

Independent Forest Sector Review

The Forest Sector in Cambodia:

Part II: Current Context

April 2004

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As ever the views expressed within this document are those of the team and do not necessarily coincide with any of those with whom we have interacted.

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Acronyms

AAC	Annual Allowable Cut
ADB	Asian Development Bank
ADESS	Agricultural Development Support to Seila
APIP	Agricultural Productivity Improvement Project
ARD	Associates for Rural Development
AusAID	Australian Agency for International Development
CAAEP	Cambodia-Australia Agricultural Extension Project
CAR	Council for Administrative Reform
CBD	Convention on Biodiversity
CBNRM	Community Based Natural Resource Management
CDC	Council for the Development of Cambodia
CDM	Clean Development Mechanism
CDRI	Cambodia Development Resource Institute
CER	Certified Emission Reductions
CF	Community Forestry
CG	Consultative Group
CI	Conservation International
CIDSE	International Centre for Development and Solidarity
CI FOR	Centre for International Forestry Research
CLEC	Community Legal Education Centre
CMDG	Contextualised Millennium Development Goal
CS	Cultural Site
CSD	Council for Social Development
CTIA	Cambodia Timber Industry Association
DAE	Department of Agricultural Extension
DANIDA	Danish International Development Assistance
DAI	Development Alternatives International
DBH	Diameter at Breast Height
DF	Deciduous forest
DFID	Department for International Development
DFW	Department of Forestry and Wildlife
DNCP	Department for Nature Conservation and Protection
DOLA	Department of Local Administration
EF	Evergreen forest
EIA	Environmental Impact Assessment
ENGO	Environmental NGO (local)
ESIA	Environmental and Social Impact Assessment
ExCOM	Provincial Executive Committee
FA	Forestry Administration
FAO	Food and Agricultural Organisation of the United Nations
FFI	Fauna and Flora International
GAP	Governance Action Plan
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GSCSD	General Secretariat of Council for Social Development
GTZ	German Development Assistance
IDRC	International Development Research Centre

I ENGO	International Environmental NGO
I FAPER	Integrated Fiduciary Assessment & Performance Effectiveness Review
I FI	International Financial Institution
I MF	International Monetary Fund
I TTO	International Tropical Timber Organization
I UCN	International Union for Conservation of Nature
J ICA	Japanese International Cooperation Agency
L AMC	Law on Administration and Management of Communes
L WF	Lutheran World Federation
M AFF	Ministry of Agriculture, Forestry and Fisheries
M DG	Millennium Development Goal
M EF	Ministry of Economy and Finance
M I ME	Ministry of Industry, Mines and Energy
M LMUPC	Ministry of Land Management, Urban Planning & Construction
M OI	Ministry of Interior
M OE	Ministry of Environment
M OH	Ministry of Health
M OP	Ministry of Planning
M OWRAM	Ministry of Water Resources and Management
M RC	Mekong River Commission
M RD	Ministry of Rural Development
M UA	Multiple Landuse Area
N BSAP	National Biodiversity Strategy and Action Plan
N CFPR	National Committee for Forest Policy Reform
N CSC	National Committee for Support to Communes
N EAP	National Environmental Action Plan
N F	Non-forest
N FP	National Forest Programme
N GO	Non Government Organisation
N P	National Park
N PAR	National Programme for Administrative Reform
N PRS	National Poverty Reduction Strategy
N SEC	Supreme National Economic Council
N TFP	Non Timber Forest Product
O F	Other forest
P A	Protected Area
P DAFF	Provincial Department for Agriculture, Forestry and Fisheries
P F	Protection Forest
P FE	Permanent Forest Estate
P FO	Provincial Forest Office
P FR	Permanent Forest Reserve
P L	Protected Landscape
P LUAC	Provincial Land Use Allocation Committee
P LUP	Participatory Land Use Planning
P M	Prime Minister
P MATU	Poverty Monitoring & Analysis Technical Unit
P PA	Participatory Poverty Assessment
P RA	Participatory Rural Appraisal
P RASAC II	Programme for the Agricultural Sector in Cambodia

