Nam announced the withdrawal of its troops from Cambodia. In July-August 1989, the parties and 17 countries attended the Paris Conference on Cambodia also attended by the Secretary-General. In September, Viet Nam announced that the troop withdrawal had been completed. At



the same time, the United Nations ran a programme of humanitarian assistance to the Cambodian people, in Cupertino??? since 1980, funded by voluntary contributions from Member States, and consisting of three major components – the operations within Cambodia, at the border and within Thailand. Assistance was provided by the United Nations High Commissioner for Refugees (UNHCR), and by the United Nations Border Relief Operations (UNBRO), set up in 1982. Other bodies, such as the United Nations Children's Fund, the World Food Programme and the Food and Agriculture Organization of the United Nations, also contributed.

In January 1990, the five permanent members of the Security Council, including China, France, the Soviet Union, the United Kingdom and the United States, started a series of high-level meetings on Cambodia. They called for a major United Nations role in bringing peace to Cambodia, including peacekeeping forces, supervision of free elections and an administrative structure in the period leading up to the elections. In August 1990, the five permanent members announced an agreement on the main elements of a political settlement to end the conflict in Cambodia. The plan called for the control and/or supervision by the United Nations of the country's administrative structures, followed by United Nations-supervised elections. The plan was accepted by all Cambodian parties and by Viet Nam, and was endorsed in September by the Security Council

In November 1990, the permanent members agreed on a draft text on Cambodia which covered a proposed mandate for a United Nations Transitional Authority in Cambodia (UNTAC); withdrawal, ceasefire and related measures; elections; repatriation of refugees; and principles for a new constitution. In 1991, the Cambodian parties decided to implement an unlimited ceasefire and to stop receiving military assistance. They signed in Paris the Agreements on the Comprehensive Political Settlement of the Cambodia Conflict – a peace treaty to end the instability and prepare the country for elections.<sup>1</sup>

The United Nations Transitional Authority in Cambodia (March 1992-Sept 1993) was established to ensure implementation of the Agreements. UNTAC's mandate ended in September 1993 with the promulgation of the Constitution for the Kingdom of Cambodia and the inauguration of the new, democratically elected, Royal Government of Cambodia.

On 23 October 1991, the parties signed in Paris the Agreements on the Comprehensive Political Settlement of the Cambodia Conflict, a peace treaty to end the conflict and prepare the country for elections. The Agreements assigned to the United Nations an unprecedented role. The United Nations Transitional Authority in Cambodia (March 1992-Sept 1993) was established to ensure implementation of the Agreements. UNTAC's mandate ended in September 1993 with the promulgation of the Constitution for the Kingdom of Cambodia and the inauguration of the new, democratically elected, Royal Government of Cambodia. UNTAC would supervise the ceasefire, the end of foreign military assistance and the withdrawal of foreign forces; regroup, canton and disarm all armed forces of the Cambodian parties, and ensure a 70 per cent level of demobilization; control and supervise the activities of the administrative structures, including the police; ensure and respect of human rights; and organize and conduct free and fair elections. At its peak, UNTAC numbered over 21,000 military and civilian personnel from more than 100 countries.

UNTAC was to comprise between 15,000 and 20,000 United Nations personnel, including human rights, civil administrative and military components, as well as a police component of some 3,600 police monitors. The deployment of UNTAC began officially on 15 March 1992, with the arrival in the capital city of Phnom Penh of the Head of UNTAC, the Secretary-General's Special Representative for Cambodia. The first contingent of UNTAC's military component had also arrived, and by early May, some 4,000 United Nations personnel, including some 3,600 troops, were in place. UNTAC assumed control of key sectors of the country's administrative structures, such as foreign affairs, defence, security, finance and communications -- in order

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<sup>1</sup> <https://cambodia.un.org/en/about/about-the-un>

to build a stable environment conducive to national elections. At the same time, UNHCR oversaw the successful repatriation and resettlement of some 360,000 refugees and displaced persons.

A major step towards normalization occurred with the elections of May 1993. Twenty parties took part in the elections. UNTAC oversaw the electoral campaign and registration of voters, as well as the elections. Over 4.2 million people – nearly 90 per cent of the registered voters -- cast their ballots to elect a Constituent Assembly. The head of UNTAC declared the elections free and fair. In September, the Constitution was proclaimed and a new government, led by two prime ministers, was inaugurated.

After the withdrawal of UNTAC, several United Nations agencies have remained in the country to support reconstruction and development. In 1993, in conformity with the Paris Agreements, the Secretary-General appointed a Special Representative for Human Rights to assist the Government in promoting and protecting human rights. Working closely with the Special Representative, a Cambodia Office of the United Nations High Commissioner on Human Rights sought to strengthen civil society and build institutions and legal structures for human rights and democracy. In 1994, the Secretary-General appointed a Representative for Cambodia to serve as a liaison with the Government, monitor the political situation and report on developments relating to peace and security.

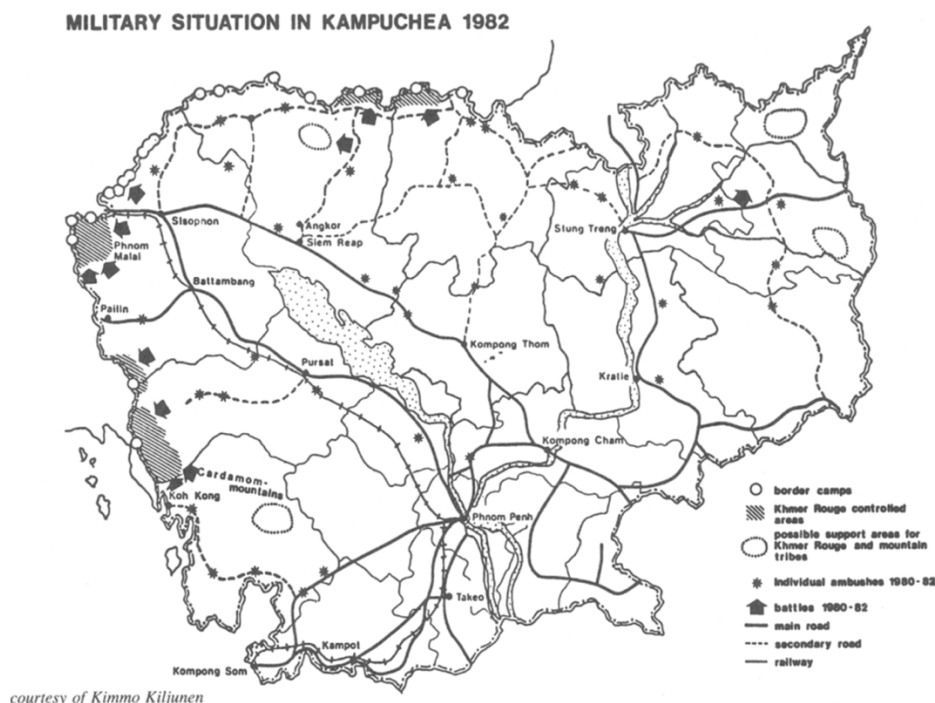
## **5. Fall of the last Khmer Rouge Stronghold**

