

# Rural Development for a Better Life

## The Challenge

About 12 million people or 80% of Cambodia's population live in the countryside and depend on 40,000 km of rural roads. Many of these roads are run-down and impassable during the annual monsoon season. They prevent children from going to school, impede access to health care services and are an obstacle to trading activities. In addition, villages and district centres lack adequate market places and buildings where local producers, traders and clients can sell and buy food and other commodities in clean and secure space. These examples highlight how important year-round trafficable roads and operational markets are for the rural population. Reliable infrastructure lessens burden, improves daily life and increases income for these people. Therefore, KfW has been committed to invest in Cambodia's social and economic infrastructure on behalf of the German Government since 1995.

## Our Approach

Under the German-Cambodian Development Cooperation we have invested 74.3 million Euros as grant financing in Cambodia's rural, social and economic infrastructure. With this input and the contributions by



*Pupils going to school on a newly constructed road, Siem Reap Province, 2013.*

Programme Name	Rural Infrastructure and Flood Repair Programmes
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Programme Executing Agency	Ministry of Rural Development (MRD)
Target Group / Output	Rural population in the catchment area of infrastructure investments / 2,165 km of roads, 72 bridges, 10 markets and 53 schools
Project Region	Half of all provinces countrywide with focus on higher density and poverty
Duration	1995 – 2018
Financial Scope	107.7 million EUR, of this: 74.3 million EUR funded by Germany and 33.4 million EUR by the Cambodian Government

the Cambodian Government we have financed 2,165 km of rural roads, 32 bridges and 10 regional markets. They have been either newly constructed or rehabilitated to date. In addition, we could also bring many hundreds of children to school by constructing 53 new school buildings in provinces in need and provide water supply in 13 places. Our partner governmental authority, the Ministry of Rural Development (MRD) is responsible for the project implementation. We support the ministry in project planning and management through an international consulting firm. This also includes the proper selection of the investment sites. Roads, markets and schools are selected according to development priorities of local communities supporting the national development goals and on the basis of thorough socio-economic analysis. All contracts are awarded to Cambodian construction companies through a national bidding process. This way, capacities of local constructors are strengthened and new jobs are created in the construction sector.

Due to countrywide labour migration and related health impacts, health safety trainings such as HIV/AIDS awareness are integral parts of the programme as well.

## Climate Resilient Rural Infrastructure

In response to the damages caused by heavy floods in recent years, the German Government committed extra funds to build schools and roads in a climate resilient way. Today, road dams and bridges are built even higher and culverts are bigger so that more water can easily be channeled. Rehabilitated or new schools in areas of heavy flooding are relocated to elevated sites or erected on stilts. Those stilts are now higher than the highest point of flood measured. This now guarantees year-round usability of roads and schools.



*Climate resilient construction: Primary School, Kampong Cham Province, during the dry season and heavy floods, when it also serves as a shelter for the local community, 2014.*

## Benefits

New roads and bridges make travelling faster, cheaper and safer. People can now go where they need to go throughout the year: schools, hospitals, markets or bank branches. We found out that people save up to 40% on transport costs and time when using new roads. With improved access to markets and trade centers, farmers can buy fertilisers and ship their products and goods much easier than ever before. Some of them were able to increase their rice production by up to 70%. And this raises their household incomes by up to 30%. Augmenting school attendance rates show that more children, particularly girls, are now going to primary and secondary school. Furthermore, the new roads pave the way for other infrastructure to follow: piped water, electricity, medical facilities, and community centres. Beyond the scope of our infrastructure programmes, contracted companies and national engi-

neers benefit from training and supervision through international consultants. By this, we also contribute to higher quality standards in the industry and increase workers' and employees' skills.

## Success Factors

Staff of our partner ministry MRD receives training, advisory services and technical support. We also encourage the ministry to prioritise sustainable maintenance funds. The annual maintenance budget for all upgraded rural roads has been growing continuously from 6.5 million USD in 2009 to 17.6 million USD in 2016. For machine based spot repairs, periodic and routine maintenance, the MRD contracts companies, which in turn employ local villagers to carry out the work. Today more than 6,000 km of rural roads are already maintained sustainably.

Financing new markets, we also support the establishment of local market committees that operate and maintain the market facilities. Traders pay an affordable fee per day for the stall. The revenues are managed by the committee and are used to pay for daily security, cleaning and waste collection services. Surplus funds are accumulated on a bank account and serve to finance maintenance works and future investment.



*Ribbon at market inauguration in Peam Chilaeng, ready to be cut, Tboung Khmum Province, 2015.*

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Ministry of Rural Development, Kingdom of Cambodia



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