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NGO Forum
on **CAMBODIA**

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AN ASSESSMENT OF JOINT MONITORING INDICATORS

Introduction

At the 2006 Consultative Group (CG) meeting on 2-3 March, the government of Cambodia and donor community agreed on 60 Joint Monitoring Indicators (JMIs) that describe actions that need to be taken by the Royal Government in twelve areas such as: i) the fight against corruption and poverty and improve the livelihoods of the Cambodian poor; ii) improving the legal & judicial system, the public administration system, and the management of public finances; and iii) implementation of the decentralisation and deconcentration policy.

These JMIs are assessed against its progress on a quarterly basis at the meetings of the Government Donor Coordination Committee (GDCC). In the run-up to the last GDCC held on 14 June 2006, the NGO community produced a statement that commented on 41 indicators which can be downloaded from www.ngoforum.org.kh/Development/Docs/doc.htm, which also contained an annex that commented on the eviction of the Basac community on 31 May 2006. The following sections from this NGO statement follow the agenda of the last GDCC meeting.

The Anti-corruption Law

i). Joint Monitoring Indicators monitored by NGOs

Target	Actions Needed
3. Combat corruption	3.1 Finalize and approve Anti-corruption Law, based on best international practices
	3.2 Disseminate information on reported cases on corruption and conviction on semi-annual basis.

ii). Monitored progress on Actions Needed

3.1. The draft Anti-Corruption Law (ACL) was submitted to the Council of Ministers (CoM) in December 2005 and it is still at the COM as of today although it is said to have been reviewed by the Council of Jurists and the OBSESS. According to the legislative procedure, the draft would have to go through another review mechanism at the COM, the Inter-Ministerial Meeting. As far as the time frame is concerned, the draft is to be approved by the end of June, and it is expected that the Government still has enough time to meet the deadline. However, it is unlikely that the draft law will comply with international best

practices, as so far, neither has many changes been made to the earlier draft nor has the Government made a lot of effort to try to bring the draft ACL up to international standards. It is seen by International Advisers as still below international standards. So, the conclusion is that no progress has been made in terms of improving the quality the draft ACL, despite continued recommendations by International Advisers and the civil society.

There seems to be confusion or lack of clarity, particularly between the MONASRI and the MOJ, over who should be the major player in the last stage of drafting of the ACL when it comes to the issue of harmonization between the ACL and the Criminal Procedure Code. This constitutes a major constraint to the progress of the legislation, as it makes it impossible for experts and civil society to help improving and expediting the process.

3.2. No information on reported cases of corruption and conviction on semi-annual basis have been made available by Government. About two months ago, there was

a reported case of embezzlement within the Ministry of Land Management Urban Planning and Construction (MLMUPC) which was investigated by the National Audit Authority. However, no more information has been provided since then about who are involved and whether there has been any prosecution or conviction. While there have been some removals of Government officials on alleged bad performance and corruption, evidence has not been provided, and it is seen by many as politically motivated.

iii) Recommendations

- NGOs would like to urge that the Government adheres to the terms in the JMIs to approve the Draft Anti-Corruption Law that meets international best practices, taking into accounts the recommendations by International Advisers and the civil society.
- NGOs would like to see no more impunity particularly for those who are found committing corruption, as in the case mentioned in section 3.3 above. This means that the Government shall not only pay back donor’s money in any cases of discovered corruption, but also bring the people accountable to court for conviction.
- NGOs would like to urge that this kind of action be taken also with regard to any other acts of corruption and not only cases that deal with foreign aid.
- NGOs support the Prime Minister’s comments that corruption shall be fought even before we have an Anti-Corruption Law. In that case, NGOs urge that the existing legislation be used to prosecute any acts of corruption uncovered.

Legal and Judicial Framework

i). Joint Monitoring Indicators monitored by NGOs

Target	Actions Needed
<p>4. Establish a well functioning, transparent and accountable legal and judicial system that protects individual rights as defined in the Constitution.</p>	4.1 Develop a clear policy framework on access to information
	4.2 Complete the drafting and approval of the remaining fundamental Laws (Penal Procedure Code, Penal Code, Civil Code, Law on the Statue of the Judges, Law on Court organization and Functioning).
	4.5 While the priority setting process is being put in place, priority will be given to:
	b. Complete and adopt a National Plan to enforce the Law on Domestic Violence and Protection of the victims.
	c. Complete preparation of regulations to enforce State Land Management Sub-Decree.
	d. Elaborate and Implement Article 18 of the Land Law.
	e. Adopt RGC's strategy and regulations for the indigenous people

ii) Monitored progress on Actions Needed

4.1.The MoNASRI, which was assigned at the CG meeting to take lead on this issue,

has not taken any serious action yet, as they said they still have to discuss and officially be given the assignment from the Council of Ministers. As of today, it remains unclear as to whether it is really the MoNASRI or any other government agency that would be responsible.

4.2.The MOJ has been moving forward with the Civil Code, and had made a lot of progress with the Criminal Procedure Code which will likely come to the National Assembly soon, according to the MOJ representatives who reported to the NA session during the debate on the Civil Procedure Code.

4.5b.NGOs appreciate the efforts that have been made by the MOWA in establishing four committees (1) Education (2) Raise Awareness (3) Social Protection and (4) Legal Protection. However, the National Plan to enforce the Law on Domestic Violence and Protection is moving very slowly. Sub-decrees which are important in providing guidelines for the preparation of the National Plan have not been issued. Work on these sub-decrees is in progress; however, the timeline for these sub-decrees is not clear.