During the Khmer Rouge regime, Cambodia was divided into seven zones. Each zone was controlled by different regional leaderships. The Khmer Rouge boycotted the UN sponsored election in 1993 and was outlawed in 1994 (Kiernan, 2002). Khmer Rouge attempted to hamper the election using two methods, attacking UN personnel and intimidating Khmer citizens from voting (Vu, 1994). The Khmer Rouge was deeply fragmented by 1996. Ieng Sary defected to the government and was allowed to remain with his followers in his small territory in Pailin. Pol Pot assassinated Son Sen in 1997 and was later captured by Ta Mok and put under house-imprisonment until his death.

Anlong Veng area was the last Khmer Rouge stronghold before its occupants surrendered to government forces in 1998. The government's position regarding the Khmer Rouge shifted significantly in the late 1990s. Following the UN-brokered 1991 Paris Peace Agreement, which ended the Vietnamese military occupation and initiated a ceasefire in Cambodia, a discourse of national reconciliation emerged to encourage the KR to abandon opposition to the government and renounce its involvement with Pol Pot's forces. The emerging discourse of integration and reconciliation encouraged Cambodians to repress many aspects of the KR genocidal past, as Prime Minister Hun Sen famously urged, 'Dig a hole and bury the past in it,' a statement which called for national reconciliation and forgiveness for low-level KR cadres by eliminating or suppressing memories of the genocide (Sirik, 2020). During this reconstruction process, reconciliation, integration, and development were major components of the price for peace. Policies, strategies and practices were implemented in order to defeat the remaining KR factions.



**Figure 2: Military situation in Kampuchea 1982**



Source: Kimmo Kiljunen, 1985

The 1998 fall of the last KR stronghold of Anlong Veng signaled the defeat of the movement by the Phnom Penh government. Prime Minister Hun Sen of the CPP precipitated the collapse of the KR via his 'win-win policy' to achieve national reconciliation through the integration of KR cadres and their families into society-at-large. Through the implementation of this strategy, the government officially granted umbrella amnesty to KR members in order to achieve national reconciliation. Reconciliation and forgiveness are the price for peace, even if reconciliation means digging a hole in which to bury the past (Sirik, 2020).

## 6. Consequences of Civil Wars

### 6.1 Process of national reconciliation and establishing democratic system

After the 1993 General Election, Cambodia has pursued a market-based economy. Cambodia has become a small open economy, and a member of the WTO in October 2004 (Hill & Menon, 2014). Since 1979, Cambodia's political and economic systems have transformed over time from civil war to peace, from a planned economy to a free market approach, and from authoritarianism to a developing democracy (Hughes, 2020).

In Cambodia, reconciliation initiatives to date have focused primarily on healing scars from the Khmer Rouge period. That period was the most terrifying in the country's history, but it was not the only period of human rights abuses. Like the process of deciding what truth bears telling, choosing the reference point for reconciliation entails powerful normative and political considerations (Ciorciari & Ramji-Nogales, 2012).

During the 1980s various efforts on reconciliation were made. However, those efforts were not successful. The result, finalized on October 23, 1991, was the Paris Peace Accords, which established an eighteen-

month UN Transitional Authority in Cambodia (UNTAC). The most ambitious peacebuilding initiative in UN history, it provided for military peacekeepers, civil administration, and UN-sponsored elections in 1993. However, it did not focus on truth, reconciliation and justice, largely because its architects feared such provisions would lead Khmer Rouge insurgents to spoil the peace.

During the 1990s, Prime Minister Hun Sen used amnesty as part of an effort to pursue peace, an approach that served to increase his political power but compromised the goal of justice and did nothing to advance truth. Prime Minister Hun Sen pursued a policy of "national reconciliation" focused on courting Khmer Rouge defectors. He brokered a key 1996 deal with Khmer Rouge leader Ieng Sary, who defected with roughly 3,000 of his fighters – a substantial fraction of the total insurgent ranks – in exchange for a royal amnesty and pardon granted by King Sihanouk in September of the same year. Those defections almost brought the Khmer Rouge armed resistance to a halt.

After many changes of different types of governance under different regimes, the 1993 Constitution marked the establishment of a liberal democratic state and a market economy as the foundations of Cambodia's social, political and economic structure. The Constitution guarantees a broad range of civil liberties and fundamental rights. Citizens are to be equal before the law and are entitled to enjoy the same rights and duties regardless of sex, religion, or race. They have the right to participate in the political, economic, social, and cultural life of the country and to be paid according to the amount and quality of work they perform. Men and women are entitled to equal pay for equal work.

The Constitution also guarantees the inviolability of people and of their homes; privacy of correspondence; freedom from illegal search and arrest; the right to claim reparation for damages caused by illegal actions of the state, social organizations, and their personnel; and freedom of speech, of the press, and of assembly. The exercise of fundamental rights, however, is subject to certain restrictions. For example, an act may not injure the honour of other persons, nor should it adversely affect the mores and customs of society, or public order, or national security. The Constitution also addresses principles governing culture, education, social welfare, and public health. Development of language, literature, the arts, and science and technology are stressed, along with the need for cultural preservation, tourist promotion, and cultural cooperation with foreign countries. Provisions for state organs are in the constitutional chapters dealing with the National Assembly, the Council of State, the Council of Ministers, the local people's revolutionary committees, and the judiciary.

The "supreme organ of state power" is the National Assembly, whose deputies are directly elected for five-year terms. The assembly had been empowered to adopt or to amend the Constitution and the laws and to oversee their implementation; to determine domestic and foreign policies; to adopt economic and cultural programs and the state budget; and to elect or to remove its own officers and members of the Council of State and of the Council of Ministers. The assembly also was authorized to levy, revise, or abolish taxes; to decide on amnesties; and to ratify or to abrogate international treaties. As in other socialist states, the Assembly's real function is to endorse the legislative and administrative measures initiated by the Council of State and by the Council of Ministers.

