

CAMBODIA

UNITARY COUNTRY

ASIA PACIFIC

BASIC SOCIO-ECONOMIC INDICATORS

Income group - LOWER MIDDLE INCOME Local currency - Cambodian riel (KHR)

POPULATION AND GEOGRAPHY

AREA: **181 035** km²

POPULATION: **15.238** million inhabitants (2014),
an increase of 1.6% per year (2010-2014)

DENSITY: **85** inhabitants/km²

URBAN POPULATION: **20.7%** of national population

CAPITAL CITY: **Phnom Penh** (11% of national population)

Sources: World Bank Development Indicators, UNDP-HDR, ILO

ECONOMIC DATA

GDP: **50** billion (current PPP international dollars)
i.e. 3 282 dollars per inhabitant (2014)

REAL GDP GROWTH: **7.1%** (2014 vs 2013)

UNEMPLOYMENT RATE: **0.4%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **1 730** (BoP, current
USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **22%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.555** (medium), **rank 143**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
1 621	185	24	1 830
COMMUNES (SANGKAT) AVERAGE MUNICIPAL SIZE: 9 383 INHABITANTS	159 DISTRICTS AND 26 MUNICIPALITIES	PROVINCES	

MAIN FEATURES OF TERRITORIAL ORGANISATION. Cambodia is a unitary country with a three-tier subnational government system. The 1993 Constitution referred to the division into provinces and municipalities. Then, elected commune councils were established through the 2001 law on Commune/Sangkat Administrative Management and Elections. There are 24 provinces, which include the Capital Phnom Penh and 3 municipalities. Lower levels of governments are made of 185 districts and municipalities for the second-tier, and finally 1 621 communes (sangkat). There are also around 14 000 villages. Provinces and districts councils members are elected indirectly by members of communes councils. The country remains historically centralized. An on-going reforms has been launched in 2008, supervised by the National Committee for Democratic Development of Subnational Administrations (NCDD), and with the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans (2008) that extended local powers to subnational levels.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. Provinces are in charge of the most part of subnational service delivery, but remain under the authority of the central level of governments. As the 2008 reform is not fully implemented yet, most provincial and districts still have their budget integrated within state budget. Communes have political autonomy and independent budget, but they are devolved only a few mandatory functions, and financial and human resources. They can jointly deliver services in the following areas: public order and security; management of public services; public welfare; socioeconomic development; environment, natural resources, and culture; consultation with resident and community groups. Commune councils may jointly deliver services. Higher levels of governments can also delegate some additional responsibilities. On-going reforms tend to devolve more functional responsibilities to local governments levels.

SUBNATIONAL GOVERNMENT FINANCE

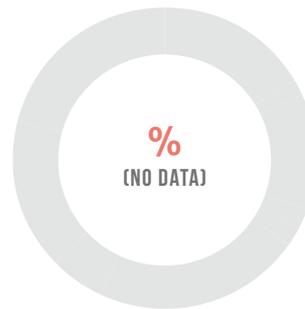
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	0.6%	3.8%	100%
CURRENT EXPENDITURE	0.6%	-	82.4%
STAFF EXPENDITURE	0.1%	2.0%	12.8%
INVESTMENT	0.1%	-	17.6%

Subnational governments in Cambodia account for a small share of total public spending. The small size of the communes limits their capacities to deliver services and their viability as autonomous government units. Most of the funding of communes are spent on staff expenditures and small capital projects. Regarding the expenditures of provinces and districts, they are mostly dedicated to current expenditures.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



Since recently, local civic participation is encouraged through a broad-based planning forum at all stages of local planning and budgeting, and open access of the population to council meetings. With the progress of decentralization reforms and laws, amount of local spending in some sectors related to provision of basic services are increasing, such as roads and irrigation, education and public transport.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2013)	1.3%	7.0%	100%
TAX REVENUE	0.8%	5.6%	63.0%
GRANTS AND SUBSIDIES	0.4%	-	33.9%
OTHER REVENUES	0.04%	-	3.1%

Communes in Cambodia perceive very minor revenues which rely primarily on fiscal transfers through the Commune Sangkat Fund (CSF). According to the 2001 law, communes are allowed to raise and set up certain taxes and fees, but there is a lack on legislation on types, rates and collection processes for ensuring effective utilization. Provinces have more but limited powers. Current reforms tend to devolve more resources to subnational levels.

TAX REVENUE. All taxes are collected and administered by the State (Department of Taxation). According to the Ministerial Order 371 of 2011, the government has authorized the collection of property tax at the provincial level. Taxes assigned to local governments include land tax, real estate tax, hotel beds tax, and rental tax.

GRANTS AND SUBSIDIES. Cambodian communes perceive funding from intergovernmental transfers through the Commune Sangkat Fund. Yet until now this fund has a very low capacity. The Fund allocates from 2% to 2.80% of the previous year annual national budget. Two third of the allocation must be dedicated to development components. Some national tax and nontax incomes are also transferred to the local level. Provinces perceives transfers from central government at a rate of 0.96% of current national revenue. Districts also perceive central transfers, 75.57 of which for administrative purpose, and 24.43% of which for development.

OTHER REVENUES. Other revenues available to communes are minor fees. They have expanded recently at the provincial and municipal levels with the increase in stamp duty on property transfers.

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

Due to prohibition by law, local governments do not have access to borrowing.

A joint- study of:



Source of Statistics: IMF-GFS • Ministry of Economy and Finance of Cambodia • Cambodia organic decentralization law • Cambodian National Budget • Cambodia Inter-censal Economic Survey 2014, National Report on Final Results • P. Smoke (2015), Quality Support Facilities in the field of decentralization, Local Governance & Local Development, The European Union's ADM Multi Programme