



## Japan, World Bank to Support Community Forestry plans



*From left: H.E Takahashi Fumiaki, Japanese Ambassador, Ian Porter, World Bank Director, H.E Keat Chhon, Sr. Minister of MEF, and Dr. Yam Malla, Executive Director of RECOFTC at the signing ceremony.*

PHNOM PENH, September 11, 2006 – The Ministry of Economy and Finance (MEF), the World Bank and the Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC) signed a Japan Social Development Fund (JSDF) grant agreement for Capacity Building for Sustainable Forest and Land Management in five rural provinces of Cambodia. The \$1.76 million grant, provided by the Government of Japan through the World Bank, will finance a new project to help build capacity of forest dependent villages as they explore new partnerships with government and non-governmental partners and develop innovative approaches to forest stewardship and participatory monitor-

ing of forests and land resources.

*“The Japan Special Development Fund project contributes to forest protection and improvement of forest-based livelihoods,”* said H.E. Takahashi Fumiaki, Japanese Ambassador to Cambodia, at the signing ceremony. *“Community resources are properly managed through activities under the field project, and local people eventually realize the importance of their own community resources including forests. In addition, the project can greatly contribute not only to capacity building at the community level, but also the promotion of effective utilization of forest resources in the whole country.”*

The Japan Social Development Fund (JSDF) was established by the Government of Japan and the World Bank in June 2000 as an untied mechanism for providing direct assistance to the poorest and most vulnerable groups in eligible member countries of the World Bank Group, and to build capacity, participation, and empowerment of civil society, local communities, and NGOs. As of May 31, 2006, the Government of Japan had provided over US\$250 million to the JSDF and almost 200 grants, amounting to more than US\$238 million, had been approved to support a broad range of initiatives including fisheries, livelihood development, education, health, and basic ser-

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vices for poor communities.

H.E Keat Chhon, Sr. Minister and Minister of Economy and Finance said: *"I would like to use this opportunity to express my sincere gratitude to the Japanese Government and the World Bank for this grant assistance and on behalf of the Royal Government of Cambodia I would like to ensure that it is our responsibility to utilize this grant in an efficient and transparent manner to reach its objectives and I hope that RECOFTC, as the implementing agency for this grant, will carry out its obligations set forth in the Letter Agreement to implement the project with successful achievement for the sake of Cambodians."*

He added: *"I strongly believe that the successful implementation of this technical assistance will provide Cambodia more opportunity to attract more assistance from the World Bank as well as other development partners for this sector."*

This four-year project is focused on specific cantonments of five provinces – Ratanakiri, Kompong Thom, Kratie, Kampot and Pursat. Capacity building activities supported by the grant will include the following:

- ◆ Community Forestry Field Training Program – Training on community forestry

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**"If successfully implemented, this project will help strengthen capacity of government, NGOs and communities to manage forest resources in a transparent, equitable and effective way".**

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**Ian Porter, World Bank Director**

legal framework and implementation including community organizing, discussion facilitation, community mapping and boundary demarcation, participatory land use planning, forest management plan development and community forestry agreement processing;

- ◆ Piloting Community Forestry Partnerships - This component supports experiential learning for newly appointed government staff, NGO and local government partners who will be sharing responsibility for implementation of



**The four-year community forestry program is focused on five provinces -- Ratanakiri, Kampong Thom, Kratie, Kampot and Pursat.**

the Community Forestry Sub-decree at both local and national levels; and

- ◆ Participatory Monitoring, Evaluation, and Dissemination – Building a strong and participatory program to help share insights among communities and implementation partners, support communities efforts to develop forest and land management and monitoring

networks, and support to the Community Forestry Unit of the Forest Administration to work with local networks engaged in field data collection and analysis, communications and dissemination.

Mr. Ian Porter, World Bank Country Director for Cambodia, noted that the project *"is fully in line with one of the key aims of the Bank's engagement in Cambodia—to support institutional reforms that help the rural poor have more say, and gain more benefits, from the sus-*

*tainable management of natural resources."*

Mr. Porter added, *"if successfully implemented, this project will help strengthen capacity of government, NGOs and communities to manage forest resources in a transparent, equitable and effective way"*.