## **6.2 The Establishment of ECCC**

The Extraordinary Chambers in the Courts of Cambodia (ECCC) were established to bring to trial senior leaders of Democratic Kampuchea and those most responsible for crimes during the period from 17 April 1975 to 6 January 1979 (Gidley & Gidley, 2019). From 2006 the ECCC carried out investigations across the territory of Cambodia and conducted pre-trial, trial and appeal proceedings. On 1 January 2023, after completing its judicial caseload, the ECCC commenced residual functions for an initial period of three years. During its residual phase, the ECCC would supervise the enforcement of sentences, provide for the protection of victims and witnesses, preserve and manage its archives, and disseminate information to the public, among other functions.

ECCC has completed various investigations of Khmer Rouge top leaders, making them liable for their acts. As a result, a number of Khmer Rouge top leaders were put on trial. The first case completed at the ECCC was that of Kaing Guek Eav, known as “Comrade Duch” during his administration of the infamous Tuol Sleng prison and the Santebal, a special branch of internal security for the Khmer Rouge. He was indicted on July 31, 2007, and went to trial on September 17, 2009. The indictment contained multiple counts of violations of Cambodian law, crimes against humanity, and war crimes. The final decision of the Court Chamber of the ECC regarding Kaing Guek Eav was life imprisonment.

The second top leader investigated was Nuon Chea, Deputy Secretary to Pol Pot, and in charge of Phnom Penh’s S-21 torture and interrogation center. He is alleged to have played a crucial role in the genocide during his tenure. He was indicted on multiple counts of violation of Cambodian law, crimes against humanity, war crimes, and genocide on September 15, 2010. Hearings began on June 27, 2011. He denied all charges but was ultimately convicted of crimes against humanity and sentenced to imprisonment for the remainder of his life. He appealed the verdict, but his life sentence was upheld in November of 2016. This ruling was in the midst of an appeal when Chea died later in 2019.

Also indicted in September 2010 was Ieng Sary, the Deputy Prime Minister for Foreign Affairs for the Khmer Rouge. Ieng is alleged to have been involved with planning and executing the extermination plans of the government and is charged with multiple counts of violations of Cambodian law, crimes against humanity, war crimes, and genocide. The proceedings against Ieng Sary were terminated on March 14, 2013, following his death the same day.

Khieu Samphan’s trial began June 27, 2011. Samphan was a high-ranking official and eventually succeeded Pol Pot as leader of the Khmer Rouge in 1987. Samphan was indicted together with Nuon Chea, Ieng Sary, and Ieng Thirith on September 15, 2010 on multiple counts of violation of Cambodian law, crimes against humanity, war crimes, and genocide. He was given a life sentence. He appealed the verdict, but his life sentence was upheld in November of 2016. Samphan was charged with genocide and crimes against humanity in a separate trial that concluded on June 23, 2017. In March 2019, alongside Nuon Chea, Samphan was convicted of crimes against humanity, violations of the Geneva convention, and genocide of the Vietnamese. He was sentenced to life in prison.

Ieng Thirith, the highest-ranking woman in the Khmer Rouge, was the Minister of Social Affairs. The wife of Ieng Sary and sister-in-law of Pol Pot, Ieng Thirith was indicted of multiple counts of violation of Cambodian law, crimes against humanity, war crimes, and genocide on September 15, 2010. Proceedings against Ieng Thirith were suspended and she was conditionally released on September 16, 2012, based on expert testimony that Ieng suffers from dementia, likely Alzheimer’s disease, and is not competent to stand trial. She passed away on August 22, 2015.

### **6.3 The Road to Socio-Economic Recovery**

By destroying property, disrupting economic activity, damaging health services, and breaking up families, civil wars in Cambodia specifically, have resulted in deprivations, inhumane living conditions, and severe distress. Indirect and longer term, such as the suffering caused by the destruction of social structures, the undermining of health services, and the disruption of family cohesion. The indirect effects are likely to be widespread and to linger long after the end of conflict. Excessive mortality and forced displacement of people. Disruptive schooling has adverse consequences on long-term labor productivity and economic development. Economic consequences included the destruction of infrastructure and land, the fiscal system, the monetary and financial system, GDP Per Capita.

Cambodia was isolated and put under sanction after the country overthrew a regime that staved its own people to death in 1979. However, humanitarian assistance was made possible through UNICEF and ICRC from 1979 until 1982, costing around 700 million USD. Additionally, UNHCR’s emergency relief operation in 1980 provided domestic kits and rice to voluntary returnees from camps on the Thai border. By 1993, a nearly 7 million USD fund was distributed through Quick Impact Project Programme (QIPs) which provided necessary infrastructure and services to communities where a large number of returnees resided.

Since the 1993 General Election, the government of Cambodia has developed national policies and strategies according to the stages and contexts of the countries' development and political agenda. To begin the process of rebuilding and rehabilitating the social, physical, and institutional infrastructure, the RGC started national development planning, a practice that has retained importance until now and indicates how far the government will intervene in the economy. The first planning measure was to outline the long-term vision for the future in the National Program to Rehabilitate and Develop Cambodia (NPRD) that was adopted in 1994. Based on this vision, the first five-year Socio-Economic Development Plan (SEDP I - 1996-2000) was formulated setting clear goals and milestones to be reached by 2000. This Plan's focus was on macroeconomic growth, social development, and poverty alleviation. At the same time, a three-year rolling Public Investment Program (PIP) was developed for the period 1996-1998 so that domestic and external development cooperation resources could be channeled into priority areas to achieve the goals set out in SEDP I. Since then, the PIP has been updated annually.

Cambodia's Development Plan is an ambitious one, aiming at an overall 7.5% growth rate per annum. During 1996 – 2000 Cambodia proposed budgets US\$5 billion in total, with about 75% of this expected to be financed from foreign sources. The projected public investment amounts to US\$2.2 billion, of which 65% is earmarked for the rural and 35% for the urban sector. The high priority assigned to the rural sector is commendable, given Cambodian realities and challenges. But plans are one thing, implementation quite another. There are severe constraints, not just because of the extremely weak institutional capacity of the central government, bedeviled by factional rivalry and political violence, but also because significant parts of the countryside remain mined and unfit for productive use, while other parts are still controlled by the Khmer Rouge who, though much weakened, are hoping to return to power (Irvin, 1993).

In the second elected legislature, 1998-2003, among its many problems the government faced the issue of economic recovery. The RGC situated the economy and development more generally within the context of an 'aspiration of reconstruction'. The RGC assisted and cooperated with all key domestic actors including the private sector and civil society. The international community supported the RGC's reforms by providing assistance for implementing the government's Triangular Strategy (TS) for national development. The TS focused on the restoration of peace and security, the integration of Cambodia into the region and the world, and the promotion of socio-economic development.