PRDC	Provincial Rural Development Committee
RGC	Royal Government of Cambodia
RS	Ramsar Site
SADP	South
SAT	Sida Advisory Team
SEDPI I	Socio-Economic Development Plan
SEF	Semi-evergreen forest
SIDA	Swedish International Development Agency
SL	Sustainable Livelihood
SNEC	Supreme National Economic Council
SRCS	Strategy to Rationalise the Civil Service
TWG	Technical Working Group
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank
WCS	World Conservation Society
WFP	World Food Programme
WGNRM	Working Group for Natural Resource Management
WS	Wildlife Sanctuary
WTO	World Trade Organisation
WWF	World Wildlife Fund

Introduction

In this report we bring together the work of individual members of the Independent Forest Sector Review team. In the 14 chapters that follow this introduction we establish the different elements of the context of the forest sector in Cambodia including:

- the nature of the forest resource – its ecology and silvicultural status
- the livelihood importance of forest resources
- the economic context
- the institutional, political and legal context

This forms the basis for the discussion of policy choices and issues presented in Part I and the identification of options for the future of the forest sector.

1. Remit of the review

The terms of reference for the review take a broad definition of “forest” and, as a result, the team has considered forests in the widest sense, including both products and services from the forest, as well as forest land and its use. Institutionally, we have tried to understand the legal and economic motivation, incentives and constraints on the main agencies in the sector, the nature of the relationship between them and the impact these motivations and relations have on the forest and, in turn on livelihoods, economics and ecology.

The objective of the review was to take stock and to think strategically and forwardly. The review is not an evaluation which assesses existing activities, programmes or projects. The review does not provide technical guidelines and is not directed at the mechanics of forest management.

As a result, the team have used – and the report sets out – a number of different frameworks for looking at the sector. These include a landscape approach, a livelihoods framework and an institutional model – which has guided the way the analysis has been conducted and presented. The team has also constructed an (simple) economic model which has been used to simulate changes in different assumptions about land use, forest management and the distribution of benefits and royalties.

The review recognises the contestedness of forest policy and management goals and often the rights associated with these goals and policies. Very simply, there is no technical right answer to determine the balance between different values and rights of different stakeholders, between short term use and long term accumulation – between consumption and conservation. There is also no technically optimum distribution of the benefits of the forest

resources – like the setting of policy goals, the distribution of benefits must be determined at a constitutional and political level.

2. Overview of issues

Cambodia's forests are important for livelihood, economic and ecological reasons. The governance arrangements have major implications for the distribution of the benefits and services from these assets as well as affecting the balance between conservation and production and between production and conversion to other land uses. These decisions, in turn, have implications for future generations as well as impacting more widely at the regional and global levels.

This report is presented at a critical junction for the forest sector in Cambodia where there are a series of debates surrounding different issues – many of which are captured under the title of “forest sector reform” – to which the RGC remains committed¹.

In the fourteen chapters of this report, we consider the issues outlined below:

- **Concession system.** For historic reasons, Cambodia has preserved, on a per capita basis, more of its forest than its neighbours. As stability returned in the aftermath of the civil war, and following an initial period of anarchical logging, the RGC introduced the concession management system as a means of organising commercial logging and promoting exports. Following concerns about the implementation of the concession system, the government has terminated many of the original agreements and a moratorium on legal logging was introduced in 1999. There has been no legal logging since then. Capacity has been developed to support the concession system, but the process has also been challenged.
- **Community forestry.** During this period, community forestry management initiatives have been started – focusing mainly on high forest areas with conflicting concessionaire rights or in densely populated areas around the Tonle Sap. However, the total area under community management is relatively small.
- **Illegal logging and forest crime monitoring** has been a major issue, exercising government, donors and CSOs. This has centred on the

¹ “All of us must tie our destiny to forestry reform, and to the sustainable management of natural resources”, Prime Minister Hun Sen, 12th May 2003

concessionaires and concern about “overlogging” to supply installed milling capacity.