RECOFTC, a Bangkok-based international NGO, will work in partnership with Forest Administration (FA) of the Cambodian Ministry of Agriculture, Forests and Fisheries, to implement the project over the next three years. RECOFTC Executive Director Dr. Yam Malla noted that *"rural people need forest resources to maintain and improve their living standards and to meet their cultural needs. Community forestry represents a huge opportunity to mitigate poverty and social inequity."*

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## Land Disputes: Finding Justice through Collective Action

Prime Minister Hun Sen has repeatedly warned that a failure to improve land management and stop “land grabbing” could lead to a “farmers’ revolution.” While the World Bank is supporting the government to title more land under its Land Management and Administration Project, the issue of what to do about existing land disputes remains a concern. A soon-to-be-released study undertaken by the Center for Advanced Study as part of the World Bank’s justice for the poor program looks at how people are currently dealing with disputes over land. Though the report finds that the odds in such disputes are stacked in favor of the rich and powerful with their government connections, the picture is not completely bleak. The study finds that more just and equitable outcomes are possible when the poor engage with the state collectively. World Bank legal specialist, Daniel Adler shares the findings of the study with the World Bank Newsletter.

**Q: Has land grabbing by local elites united poor communities into coherent resistance movements? And does the resistance bring any benefit to the poor?**

Our study finds that collective action in response to land disputes is prevalent and that there are circumstances in which it can be effective.

With pressure on land and natural resources increasing, there is a willingness for villagers to pursue claims, even against people who are rich or powerful. While the propensity for people to organize around land disputes is known from cases covered in the national media, it is noteworthy that similar claim-making behavior is widespread with regard to smaller disputes.

It is also noteworthy that the state is not impervious to these claims. Without suggesting that the disputes studied were resolved satisfactorily, it was apparent that where they acted collectively villagers were able to achieve fairer and more equitable outcomes than might otherwise have been the case.

**Q: Is collective action by poor people necessary for them to secure justice?**

The improved outcome observed when villagers act collectively suggests that group mobilization may be a necessary precursor to the success of rights based strategies. In the absence of equi-



*Failure to stop land grabbing could lead to a farmers’ revolution, the PM warns.*

table rule-based systems for allocating resources and resolving disputes, it seems that collective action is a crucial mechanism for improving the responsiveness of the state to the needs of the poor.

**Q: What specific factors has your study identified as enabling villagers to assert their land claims effectively?**

Three key factors were identified as enabling villagers to make effective claims. First, they need to be able to organize as a group. Second, they need to be able to attract the attention of higher-level decision-makers. And third, their success hinges on their ability to persuade those decision-makers of the merits of their case.

**Q: Did your study find any particular catalyst enabling villagers to organize effectively?**

One factor influencing group formation was the existence of village-level leaders with strong coalition-building skills and who were willing to take the lead in approaching the authorities. Such individuals were able to build issue-based coalitions across political and social divides and to sustain the group cohesion required to mount an effective claim. In cases where no formal claims were made, the absence of such leadership was notable. Even though the villagers in our case studies represented themselves, access to information and advocacy support from NGOs were important factors leading to success in a number of cases.

**Q: How do villagers attract the at-**

**tention of the decision-makers they need to reach?**

Pathways to these decision makers were found through personal contacts, local and international NGOs, the media, local government officials and representa-

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### Collective Action over Land Issues in Kampong Thom province

Over recent years it has become popular for investors to build dry season rice irrigation schemes on the plains of the Tonle Sap lake. However, these schemes are controversial because they sometimes have adverse impacts on local livelihoods. The Justice for the Poor team documented two cases in Kampong Thom where villagers successfully opposed the construction of such irrigation schemes. In one of these cases villagers staged a demonstration at the site of the proposed irrigation dam and then decided to petition their local authorities to keep their lands for traditional rice farming and grazing activities. Though their claims were not successful at the commune or district levels, when they met the provincial governor, he brokered a compromise between the villagers and the investor. The deal was that no irrigation scheme could be constructed on their village lands if they farmed the land themselves. Villagers still feel worried that their lands are not secure but for the moment they are relieved that will be allowed to continue farming there.