The economic take-off phase was adopted as a philosophy of the third legislature – 2003-2008 (RGC 2010, 2-3). The second Socio-Economic Development Plan (SEDP II 2001-2005) focused on economic growth and poverty reduction. One of the most formidable development challenge was and continues to be the development of the private sector as the engine of economic growth. Poverty reduction, improved livelihoods and enhanced quality of life for the rapidly growing Cambodian population were also considered important and closely related to economic growth and development.

The Rectangular Strategy (RS-I) was introduced in 2004 to replace the TS and to drive further reforms for economic growth and poverty reduction. The Strategy consisted of four main axis: social stability; regional and international integration; partnership with the international community and the private sector for the development of the country; and macro-economic development. Good governance featured at the core of the new strategy and focused on four key reform areas (fighting corruption; legal and judicial reform; public administration reform; and armed forces reform and demobilization). Agriculture, infrastructure, employment and development of human resources were the priority sectors identified in the strategy.

Table 1 shows that a socio-economic policy agenda was adopted for the fourth legislative mandate – 2008-2013 – to be implemented through reforming the priority policies for economic growth, social development and further poverty reduction (RGC 2010, 3; MoP 2013,). The RGC in cooperation with key actors used the National Strategic Development Plan (NSDP) Update 2009-2013 as a road map to carry out the Rectangular Strategy II (RS-II). The strategy began in an uncertain international environment created by the global financial crisis (GFC).

**Table 1: Political Rule and Policy Focus of Cambodian Government 1993 - 2028**

<b>Legislature</b>	<b>Area of Focus</b>	<b>Policy Tools</b>
1 <sup>st</sup> legislature (1993-98)	<ul style="list-style-type: none"> <li>- Peace-building and Rehabilitation;</li> <li>- Macroeconomic Growth;</li> <li>- Social Development;</li> <li>- Poverty Reduction.</li> </ul>	<ul style="list-style-type: none"> <li>- National Program to Rehabilitate and Develop Cambodia (NPRD);</li> <li>- Socio-Economic Development Plan (SEDP I, 1996-2000)</li> </ul>
2 <sup>nd</sup> legislature (1998-2003)	<ul style="list-style-type: none"> <li>- Restoration of Peace and Security;</li> <li>- Regional and International Integration;</li> <li>- Promotion of Socio-economic Development</li> </ul>	<ul style="list-style-type: none"> <li>- Triangular Strategy (TS)</li> </ul>
3 <sup>rd</sup> legislature (2003-08)	<ul style="list-style-type: none"> <li>- Economic Growth and Poverty Reduction;</li> <li>- Social Stability;</li> <li>- Regional and International Integration;</li> <li>- Private Sector Development</li> </ul>	<ul style="list-style-type: none"> <li>- Economic Development Plan (SEDP II, 2001-05);</li> <li>- Cambodia Millennium Development Goals (CMDGs);</li> <li>- National Poverty Reduction Strategy (NPRS); Rectangular Strategy I (RS-I)</li> <li>- Sectoral Development Strategy</li> </ul>
4 <sup>th</sup> legislature (2008-13)	<ul style="list-style-type: none"> <li>- Economic Growth;</li> <li>- Employment</li> <li>- Poverty Reduction;</li> <li>- Social Development</li> </ul>	<ul style="list-style-type: none"> <li>- NSDP (NSDP 2009-13);</li> <li>- Rectangular Strategy (RS-II)</li> <li>- Sectoral Development Strategy</li> </ul>
5 <sup>th</sup> legislature (2013-18)	<ul style="list-style-type: none"> <li>- Growth;</li> <li>- Employment;</li> <li>- Equity;</li> <li>- Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- NSDP (2014-18);</li> <li>- Rectangular Strategy (RS-III)</li> <li>- Industrial Development Policy (IDP) (2015-25)</li> <li>- Sectoral Development Strategy</li> </ul>
6 <sup>th</sup> legislation (2019– 2023)	<ul style="list-style-type: none"> <li>- Growth</li> <li>- Employment</li> <li>- Equity</li> <li>- Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Rectangular Strategy (RS-IV)</li> <li>- NSDP (2019 – 2023)</li> <li>- Cambodia SDGs (CSDGs) Framework 2019 – 2030</li> <li>- Sectoral Development Strategy</li> <li>- Cross-sectoral Development Strategy (social protection, digital economy, etc.)</li> </ul>
7 <sup>th</sup> legislation (2024 – 2028)	<ul style="list-style-type: none"> <li>- Growth</li> <li>- Employment</li> <li>- Equity</li> <li>- Efficiency</li> <li>- Sustainable Development</li> </ul>	<ul style="list-style-type: none"> <li>- Pentagonal Strategy – Phase I</li> <li>- NSDP (2024 – 2028)</li> <li>- Cambodia SDGs (CSDGs) Framework 2019 – 2030</li> <li>- Sectoral Development Strategy</li> <li>- Cross-sectoral Development Strategy (social protection, digital economy, etc.)</li> </ul>

The most updated socio-economic policy agenda was rectified for the fifth mandate – 2013-2018 – and to implement the Rectangular Strategy Phase III (RS-III) for Growth, Employment, Equity and Efficiency, which guides the activities of all stakeholders to further pursue and strengthen long-term sustainable development

