

## NOTES FOR CG MEETING 6-7 December 2004 FOREST SECTOR IN CAMBODIA

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HIGH PRIORITY TO BE INCLUDED is mark in yellow:

1. The Rectangular Strategy recognizes that the core principles of good governance also need to be applied to the management of natural resources, if Cambodia is to make any progress in poverty reduction. Cambodia's rich natural resources need to be managed better and distributed more equitably and transparently to ensure that all Cambodians benefit from these rich resources.
2. The forestry sector is one of the few sector with great potential for improving livelihoods and alleviating poverty in Cambodia. A new approach, values and behaviour towards recognition of rural people as clients must be adopted. The forestry sector should be centre on the people and poverty alleviating.
3. The benefits of forests must be directed to improving livelihoods through local management systems that provide revenue for the development of the local priorities set by communities and commune councils.
4. The past forest resource protective and management system has shown little improvement to livelihoods, yet resources have been logged, encroached and degraded. Progress in the Forestry Sector will be considered not only by donors in forestry but also by donors in other affected and related sectors.
5. Current natural resources management policies, in addition to undermining the incentives for the broad governance reforms espoused in the Rectangular Strategy, are likely to lead to increased competition for resources from a growing population. In the Rectangular Strategy, the Royal Government acknowledges its abundant natural capital and highlights the importance of natural resources. The Rectangular Strategy emphasizes the role of natural resources to support rural livelihoods through improvements in agricultural productivity, more equitable, efficient and sustainable use of land, water, fisheries and forest resources – including protected areas.
6. Reorienting the governance of natural resources can improve livelihoods in rural areas, thus reducing the potential for conflict, contribute more substantially to economic growth and exports, provide improved environmental services, increase public revenues. While the government has taken several positive steps to improve the management of Cambodia's natural resources, a strong coalition of vested interests within the government and the private sector, exists which will continue to resist further reforms. For most of the natural resources being managed by the state increased local benefit sharing will be required. Effective enforcement is unlikely to be realized unless the incentives to all parties are well aligned. Experience from several countries indicates that in this context, direct, targeted benefit sharing mechanisms can provide increased transparency and accountability while enforcement and broader public revenue and expenditure systems are strengthened.
7. Local communities can share both access to the resource itself, as well as the direct monetary benefits from commercial management. Mechanisms which ensure continued access of local communities to forestry resources have shown more promise in providing incentives for villagers to support management regulations. Decentralization reforms – in particular the establishment of commune councils, as well as district planning mechanisms - provide a stronger basis for developing coordination and accountability amongst communities and between communities and resource management agencies.
8. The weak and corrupt stewardship of natural resources has become a central governance issue in Cambodia. Following the end of civil war, the only high value assets available for distribution to appease warring factions in the pursuit of peace were the country's relatively abundant natural resources:
9. High levels of uncertainty following the conflict, particularly relating to property rights have encouraged a rapid exploitation of natural resources to the detriment of sustainability of these resources. State lands and the resources located on these account for approx. 75% of Cambodia's land area. But how much actually is under State control, what it is being used for, and by whom is not at all clear. As a consequence, deforestation due to illegal logging and spontaneous as well as government sanctioned conversion of forest land for other uses amounts to 1% of the country's resources each year.
10. The government needs to stop the current policy confusion and corruption that feeds the substantial degradation of land under its responsibility. Reform must begin with implementation and completion of

assessments of state managed natural resources and with the development of land use and allocation maps for agricultural land, forests, protected areas, fish stocks and water.

11. Establishing a more accountable and transparent system for the management of state lands is a high priority. The current legal and regulatory framework needs to be reviewed to ensure greater clarity in institutional jurisdiction and mandates, specify reporting requirements, and establish clear oversight and dispute resolution mechanisms.

The donor community have establish the following forest specific and crosscutting benchmark for 2005.

#### FOREST SECTOR

- a) That the existing logging and transportation moratorium is continued and remains in place until the collective titling process is complete and that no new land claims should be processed.
- b) That forest zonation should wait until this process is completed; in particular, there should be no demarcation of the permanent forest estate until indigenous people's rights are secured.
- c) A single over-riding policy and policy process for the forest sector, should be established. This policy should be closely aligned to national goals of poverty reduction and embedded in national planning processes, such as the SEDP, GAP, NPRS and emerging MTEF.
- d) That the concession system is staled until options of alternative forms of management for Cambodia's forests have been explored and agreed
- e) Termination of all military concessions that are situated on forest land, in protected areas, or are otherwise contrary to the law,
- f) Disclose the location and legal status of all the Military Development Zones.
- g) That new effective legal rights and prior claims are established in post-concession area and non-concession areas. These claims need to be exercisable by state, commune, community, individual or private organisation in order for them to be effective.

#### CROSS CUTTING

- h) Translate recent renewed pledges to combat corruption into immediate action including
  - i. Officials including RCAF officers involved in corruption and misappropriation of state assets should be prosecuted and punished in accordance with the law.
  - ii. Ensure full disclosure of documents of public interest concerning the forest sector.
- i) The Anti-Corruption Law should encompass:
  - i. Creation of a register of business interests of politicians, government officials and Royal Cambodian Armed Forces in natural resources
  - ii. Requirement that all contracts/agreements between the government and private sector operators concerning land use, harvesting rights or transfer of ownership, on areas of state property larger than 100 hectares
  - iii. Requirement that all private sector operators holding concessions on state property publicly disclose payments make to the RGC

Sources: World Bank, Independent Forest Sector Review and other donor/ NGO reports