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tive of the political opposition. It was notable that a lack of prior training on the law did not hinder villagers in pursuing their claims. Given the political/administrative paths which the disputes followed a lack of legal knowledge was not a major issue and it was generally sufficient that information and advocacy support was available from trusted resource people (often in the NGO sector) once disputes arose.

**Q: But even when the villagers get the attention of influential decision-makers, how do they persuade them of the merits of their case?**

In our case studies, the basis on which the state, or its officials, engaged with villagers' claims was opaque. Assuming that decision makers in these cases are responding to the political pressure that constituencies bring to bear, one important binding constraint to effective advocacy was the scale on which people were able to organize.

In the cases studied, this occurred only on the village level, despite the fact that the issues around which people were mobilizing often raised matters which could have been dealt with on a larger scale. The issues dealt with in our case studies would have lent themselves to joint claims involving multiple villages but this did not occur. For the moment, advocacy would appear to be based on ephemeral groups that form around personal connections. The absence of broader social movements around land and natural resources issues in Cambodia is notable. So too is the lack of an institution that serves as a public forum around which such collective action might be structured, at once amplifying the voice of the poor and channeling land conflict away from violence.

**Q: Are people more willing to resist eviction and seizure of their land now than they were a few years ago? If so, why?**

The development which Cambodia has seen over the past five to ten years appears to be a two edged sword with regard to land disputes. On the one hand the spread of the land market and the increasing scarcity of land increase the incentives for the rich and powerful to accumulate land, lawfully or otherwise. On

the other hand, however, it would also appear that citizens are becoming more willing to resist.

With regard to one case we found that significant improvements in road access and other infrastructure including media and telecommunications coverage reduced locals' sense of isolation and vulnerability over time. With greater connection to the outside world came a feeling of having to rely less exclusively on local authorities; this seems to have contributed to a sense that villagers could pursue claims against representatives of local government with greater vigor than before. Equally important, however, is the lack of other options. Whereas before if the poor were moved off land they might have simply cleared more, these options are now restricted because land is scarce on the one hand and more tightly regulated on the other.

**Q: Do appeals to powerful people such as the Prime Minister prove effective? If so why?**

We did not observe appeals to the PM in our research. However we did find that in attempting to engage the state in the dispute resolution process, villagers inevitably looked to get a powerful administrative decision-maker to intervene on their behalf. Though this was effective in some cases, the reasons why higher level decision makers are brokering compromises is not entirely clear.

In the study we conclude that while little faith is put in the law, each of our cases reveals a system of governance which requires a degree of responsiveness to land claims brought by groups of villagers. The officials called upon to resolve these disputes are often struggling to reconcile competing interests.

Although the processes by which officials make decisions remain something of a 'black box', pressures at the national level for the government to be responsive would appear to come from a number of sources.



**Daniel Adler: "In the absence of equitable rule-based systems for allocating resources and resolving disputes, it seems that collective action is a crucial mechanism for improving the responsiveness of the state to the needs of the poor."**

First, there is concern to avoid the social instability that could arise from increasing land conflict. Thus the Prime Minister has repeatedly warned that a failure to improve land management and stop 'land grabbing' could lead to a farmers' or peasant revolution. Similarly, a pressure to be responsive emerges from the Government's need to sustain its legitimacy in the eyes of a predominantly rural populace. Local pressures are augmented by relationships of accountability that exist between donors and government and the desire of the latter to be seen as a responsible member of the international community and one worthy of receiving development assistance. Villagers and their supporters seem to be aware of these sensitivities and use advocacy strategies such as contacting media and national NGOs in order to tap into national and international public opinion.