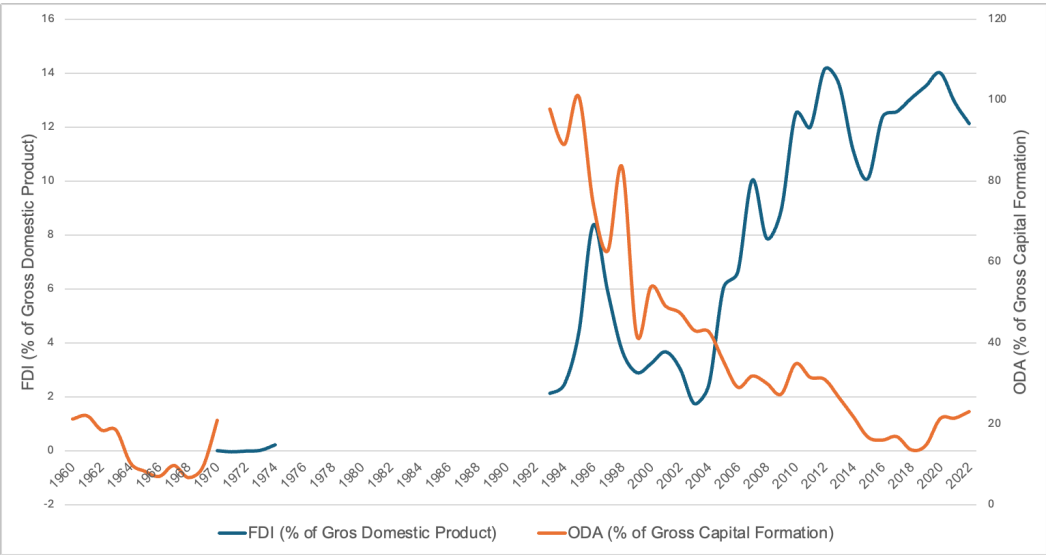
aimed at promoting economic growth, creating jobs, equitable distribution of the fruits of growth, and ensuring effectiveness of public institutions and management of resources. It reaffirms the RGC’s mission and its strong commitment to sustainable development and poverty reduction (RGC, 2013). The NSDP 2014-2018 is designed for the implementation of the RS-III to reach the status of the upper-middle income countries. It indicates identification of the priorities, indicators and a timeframe for the implementation, and identification of the mechanisms for the Monitoring and Evaluation of the Result Framework, especially setting the responsibility for the line ministries and agencies within each angle in order to gain high benefits from ASEAN Economic Integration by the end of 2015 and to move out of the Least Developed Countries (LDCs) in coming years and to be become an upper-middle-income country by 2030. The last political agenda document is the Rectangular Strategies IV, supported by the NSDP 2019 – 2023 on the same timeframe. The government has synchronized the Cambodian Sustainable Development Framework into the national development strategies as well as sectoral and cross-sectoral policies and strategies. The recent political agenda document, The Pentagonal Strategy Phase I 2024 – 2024 has been promulgated.

## 7. Cambodia After Achieving Peace

### 7.1 Economic Development

Perhaps an immediate gain for Cambodia’s ending conflict in 1998 was its membership acceptance to the Association of Southeast Asian Nations (ASEAN) in 1999, although after the suspension in the previous year. The accession to ASEAN made Cambodia integrated into a market of a combined 10 countries in the Southeast Asia region.

Figure 3: FDI and ODA trends in Cambodia



Source: World Development Indicators

Figure 3 shows the Official Development Assistance (ODA), largely from the US, had played an important role in the economic development of Cambodia especially contributed to infrastructure development during the early Sangkum Reastr Niyom era (Slcomb, 2010). The figure showed that share of ODA to gross capital formation started to decline in the early 1960s and continued to drop negatively in years later. Such a decline can be explained by the divorce of Cambodia-US relation. The figure became positive again in 1970 as the US started provision of aids to Lon Nol government. Until 1993, share of ODA to gross capital formation positioned significantly at 98 percent. The phenomenon can be understood as the international movement especially through the United Nation mission to organize the first general election in Cambodia and rehabilitate the country’s economy. Consistent with international trends, share of ODA to gross capital

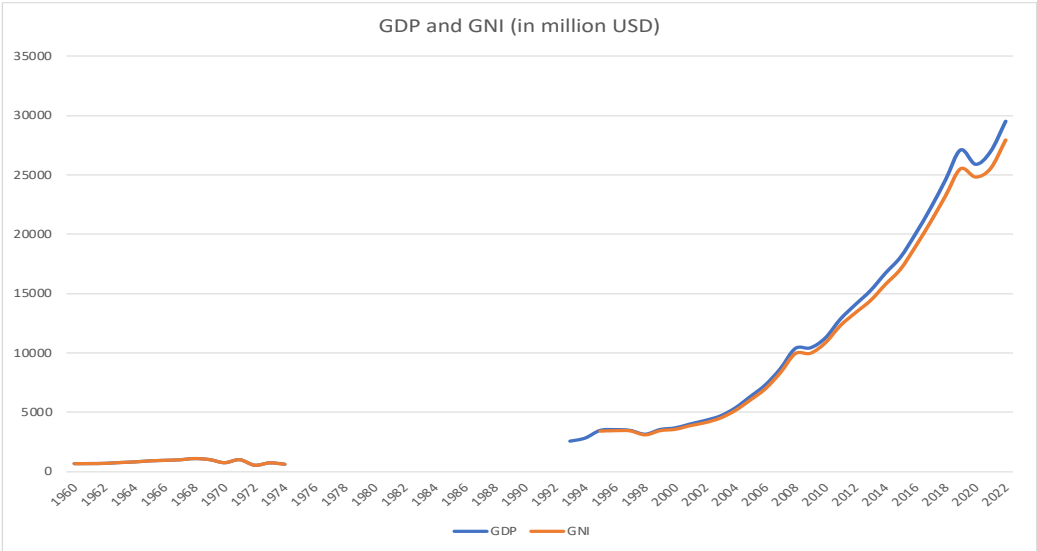
formation has declined over time as Cambodia's economy gradually recover and domestic investment become vibrant. The improved business environment in country has attracted Foreign Direct Investment (FDI).

The figure showed that the share of FDI to gross domestic product has increased from 2 percent in 1993 to 14 percent in 2019. This progress reflected Cambodia's locational advantages, which was insignificant during turbulent period in Cambodia, that appeal to foreign investors. Furthermore, political instability before the general election in 1998 caused a delay in Cambodia's membership in ASEAN (Ashley, 1998). Cambodia's membership in ASEAN and World Trade Organization in 1999 and 2004 respectively, further attracted FDI into the country especially building garment and footwear industry base, thank to trade preference Cambodia received under WTO's most favored nations scheme.

Cambodia has achieved remarkable economic growth in the early 2000s until the global financial crisis in 2009. Foreign direct investment grew substantially, especially after Cambodia's accession to the World Trade organization (WTO) in 2004. However, it is evident that political instability deterred foreign investors who intended to make their investments in the country (Cuyvers et al., 2011).

Cambodia GDP and GDP per capita growth rate has been quite impressive. It is expected that in 2023, GDP per capita will be 1,924 Dollars (MEF, 2023). Inflation rate was kept between 2 and 3 percent until 2021. However, due to COVID-19, it was estimated to rise to 5.0 percent in 2022 and then down to 2.5 percent in 2023. The economic performance in the past has been relatively inclusive and has lifted millions of Cambodians out of poverty. The COVID-19 crisis and the slowdown in the global economy checked Cambodia's growth's fundamentals and negatively affected growth prospects in the medium term, posing the greatest threats to the country's development in the last 30 years. GDP growth, projected between 5.8% to 7% pre-COVID-19, was downwardly adjusted to -3.1 % in 2020.

