

Pro-poor land distribution in Cambodia

Access to arable land is key to pro-poor agricultural production. Although nearly 69 percent of the rural population in Cambodia is engaged in smallholder farming, the average size of cultivated land per farming household only amounts to less than one hectare, and 14.7 percent of rural farmers do not possess land at all. In order to accomplish a more equitable distribution of land, the discussion over 'land-grabbing' needs to be advanced to the promotion of smallholder-inclusive approaches, such as partnership farming between smallholders and agribusinesses.

"[...] Land distribution shall ensure equity, social stability, food security and facilitate investment based on the natural characteristic, type and quality of soil for sustainable socio-economic development, prevent land concentration and promote productive and effective use of land."

Hun Sen, Prime Minister of the Royal Government of Cambodia, Land Policy

Thirty years after the Vietnamese marched into Phnom Penh and removed the Khmer Rouge regime from power, land issues still remain one of the most striking challenges. In a time span of only five years (1975 to 1979), Pol Pot implemented a radical social and economic reform programme and totally dismantled the cadastre, and with it the basis for land administration. Only the enactment of

the new Land Law in 2001 paved the way for the tenuous recommencement of registration. The estimated number of parcels in Cambodia is about 12 million, of which approximately 25 percent have already been surveyed since 2003. Obtaining land tenure security is necessary for smallholders to sustain their rural livelihoods.

While with 35 percent, the agricultural sector remains the strongest contributor to the Cambodian Gross Domestic Product (GDP), the country's agricultural potential is far from fully tapped due to land tenure insecurity, insufficient rural infrastructure and services, a lack of multi-season cultivation or suboptimal access to (credit) markets. Since downstream businesses and agro-industry are still underdeveloped, the Royal Government of Cambodia (RGC) regards land reform as one of its priority issues. Land concentration, landless-

ness, equity as well as efficiency of land use, illegal land possession, or underutilisation of land are explicitly named as the utmost challenges in the economic policy agenda of the RGC.

On the one hand, the supply of agricultural land in Cambodia is limited by national protected areas and forests, economic land concessions, mining and kinetic concessions (mainly hydro-power), informal settlements or illegal occupation by settlers, inaccessibility due to the lack of local public infrastructure, and landmines or other remnants of war. On the other hand, a growing demand for land due to the high commodity prices, a high dependency of rural communities on primary agricultural production, population growth, local and foreign direct investment in land, and unresolved land conflicts are all delaying the land registration process.

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*Vegetable
growing in Kratie,
Cambodia.*

Photo: K. Gerner



Nonetheless, Cambodia ranks among the leading countries world-wide concerning its proportion of arable land vis-à-vis its total area, which is 20.44 percent (or 3.7 million ha) of 18.1 million hectares. In per capita terms, this is 0.25 hectares of arable land per person in Cambodia compared to 0.07 hectares in Vietnam or 0.11 hectares in the People's Republic of China. However, to avoid land market failure, the Government must not violate the conditions of *allocative efficiency* (land is allocated in a way which maximises total national welfare) and *distributive justice* (land is distributed to those most in need of it).

■ Economic and social land concessions

The Royal Government of Cambodia mainly uses two legal mechanisms, namely economic land concessions (ELC) to address allocative efficiency and social land concessions (SLC) to promote distributive justice (see box).

Admittedly, as stand-alone measures, both mechanisms have inherent challenges. Often associated with "land-grabbing", to date, more than 85 ELCs with a total area of 1.3 million hectares have been granted by the Government to mainly Khmer, Chinese and Vietnamese private companies. The reasons why ELCs are notably underutilised – i.e. current agricultural activities fall short of those foreseen in the

"Economic Land Concession refers to a mechanism to grant private state land through a specific economic land concession contract to a concessionaire to use for agricultural and industrial-agricultural exploitation."
(Art. 2 Sub-decree on ELC)

"Social land concession is a legal mechanism to transfer private state land for social purposes to the poor who lack land for residential and/or family farming purposes."
(Art. 2(a) Sub-decree on SLC)

land utilisation plan which is an annex of the lease agreement between the Land Ministry and the private company – may be speculative investment strategies, a lack of access to finance (both equity and loans) which promotes the implementation of international standards, a lack of access to skilled labour, encroachment of ELC areas, high investment costs for infrastructure, or slow net cash inflows in agriculture for tree crops. For instance, disregarding cash inflows from intercropping, rubber produces its first yield after six years only. This is why rubber plantations are financed by means of equity and not by loans, however, the limited availability of venture equity leads to underutilisation of land resources, especially for tree crops.

The RGC's target of providing SLC land to 10,000 households between 2006 and 2010 could not be fully accomplished due to complex identification and provision processes of suitable land and the prohibitive public investment costs. Without a doubt, supplemental pro-poor distribution mechanisms are urgently needed to boost the agricultural sector and secure land for smallholders.