- **Market chain problems.** Given demand, supply and the illegality of any harvesting, opportunity has arisen for agencies and people at different stages in the forest-market chain to capture part of the forest rent.
- **Land conversion.** There has also been concern about land conversion to either agriculture or plantation, either formally through concessions, or informally through local agreements or by attrition, with small milling following road access, bringing in labour and leading to settled agriculture. Formal boundaries of the permanent forest estate and land titles are not in place on the ground
- **International NGOs.** The role and activities of international Environmental NGOs working in protected areas under MOUs, but with little supervision and control from either the DNCP/MOE or Forestry Administration raises issues of mandate and conformity with a strategic process to determine protected area management.
- **Rights of indigenous people.** Concern, from some, about safeguarding the rights of indigenous people, enshrined in law, but less clearly articulated in practice and from others about the impact of swidden agriculture on the forest.
- **Legal gaps and uncertainties.** The institutional and legal framework within which the sector operates. As Cambodia emerges as a modern society, laws, sub-decrees and prakas are being developed to determine the governance, institutional and managerial structures. However, the process has been unsure at times, uneven in its development, varied in terms of transparency and leaving ambiguity and gaps.
- **Administrative structures.** The overlap in jurisdictions and functions between MOE (DNCP) and MAFF (FA) create major problems for the effectiveness of management of Cambodia's forest resources. We consider the effects of the jurisdictional overlap and the institutional competition in terms of the resource and the organisations involved.
- **Public sector reform.** More generally, Cambodia is developing its political and administrative structures, including deconcentration and decentralisation programmes. Recently elected commune councils remain as agencies of the state, controlled by the state, but there is on-going discussion and debate on enabling them to become more autonomous with their own fiscal resources.

- **Managing interest groups.** International NGOs and civil society organisations have played an important role in Cambodia's past. Currently, NGOs play an important role in implementation of policy. At an advocacy level, there is often a more personal, less direct and more confrontational stance between NGO and Government.
- **Ensuring funding.** The donors are searching for a framework to support future investment and lending programmes. The World Bank LIL project loan was extended until xxx. GTZ have not renewed their project. ADB support has been limited in the recent past. JICA has focused on training and capacity building support. ADF, DANIDA, DFID and SIDA have indicated an interest in the sector, provided programmes relate to poverty reduction, the MDGs and the PRSP. USAID funding must be channelled outside government at support to communities, the rights and conflict resolution.
- **Links between poverty reduction and forest resources.** The lack of a clear and argued policy for the linkages between poverty reduction and forest resources raises concerns about the ways in which forests are managed and for whose benefit.

3. Structure of the report

The report is structured around an understanding of the resource in terms of its ecological and silvicultural context (Chapters 1 and 2); we then move onto to examine the current management regimes for forests under protection (Chapter 3) and under production (Chapter 4). From this point we then consider the demands facing the resource (Chapter 5) and the economics driving its use (Chapter 6). This then is followed by a description of the way in which rural livelihoods and forests are intertwined and the effects different forms of forest use have had on the poor (Chapters 7 and 8). We then place the resource and its use within its institutional context and consider the broader political and governance issues driving the sector's performance (Chapter 9). The formal legal and informal frameworks are examined (Chapter 10) to identify some of the incentives that drive particular sets of behaviours amongst the major players in the sector – the Government players (Chapter 11) and civil society, private sector and donors in Chapter 12. Chapter 13 reviews the policy process, fiscal issues and the experience of public participation in the policy process. Finally Chapter 14 looks at the contentious issues surrounding regulation within the sector and in particular the experience of forest crime monitoring.