Figure 4: GDP and GNI growth performance (2000-2021)



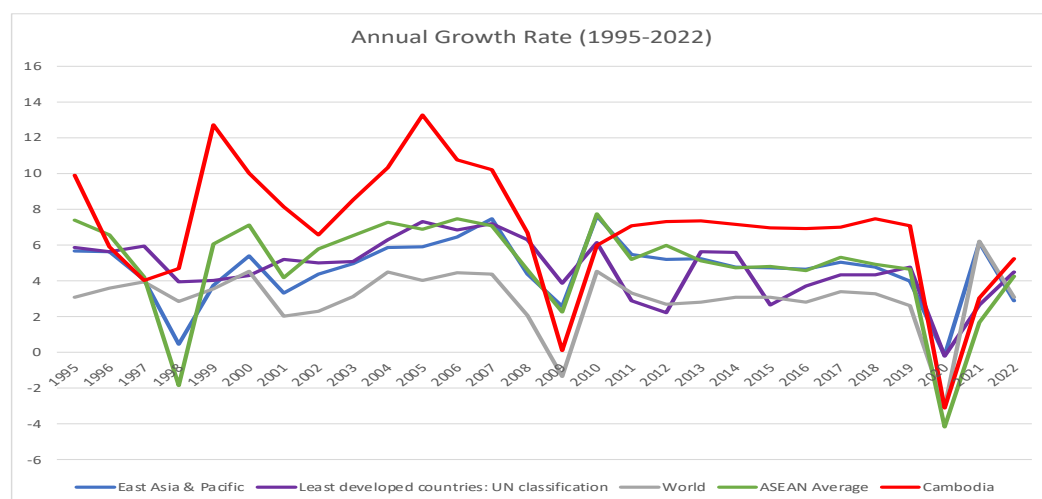
Source: World Development Indicators and MEF's Macroeconomic Framework for 2023 National Budget

The country has started to gradually recover from the COVID-19 pandemic and some of the economic headwinds caused by the global geopolitical issues and rising inflation in 2021. Sustained and rapid development prior to the COVID-19 pandemic advanced Cambodia to a lower-middle-income country status in 2015 and to meet for the first time the criteria to graduate from the LDC category in 2021.



Cambodia has been one of the fastest growth countries. Over the two decades before COVID-19 struck in 2020, Cambodia blossomed economically. Cambodia's economy grew at an average annual rate of 7.6 percent between 1995 and 2019, driven largely by tourism, manufacturing exports, real estate, and construction, making it one of the fastest-growing economies in the world. After reaching lower middle-income status in 2015, it set its sights on becoming an upper middle-income economy by 2030 and higher-income economy by 2050. Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income status in 2015 and aspiring to attain upper middle-income status by 2030, according to the World Bank. Driven by garment exports and tourism, Cambodia's economy sustained an average growth rate of 8% between 1998 and 2018, making it one of the fastest-growing economies in the world. While easing slightly, growth remained strong, estimated to have reached 7.1% in 2019, after better-than-expected growth of 7.5% in 2018. Amid the pandemic, the growth lowered to 0.2% in 2020 (expected to rise to 3.6% in 2021). However, EIU revised up its forecast for real GDP growth in 2022 to 10.5%, from 6.3% previously, based on the assumption that there will be a recovery in private consumption and investment that year.

**Figure 5: Cambodia's economic growth performance (1995-2022)**



Source: World Development Indicators

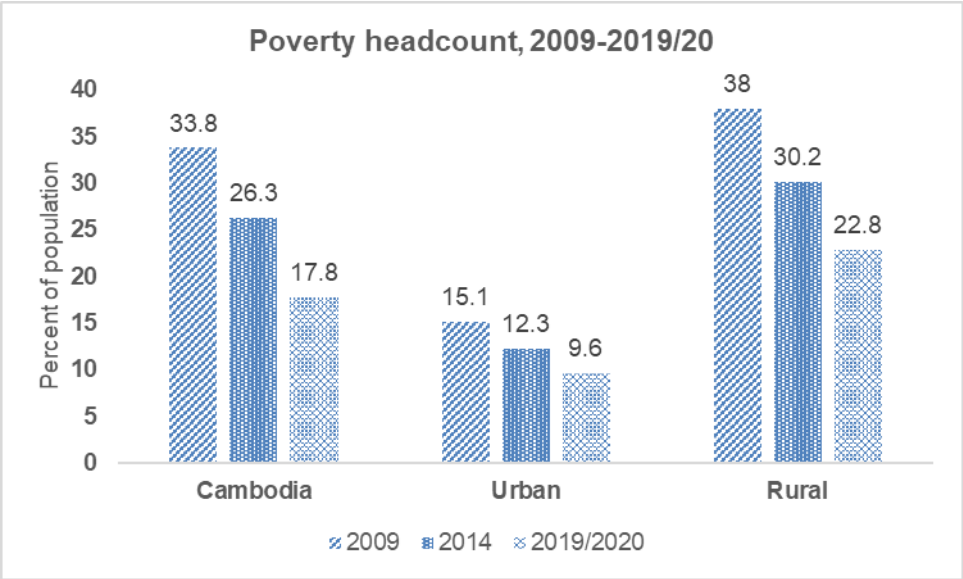
## 7.2 Poverty Reduction

Cambodia's national poverty rate fell by almost half between 2009 and 2019. Cambodia's poverty rate dropped from 33.8 percent to 17.8 percent over the ten-year period to 2019/2020, with almost 2 million Cambodians escaping poverty. Unfortunately, the COVID-19 pandemic has recently reversed some of the progress made. COVID-19 exposed Cambodia's pre-existing economic vulnerabilities. Many Cambodian households were in a precarious position before the pandemic. Cambodia's rapid economic growth from 2009 to 2019, combined with structural change, helped to increase labor earnings and to reduce poverty. Living standards have improved, helping Cambodia to narrow urban-rural gaps; but low-income and rural households still lag behind in access to basic services and earning opportunities. Cambodia's remarkable economic growth and poverty reduction took place in an environment characterized by macroeconomic stability and prudent fiscal management. Cambodia's growing economy has sustained high employment rates and income growth, while slower population growth has further helped boost per capita incomes. Structural transformation has been crucial to the success in poverty reduction. Investment and trade spurred Cambodia's structural transformation away from agriculture towards higher value-added activities. Cambodian workers are moving from agriculture to jobs in manufacturing and services, sectors with higher productivity and better wages. Workers are not only moving across sectors, but also from rural areas to towns and cities. The growth in non-farm labor earnings is the chief factor in poverty reduction. During COVID-19, the government used the existing "IDPoor" registry to deliver relief cash transfers to registered households.



