

**2008 Cambodia Outlook Conference
28 February 2008**

**Special Dinner Session: Making the Most of Cambodia's Natural Resources –
Land, Property, Real Estate, Productive Land Use and Development**

**Productive Land Use and Cambodia's Development: Some Policy Questions
by
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Excellencies, Distinguished Guests, It is a great pleasure to speak to you this evening on the subject of *Productive Land Use and Cambodia's Development*, from the perspective of a development policy research institute that is concerned with both wealth generation and poverty reduction.

Recent research by CDRI and others shows clearly that productive land use and broader land management, along with security of land tenure, both in rural and urban areas in Cambodia, are fundamental to Cambodia's development and poverty reduction efforts, and affect access to livelihoods, access to credit, agricultural investment and diversification, land markets, housing and urban development, and SME investment. CDRI's recent poverty studies show that the poor are increasingly dependent on land and water based natural resources to sustain their fragile livelihoods. While rich and upwardly mobile rural households have larger landholdings and generate higher yields and profits, many poorer households are increasingly unable to make a profit from rice farming, resulting in land sales and reliance on wage labour. A greater investment in and focus on increasing the productivity of small farm holdings, and the diversification of their cultivation, as emphasised in current Cambodian government policy, will bring both economic development and poverty reduction dividends.

Natural factors such as drought and floods, along with poor soils and lack of water management capacity have in some areas eroded farming productivity, while traditional access to forests and fisheries is increasingly subject to the pressures of a growing population, and conflict with elites and powerful actors from outside rural areas. As a result, in some areas, landlessness is increasing, either voluntarily or under

pressure, with rising inequality in rural landholdings, and a greater number of the poor are selling their labour locally or migrating elsewhere within the country, or to Thailand and Malaysia, in search of employment.

Our research supports the view that Cambodia's very successful achievement in land titling is an important contribution to the strengthening of the institutional fabric of Cambodia's increasingly dynamic economic and social development. However it also shows that land titles alone are not sufficient for promoting more equitable economic growth and reducing poverty. Land titles are necessary, but not sufficient. In the rural sector land title is only one of the key components of necessary development interventions that must include access to affordable credit, knowledge and information through extension services, and improved infrastructure, roads and irrigation.

National policies governing land, and natural resources, are of course designed to promote the sustainable management of land and water assets, but uneven implementation and enforcement at the local level are promoting the rapid degradation of the natural resource base, increasing landlessness, and in some cases undermining local community respect for the responsible public institutions. There is an urgent need to consider how land and natural resource related conflicts, particularly where elite land grabbing and natural resource capture are involved, can be prevented and managed in ways that provide the poor with access to fair and impartial resolution, both at the local village level, and where the conflict involves outside rich and powerful interests.

Our research clearly demonstrates the need for more allocation of resources, and better targeting of agricultural and rural development inputs, and a stronger and more impartial enforcement of laws and regulations governing access to and control of natural resource assets including land. There would be a greater impact on agricultural productivity, poverty reduction and well-being if complementary local inputs included security of land tenure, irrigation and extension services and affordable credit.

Experience in other comparable agriculture-based developing countries shows clearly that, where there is not equitable diverse and productive land use, there will be poor agricultural development, limited agricultural diversification, and limited benefits to the majority of small farmers, with some countries in danger of ‘a new feudalism’, where land ownership and use is concentrated in the hands of a small urban elite, and where elite land and natural resource grabbing is common. In such scenarios, a certain level of development can be achieved but then it plateaus, with limited future options for more sustainable development and poverty reduction. When this happens it is very difficult to rectify. Cambodia can learn from this experience of others and avoid this.

The granting of Economic Land Concessions is a controversial and complex issue in Cambodia, posing serious questions about the impartiality and transparency with which these concessions are granted, and whether they are utilised for productive economic purposes or not. While the granting of economic concessions for the cultivation of cash crops and plantations can bring significant immediate economic benefits, they may have a limited impact on longer term agricultural productivity, rural livelihoods, and poverty reduction. If poorly administered, it can also mean the acquisition of land for speculation, tax avoidance, the fencing off of large tracts of land for unproductive purposes, and disincentives to much needed rural and agricultural development by local communities themselves. On the other hand, Social Land Concessions have the potential to be an important mechanism for providing land to the landless, as well as providing policy guidance and structure for converting state forested land into agricultural uses. However the pace of implementation of the granting of Social Land Concessions has been very slow and needs to be fast-tracked.

There are some major policy questions that require attention:

- (i) How can Cambodia achieve a carefully balanced approach to land policy and management, that promotes the productive use of land, creates wealth, and also ensures that rural land is available for the productive agricultural use that is necessary for further progress in the achievement of broader rural development and poverty reduction goals?

- (ii) How can economic and social land concessions be better managed and utilised to contribute to productive investment in and use of land, with benefits to both rich and poor? How can they administered to better ensure transparency and good governance - in granting, zoning, valuation and generation of much needed tax revenue?

- (iii) How can the Cambodian government and the private sector encourage property development and land use that is economically beneficial, meets community needs, both for the rich and poor, and respects Cambodian heritage and environmental values?

Thank you very much for your attention.