The incentive framework in which local officials operate is complex. Good performance means maintaining social harmony, ensuring success at the ballot box, achieving the government's policy targets with regards to private sector development and economic growth, as well as identifying sufficient rent-seeking opportunities to ensure material and/or professional advancement.

Although power in Cambodia today derives significantly from binding elite

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factions together, the patterns encountered in our fieldwork suggest that the administration is also dependent on peripheral clients for its legitimacy and as such that it is also somewhat sensitive to the articulation of demands from such constituencies.

Balancing such diverse political interests requires compromise. It is within this framework that it makes sense for villagers to leverage whatever political capital they can muster so as collectively to attract the attention of influential political decision makers to their grievances.

**Q: Do land disputes have adverse effects on business and private-sector development?**

Land disputes can damage the prospects for private sector development. Local entrepreneurs rely on local-level authorities to provide them with the authorizations needed to undertake new projects. If these are issued and then revoked without any sense of due process an atmosphere of uncertainty is generated.

As a result of disputes, investors lose confidence in 'official stamps' on which they relied as evidence that their projects had been approved. This lack of bureaucratic certainty encourages business to go straight to the top and deal only with high-ranking individuals perceived to have the personal power to protect the initiatives they authorize. One investor frustrated by a dispute suggested that in the future he would wait for the signature of the provincial governor himself rather than deal with the deputy governor.

**Q: Do disputes have any effect on investors' attitude to the villagers?**

Other investors expressed regret at having relied too much on the commune council to conduct consultations with villagers prior to initiating the project. However, they indicated that there was a lesson learned from this experience. After the experience of having had a project fail because of resistance from the villagers, they indicated that they would now take a different approach. Rather than relying on the commune council to liaise with villagers they suggested that in the future they would talk and work with villagers directly



*Poipet farmers threatened with eviction protest in front of the National Assembly.*

to get their consent first and then address the authorities for approval later.

**Q: What are the overall implications for the private sector?**

These findings portray a private sector in a state of flux. On the one hand we see close cooperation or even collusion between investors and local authorities – the former needing government approval for their projects, and the latter having immediate personal interests in the approval of such projects. We also see government officials with a high level of direct involvement in private sector initiatives. These factors blur the distinction between the private sector and the state and make it difficult to rely on the state as an honest broker in such transactions.

However, our research also suggests that the interests of the government sit less than completely flush with those of the private sector. Investors demand quick secure decisions from the state. But the absence of well embedded legal and bureaucratic processes for making such decisions means that administrative decisions are subject to review as political circumstances change – for example in response to collective action. Uncertainty in decision-making leads to dissatisfaction with government among the business community. While the immediate response may be to seek ever higher-level support for projects through the patronage system, this is unlikely to be a viable long-term strategy in a growing and diversifying economy. In these circumstances the

business community may emerge as an important advocate for clearer and more certain administrative decision making according to law.

**Q: Is there evidence that pressure from the people can improve governance?**

International experience has shown that good governance emerges at least partially in response to demand from citizens for greater accountability and better quality of services. If you like, what we have documented in our research are organic expressions of the demand for better governance around land issues in Cambodia. We have also observed that government is, at least in some contexts, responsive to these expressions of demand. To be sure, the forms of organization we are witnessing are embryonic. Similarly, government responses are not always positive and it is a well-known fact that a number of high-profile land disputes have led to violent evictions and even killings in recent years. In these circumstances both the ability of citizens to peacefully express their demands on government and the capacity of government to respond to demand in a constructive fashion need to be supported.

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## Key Business Reforms Implemented, But Difficulties Persist

Phnom Penh, September 6, 2006 – Cambodia has implemented a number of key reforms, including setting time limits on obtaining business licenses, according to a new report by the International Finance Corporation and the World Bank. The report, *Doing Business 2007: How to Reform* found the reforms reduced delays by 66 days. Other key regulatory changes included revisions to customs regulations which reduced the time to export by seven days and the time to import by 10 days. However, Cambodia remains a challenging place to do business, with the report ranking it 143 out of 175 countries in terms of the ease of doing business.