Cash transfers provided valuable income support to poor households during the pandemic and curbed the increase in poverty and inequality. Although assistance was rapidly scaled up, there is room for improvement in cash transfer coverage.

**Figure 6: Poverty rate (2009-2014)**



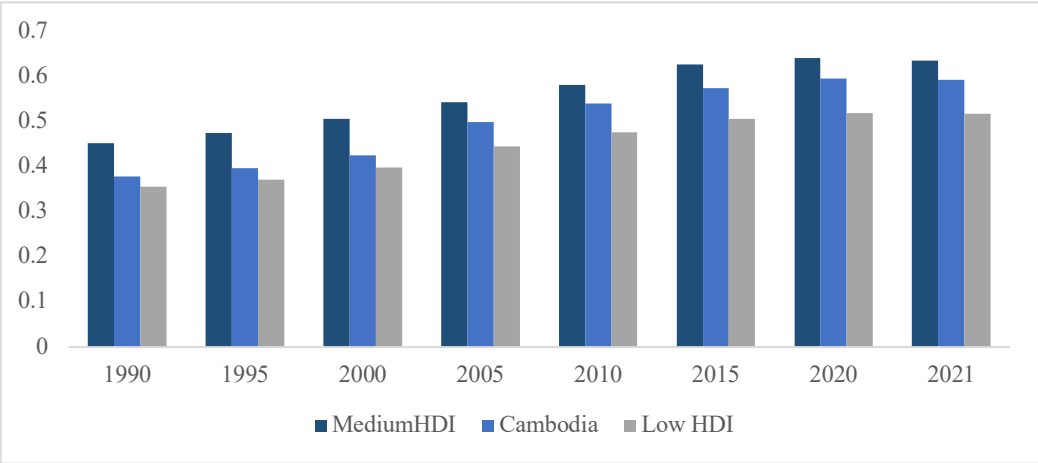
Source: World Bank, 2021

**7.3 Human Development**

Cambodia’s human development has improved steadily since the 1990. Cambodia's Human Development Index value for 2021 is 0.6, which put the country in the Medium human development category. Cambodia emerged as one of the fastest-growing economies in the world during the last two decades (1998 to 2019), maintaining an average growth rate of around 7 percent until the COVID-19 pandemic.

Thanks to this economic performance, the country has made notable improvements in key human development dimensions between 1990 and 2021, namely: GNI (gross national income) per capita increasing fourfold from US\$1,008 to US\$4,079, when adjusted by purchasing power parity (PPP); Life expectancy increasing by more than 14 years to surpass the age of 70; Mean years of schooling growing by 2.4 years increasing from 2.7 to 5.1 years on average; With these improvements in income, health, and education, the country’s Human Development Index (HDI) has increased by 56.9 percent, reaching the medium human development category, and bringing Cambodia to a ranking of 146 among 191 countries in 2023. This progress has also contributed to reducing its Multidimensional Poverty Index. Cambodia’s MPI value fell from 0.17 in 2014 to 0.07 in 2021/2022, and the incidence of poverty dropped from about 37 percent to 17 percent. This means that multidimensional poverty was halved in 7.5 years.

Figure 7: Human Development Index 1990 onwards

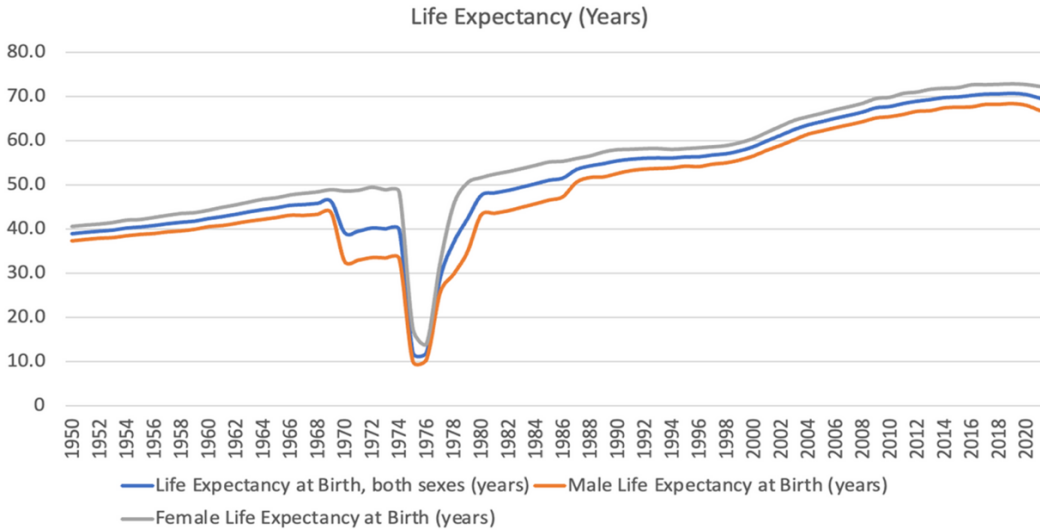


Source: UNDP HDI data (<http://hdr.undp.org/en/data>)

Figure 7 shows the comparative analysis of the Human Development Index (HDI) for Cambodia against the averages of Medium HDI and Low HDI countries from 1990 to 2021. The HDI is a composite index measuring average achievement in key dimensions of human development: a long and healthy life, knowledge, and a decent standard of living. In 1990, Cambodia's HDI was around 0.35, which was slightly below the Medium HDI average of approximately 0.4 but higher than the Low HDI average of about 0.3. By 1995, Cambodia's HDI had marginally increased, maintaining its position between the Medium and Low HDI averages. From 2000 onwards, Cambodia demonstrated a steady upward trend in HDI. In 2000, Cambodia's HDI approached 0.45, still lagging behind the Medium HDI average but remaining above the Low HDI average. This trend continued through 2005 and 2010, with Cambodia's HDI consistently improving, reflecting advancements in health, education, and income. By 2015, Cambodia's HDI had risen to nearly 0.55, showing substantial progress while still trailing the Medium HDI average. The upward trajectory persisted through 2020 and 2021, with Cambodia's HDI nearing 0.6 in 2021. Despite this significant improvement, Cambodia's HDI remained below the Medium HDI average but comfortably above the Low HDI average.