■ New mechanisms for pro-poor land distribution

Smallholder Partnership Farming. The Cambodian government promotes partnerships between smallholders and agribusiness companies. This approach would also include cooperation between ELC and SLC. Since ELC-holders are often in need of skilled labour and smallholders in turn lack access to sufficient land resources, it is self-evident that such a partnership could be mutually beneficial. Some agribusiness companies (ELC holders) have already announced their readiness to carve out parts of their concession for the benefit of smallholder inclusion.

The smallholders, if eligible, could then apply for a social land concession

which would grant them the right to obtain a land title after having farmed the land for a period of five years. Typically, farmers would receive a residential plot (30x40m) and an agricultural one (2-5 ha), with the former allowing for horticulture and the latter for contract as well as for non-contract farming and intercropping. Inputs, extension training and infrastructure could partly be provided by the agribusiness company using concessional loans and partly by the smallholders themselves since access to finance proves to be easier with land title certificates (i.e. a preliminary land title) as collateral and constant cash flows.

State land border adjustment. This approach aims at making small plots available along the ragged border between privately owned plots in a village and the forest or forest land (state land border). This zone is presently left unregistered since conflicts regarding overlapping claims of both the Ministry of Land, responsible for systematic registration, and the Forest Administration are unresolved.

Regularisation. Based on data available for 7,299 villages in 16 Cambodian provinces, all landless rural households in these provinces could immediately be provided with an average of one hectare provided that the villages would identify 14.5 hectares of land for pro-poor distribution.

To be eligible for the provision of a land title, applicants have to prove that they possessed the land five years prior to the Land Law coming into effect. There are, however, many settlements in Cambodia which have developed on state land either after the enactment of the Land Law in 2001 or on public properties of the state which have lost their public purpose (such as former forest areas). Such settlements are thus regarded as informal or illegal settlements on state land. Providing them with a land title could be justified by making reference to RGC Circular

Recipients of a social land concession in Kratie, Cambodia.

No. 02 “Measures against illegal holding of state land”. This legal instrument, signed by the Prime Minister in February 2007, has not yet been applied due to the political sensitivity of the issue.

Accordingly, informal or illegal poor settlers who are at the same time landless or land-poor “are not entitled for compensation but may receive preferential treatment in obtaining appropriate size of land for making their livelihood based on their actual situation”. This approach could also be implemented at a reasonable cost since basic infrastructure has already been built.

■ Land ahoy? – Remaining challenges

It seems to be the case that land scarcity is not the main issue in Cambodia. Allocative efficiency (productive use of land) and distributive justice (social welfare) would rather appear to be the major challenges. Even though the new mechanisms outlined above are promising, several issues require further attention:

- **Smallholder partnership farming** first and foremost requires trust-building, although the mutual advantages are obvious. The RGC might consider providing economic measures (e.g. cost-sharing, tax reductions) to incentivise ELC holders to



Photo: K. Gerner

get engaged in pro-poor action, such as establishing new settlements and public infrastructure.

- Within the **state land border adjustment approach**, the communes need technical assistance and capacity development measures. The process of land identification and land distribution should be transparent and should not differ from commune to commune. Furthermore, the current process of systematic land registration needs to be adjusted.
- The **regularisation approach** poses some difficult social and legal questions. One of the greatest challenges here would be to distinguish between the needy and the greedy. Time is needed for detailed surveying of the existing plots and clarification of the current land-use rights.

Immediate sale of land after having obtained a land title remains one of the cross-cutting threats for pro-poor

land distribution, especially taking into account the incentive of agribusiness companies to invest in contract farming. It is questionable whether pre-emption rights or even restrictions on transferability should be regarded as adequate remedies in this regard. Instead, strengthening the inclusion of local inhabitants is highly advisable, and establishing communal property seems auspicious, too. Restraining non-productive use of arable land by further developing the land taxation system, which incentivises land possessors to utilise their land, might also be a valid option.

A list of references can be obtained from the authors.

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Zusammenfassung

Für die Regierung Kambodschas ist die Landreform ein Thema von höchster Priorität. Obwohl das Land reich an Ackerflächen, fruchtbaren Böden und natürlichen Wasserreserven ist, steckt der Agrarsektor noch in der Entwicklung. Im Mittelpunkt der nächsten Schritte im Rahmen der Landreform sollten die Verbesserung der Produktivität und die Einbindung von Kleinbauern in die landwirtschaftliche Wertschöpfungskette

stehen. Neben dem Grenzausgleich und entsprechender Regulierung staatlicher Ländereien ist der partnerschaftliche Landbau von Kleinbauern ein besonders interessanter Ansatz.

Resumen

El gobierno del reino de Camboya viene emprendiendo la reforma agraria como una de sus prioridades. A pesar de la riqueza de Camboya en tierras agrícolas, suelos fértiles y disponibilidad de recursos

hídricos, el sector agrícola aún se encuentra en desarrollo. Los siguientes pasos de la reforma agraria deberían centrarse tanto en mejorar la productividad como en incluir a los pequeños agricultores en las cadenas de valor agrícolas. Aparte de la perspectiva del reajuste de los linderos de las tierras del Estado y de la regularización, una alternativa particularmente atractiva es la de fomentar el enfoque asociativo entre los pequeños agricultores.