Promoting a favorable investment climate for doing business in Cambodia is a primary pillar of the World Bank Group's support to Cambodia, said Nisha Agrawal, World Bank Country Manager for Cambodia. "In the last year, a \$10 million World Bank grant for trade facilitation and competitiveness has already achieved demonstrable results. Over two years, the performance measurement system shows significant reduction in time spent by businesses for import and export transactions with government agencies, and also a decline in informal fees. For example, times to import declined from 30 days in 2003 to 10.5 days in July 2005, and time to export declined from 6.6 days in 2003 to 20 hours in July 2005. Informal fees declined from 5% per total consignment value in 2003, to 2% in July 2005. We hope this progress will continue."

Since 2003, IFC, the private sector arm of the World Bank Group, has been helping to improve dialogue and build trust between the government and private sector through coordination of the Government-Private Sector Forum. IFC's donor-funded technical assistance initiative in Cambodia, the Mekong Private Sector Development Facility, is currently using a number of the *Doing Business* indicators to compare the ease of doing business in Cambodia's 10 most economically active provinces and municipalities. Based on the results, which will be announced in late October, IFC-MPDF will provide technical assistance to help provincial authorities to improve the business environment and the private sector to advocate more effectively.

Adam Sack, General Manager of IFC-MPDF, stressed the need for government to continue improving the laws that impact private enterprise. "Although the World

Bank's research shows that the government facilitates import and export transactions faster than last year, much broader and deeper reforms are required to significantly improve the business environment and thereby encourage more local and foreign investment.

While 14 reforms in seven economies in the region reduced the time, cost, and difficulty for businesses to comply with legal and administrative requirements, East Asia's overall progress in regulatory reforms lags behind all other regions except South Asia, a fall from fourth to sixth place.

The report finds that while East Asian economies impose the fewest regulatory obstacles on business after OECD countries, they are now reforming more slowly than all other regions except South Asia. Less than half

of the East Asian economies introduced one or more reforms that improved the *Doing Business* indicators. By comparison, every Eastern European country reformed except Slovenia.

"More progress is needed. East Asian countries would greatly benefit from new enterprises and jobs, which can come with more business-friendly regulations," said Michael Klein, World Bank-IFC vice president for financial and private sector development, and IFC chief economist.

*Doing Business 2007* also ranks 175 economies on the ease of doing business—covering 20 more economies than last year's report. Singapore became the most business-friendly economy in the world in 2005–2006, as measured by the *Doing Business* indicators, after last year's winner, New Zealand, made business licensing more difficult. The runner-up economy in the region is Hong Kong (China) (5), followed by Thailand (18), Malaysia (25), Mongolia (45), Taiwan (China) (47), China (93), Vietnam (104), Philippines (126), Indonesia (135), and Cambodia (143). Lao PDR (159) and Timor-Leste (174) are ranked lowest in the region.

*Doing Business* allows policymakers to compare regulatory performance with other countries, learn from best practices globally, and prioritize reforms. "The annual *Doing Business* updates have already



*A worker in a bicycle factory in the Bavet special economic zone at the border with Vietnam.*

had an impact. The analysis has inspired and informed at least 48 reforms around the world. The lesson—what gets measured gets done," said Caralee McLiesh, an author of the report.

Globally the most popular reform in 2005–2006 was easing the regulations of business start-up. Forty-three countries simplified procedures, reducing costs and delays. The second most popular reform—implemented in 31 countries—was reducing tax rates and the administrative hassle of paying taxes.

"Whatever reformers do, they should always ask the question, who will benefit the most? If reforms are seen to benefit only foreign investors, or large investors, or bureaucrats-turned-investors, they reduce the legitimacy of the government.

"Reforms should ease the burden on all businesses: small and large, domestic and foreign, rural and urban. This way there is no need to guess where the next boom in jobs will come from. Any business will have the opportunity to thrive," said Simeon Djankov, an author of the report.

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