

Cambodia Consultative Group Meeting, Phnom Penh, March 2-3, 2006

**Joint Donor Statement on Natural Resources Management, Land and Agriculture
By the German Representative
Excellencies, colleagues, ladies and gentlemen**

On behalf of all development partners allow me the following remarks on National Resource Management with special reference on the Land issue and agriculture.

The management of Cambodia's rich natural resources like fisheries and forests, the reform of the agricultural sector which still is not performing well enough to meet its great potential for economic growth and poverty reduction, and the still unsolved problems of land grabbing and land speculation are of great concern. Development partners welcome that the enhancement of the agricultural sector including land reform and mine clearance, fisheries reform and forestry reform are covered by the Rectangular Strategy and now in the NSDP as priorities for the Royal Government of Cambodia.

We appreciate the visible efforts to strengthen the legal framework and increase transparency and participation to ensure that Cambodia's natural resources contribute to sustainable poverty reduction and pro poor growth. Good examples for progress that has been made with support from donors are the subdecrees on state land management, community forestry, and community fisheries - all providing for greater local involvement, transparency and accountability.

Donors also welcome the signing of the Subdecree on Economic Land Concessions (ELC) by the Prime Minister end of last year. But while this subdecree provides for disclosure on existing ELCs and for public consultation during process of issuing new ELCs, there is no disclosure explicitly required of new ELCs once they are issued, nor of existing ELCs once they are initially reported on. Since the public should be able to monitor future disclosure the Government should consider correcting this in a prakas soon to help implement this subdecree.

As appropriate use of ELCs has a significant impact on agricultural production and equity, we believe that making this information available as the Prime Minister directed, will contribute to the proper development of the agricultural sector. Preliminary information has been released on 65 ELCs. The information released on MAFF's website so far does not meet the requirements for an efficient and transparent management of ELC. We hope the information provided on economic land concessions will be quickly followed up with more complete disclosure to ensure that those receiving the land use it consistent with their contractual obligations in terms of environmental safeguards, contributions to public revenues and economic development. The information provided needs to be updated regularly, particularly concerning the review and cancellation or reduction of existing concessions as specified in the Land Law and the recent Subdecree on Economic Land Concessions.

We highly welcome the Prime Minister's statement (held at the annual meeting of MLMUPC on 6 Feb 2006) that land has to be converted from economic land concessions which have had little or no benefits and generally involved conflict and forest encroachment, to social land concessions to the poor.

We note that in the spirit of ensuring access to tenure security for all Cambodians, the Land law provides for "communal titles" for indigenous communities. This provision however has not been set in practice so far. Defining the legal basis for indigenous, communal title should therefore be

a future priority in this area to ensure that basic property rights are in place. Pending establishment of the legal framework, donors urge Government to vigorously suppress the rampant illegal sales of forest and other state lands in the Northeastern provinces which are likely to be at least in part, areas eligible for communal titles.

While progress is being made, tenure insecurity remains a core constraint for economic and social development in Cambodia and certainly is a factor for rising inequality that was stated in the latest poverty assessment conducted by the World Bank. Ensuring fair and equitable land dispute resolution will require particular attention as recent reports about hundreds of poor villagers from across the country who had for months camped in a park opposite the National Assembly in Phnom Penh protesting against land grabs remind us that the situation is still serious.

Let me also express my concern that the joint monitoring indicators for 2006 miss some important issues, and that some outstanding JMIs from 2004 are not being rolled over. So for example the disclosure on mining concessions and Military Development Zones on public lands should be kept on the agenda. Transparency on mining and land use by the military is a precondition for a land policy that is pro poor and reduces the opportunities for the rich and powerful to grab land and natural resources without any public control.

Furthermore donors propose to retain a JMI on independent monitoring in the forestry sector since this is an important means to at least keep an eye on illegal logging and encroachment on forested lands which finally has to be stopped and be replaced by a sustainable use of forest and other land resources. Even though at this point of time the source of funding for this task has not been identified, a JMI on independent forest monitoring should be rolled over and can remain as an invitation for any donor to step in with new commitments until the next CG meeting.

At the same time donors propose reviewing the institutional framework of the independent monitor. We have concluded that the effectiveness of the monitor needs to be strengthened by establishing a direct reporting relationship to higher political and administrative levels (and this view is consistent with the Multi-donor Independent Forest Review, 2004). The issue is not simply about forestry and illegal logging. Indeed, it is primarily about illegal land grabbing and corruption. We therefore would like to discuss this issue in this context.

Excellencies, colleagues, ladies and gentlemen,

In Cambodia around 85% of the population lives in rural areas and depend largely upon agriculture and access to natural resources for their livelihoods. This underlines, that the importance of this sector in reducing poverty is obviously high. Recent stocktaking of the Cambodian Millennium Development Goals clearly shows that progress in reducing extreme poverty mainly took place in urban areas while the positive effects of continuously high growth rates is reaching out to rural areas to a much lesser degree. The agricultural sector is contributing to growth and poverty reduction far below its potential.

Although the TWG on Agriculture made only limited progress against its ambitious 2005 work plan, this past year should be seen as one in which the members of the group developed a common understanding, and established the foundations for a working relationship between the responsible ministries and the various donors in the sector. For 2006 the TWG has developed a work plan that will more clearly identify tasks, responsibilities and the resources required to meet its goals. One important task is the development of a new sector-wide strategic framework for agriculture and water that we hope will guide future investment in this area. Looking beyond the monitoring period of a JMI donors encourage the Government to develop an integrated rural development strategy.