Overall, the graph illustrates Cambodia's remarkable progress in human development over three decades. The consistent increase in Cambodia's HDI underscores the country's efforts in improving the quality of life for its citizens. However, the gap between Cambodia's HDI and the Medium HDI average indicates that there is still room for further development.

**Figure 8: Life Expectancy (1950-2020)**



Source: UN Database

Figure 8 highlights the significant impact of political and social upheaval on life expectancy in Cambodia during the 1970s. Despite this, the overall trend from 1950 to 2020 is one of improvement, with substantial gains in life expectancy for both sexes, males, and females, reflecting improvements in healthcare, living conditions, and overall quality of life in Cambodia over the decades. The life expectancy at birth has increased steadily over 70 years in 2020, almost double from 1950. During the decade of 1970s, four different regimes succeeded one another in the context of wars. Mortality increased considerably, not only from the resulting wars casualties and political execution but also from degradation of living condition that culminated in a severe famine in 1979 (Heuveline, 1998).

From 1950 to around 1970, life expectancy for both sexes, males, and females shows a gradual increase. In 1950, the life expectancy for both sexes was approximately 40 years. This period demonstrates a steady upward trend, reaching about 45 years by the early 1970s. During this time, female life expectancy was consistently higher than male life expectancy. A significant decline in life expectancy is observed in the mid-1970s. This sharp drop is particularly pronounced in the female life expectancy, which plummeted to around 15 years, while male life expectancy also declined sharply. This decline was attributed by Cambodian Civil War and the Khmer Rouge regime, which had devastating effects on the population. Following the drastic decline in the 1970s, life expectancy began to recover in the early 1980s. By 1980, life expectancy for both sexes had rebounded to around 40 years, continuing to rise steadily thereafter. The recovery was robust, with life expectancy for both sexes reaching around 70 years by 2020. Female life expectancy consistently remained higher than male life expectancy throughout this period, with females reaching about 72 years in 2020 compared to males at approximately 68 years.

## 8. Case Study

### **Box 1: Kep Case Study: Benefits of Ending Conflicts in Kampot and Kep**

In order to understand the conflict ending strategies and the impact of ending internal conflicts, a case study was conducted in Kep and Kampot. A group of students led by principal researchers presented the findings from document analysis and interviews with high level provincial and city government officials

Internal conflict spread across Cambodia even after 1979 when The Khmer Rouge Regime was overthrown from power. However, the conflict did not end there due to the fact that some provinces and areas were still not liberated and there were Khmer Rouge armies spreading across those spots waiting to attack the enemies that entered their areas and continuously made attempts to expand their territories. This means that peace did not entirely appear across the country until 1998 under The Win-Win Policy which integrated the remaining Khmer Rouge armies with The Royal Cambodian Army (Heuveline, 1998) Before this integration, Kampot and Kep were one of the provinces that were one of the most intense and harsh areas that they kept on fighting even though their leader was overthrown in 1979.

Specifically, Kep was one of the bloodiest areas and strongholds of the Khmer Rouge, it has turned out to be one of the tourist attractions with beautiful beaches, homestays, mountains, plants, and many other attractions.

Kep was connected to Phnom Voar, where the last Khmer Rouge was housed. The area had quite a traumatizing and devastating history because there were many dead soldiers from the war, left over with many landmines underground that affected many citizens in the area. During 1994 and 1998, the Khmer Rouge appeared in the region to rob people in the villages and passersby. There were also cases of killing of foreigners, particularly three foreigners of German, British, and French nationals were captured and killed in 1996. Therefore, the lives of dwellers in the area were extremely miserable due to disturbance from the Khmer Rouge. There were very few tourists coming to Kep and all economic activities, including farming, were disrupted.

By applying the Win-Win Policy, the last Khmer Rouge stronghold fell, and full peace was claimed. It is worth noting that there are three key strategic points having been put forward in the Win-Win Policy. First, the lives of everyone were ensured. Second, positions of the Khmer Rouge officials, except the top leaders, were guaranteed and properties assured. The policy was very effective as more and more remaining Khmer Rouge defected to join the government. Eventually, Phnom Voar stronghold was integrated.

After the integration, the relationship of people from both sides started to grow. Along with the government, NGOs came to the area to help develop. Until 2022 Kep was officially announced as a province that successfully removed all landmines that were left from the war, especially the Phnom Voar area which was very intense and bloody. This is one of the greatest achievements not only for the governments, but especially for the citizens because they can finally walk without fear of stepping on the landmines. According to Som Piseth, Governor of Kep Province, there were 221 victims of landmines until 2021. Currently, not only Kep, but also Phnom Voar has become one of the eco-tourist areas that potentially could attract many foreigners to visit their spectacular nature without any fear or worries of the danger of stepping into this area.

*Source: Interviews with Officials in Kampot and Kep*

## 9. Conclusion and Recommendations

Internal conflicts had a destructive impact on economic and social development. They took people's lives, disrupted economic growth and destroyed social systems such as trust. Internal conflicts were caused by factors such as socioeconomic inequality, ideological political and social structure and ethnic racial polarization. Ending internal conflicts have been challenging for nations. However, Cambodia succeeded in doing so, by gradually bringing all relevant parties in the conflicts and eventually established the tribunal court. Ending the internal conflicts would bring about peace and prosperity.

### *Recommendations*

It is apparent that Cambodia has been integrated, governed by single effective government legitimized by elections, and armed rebellion has ceased to exist since 1998. To sustain peace and stability that are crucial to development of Cambodia for years to come and reduce conflict risk, efforts should be given to:

- Sustain positive economic growth: economic growth allows states to cumulate resources and strengthen capacity which will deter armed rebellions. To sustain economic growth, special attention should be paid to promoting sustainable private investments, domestic consumption, and value-added exports.
- Promote equitable and resilient growth: equitable growth ensures all people benefit from economic development and narrow inequality gap while resilience protects economy from shocks that could potentially contribute to increasing poverty and inequality gap. This will ultimately reduce conflict risk. Equitable growth can be archived by progressive taxation, promoting educational attainment and skills acquisition, and reducing corruption, while resilience can be attained by diversification, disaster preparedness, social protection.
- Continue to strengthen social protection system: social protection ensures people will not fall back into poverty that increases their incentive to rebel. This can be done by expanding social protection coverage that is inclusive over disadvantaged and vulnerable groups without discrimination of political, racial, and religious backgrounds.
- All in all, to maintain peace, it is essential to promote inclusive development; reduce inequalities between groups; tackle unemployment; and, via national and international control over illicit trade, reduce private incentives to fight.

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