4.5c.NGOs welcome the recent adoption of implementing legislation related to the identification and mapping of state land and state land classification. It is hoped that the demarcation of state land will put an end to illegal land acquisition by local and international opportunists and that the currently prevailing attitude favoring short-term gains will shift towards long-term sustainable use and management of natural state assets with meaningful participation of resource-dependent local people and the general public. NGOs are concerned, however, that the identification and mapping of state land is not sufficiently linked to other mapping processes, such as forest cover mapping, locally developed participatory land use plans

and the mapping of the collective lands of indigenous communities.

4.5d.Regarding attempts by the Royal Government of Cambodia to reclaim authority over

land transactions involving state land, NGOs welcome efforts by the Ministry of Land Management Urban Planning and Construction (MLMUPC) to clarify scope and implementation of Article 18 of the Land Law. Action

is urgently needed, since indigenous peoples, in particular, are facing severe hardship as a consequence of increasing land alienation within their communities.

4.5e. In this context, NGOs welcome the joint effort of the Ministry of Interior (MoI) and MLMUPC to develop a strategy and regulations for the registration of the lands of indigenous communities. The registration of two pilot communities in Ratanakiri as legal entities is near completion and the Department of Local Administration at MoI has expressed its commitment to soon finalize another pilot community in Mondulkiri.

iii) Recommendations

- (4.1) In order to help with the fight against corruption, the Government should move fast with the establishment of a legal framework on access to information as stated in the CG JMIs.

- (4.5c) NGOs are concerned that the identification and mapping of state land is not sufficiently

Target	Actions Needed
1. NSDP monitored annually	1.1 Develop and implement a framework to monitor the implementation of the NSDP and prepare an annual progress review of NSDP implementation.

linked to other mapping processes, such as demarcation of forest land and protected areas, locally developed participatory land use plans and the mapping of the collective lands of indigenous communities. District/Khan Land Working Groups moreover need to be given sufficient financial and technical support in order to fulfill their role and mandate in the process of state land mapping and identification.

- (4.5d) Prior to the full implementation of Article 18, there is an urgent need for the Royal Government of Cambodia to publicly state that all land transactions in indigenous areas are illegal and that buyers will not receive ownership titles to illegally acquired land.

- (4.5e) In the light of rapidly increasing land alienation, NGOs would like to see the implementation of a mainstreamed process for the legal recognition of indigenous communities as the first necessary step towards the registration of their collective lands.

- (4.5e) With regards to international standards and fundamental rights of indigenous peoples, NGOs however feel that further improvements of the by-laws are necessary. Before proceeding with by-laws for a third community in Mondulkiri, NGOs therefore suggest a review process with the participation of indigenous representatives and civil society organizations,

NGOs also hope that the procedures for registration will be clearly outlined in a comprehensive strategy paper on

indigenous land registration, currently being developed by the General Secretariat of the Council of Land Policy and MLMUPC. Building upon the experience from consultations on the sub-decrees on State Land Management and Economic Land Concessions, NGOs stand ready to support the Ministry in organizing public discussion on the strategy paper with indigenous communities and civil society.

The NSDP Monitoring Framework

i). Joint Monitoring Indicators monitored by NGOs

ii) Monitored progress on Actions Needed

1.1 The NGOs welcome the continued opportunity to participate in the Technical Working Group on Planning and Poverty Reduction (TWG-PPR) and as core-members of the TWG-PPR the NGOs are committed to positively contribute to the group’s objectives. The NGOs welcome the efforts from the Ministry of Planning in developing a framework for monitoring of the NSDP. However, it is noted that the monitoring framework is not yet complete as it currently lacks input/out-put indicators that have to be developed by the line ministries as requested by the Ministry of Planning in their letters to the Line Ministries.

iii) Concerns

- During the last TWG PPR meeting in April, it was made clear that no updated version of the NSDP would be produced by June 2006 as scheduled. Without this “preliminary review” of the NSDP important gaps of the current version persist. Two main concerns of the NGOs are the lack of incorporation of detailed sectoral and sub-national plans and the lack of linkages between the NSDP and

links to the PIP 2007-2009, MTEF 2007-2011, and the annual budget 2007.

- With the exception of the Ministries of Health and Education, sectoral plans that should operationalize the NSDP are either non-existent or not shared with the donor and NGO community.

A comprehensive monitoring framework for the NSDP can only be derived from these sectoral plans, which is unlikely to be realized before the end of June. The deadline for the Line Ministries to finalize their plans is not clear.

- The NSDP secretariat has no overview of the stage of development of sectoral plans by the different line ministries. If the TWGs in the different sectors need to facilitate the development of these plans they would benefit from some guidance from the MoP on possible formats of the plans and criteria for the selection of indicators.

iv) Recommendations

- The Ministry of Planning needs follow-up with the line ministries to find out the status of development of the sectoral plans. Subsequently the MoP needs to work with the donors to fill possible identified capacity gaps.
- With agriculture and rural development being priority sectors, these plans need to be prepared within the next three months in order to have an effect on allocations in the 2007 National Budget and the PIP 2007-2009.
- The Sectoral Plans should be openly discussed within the Technical Working Groups.

Improve Livelihoods of the Rural Poor

i) Joint Monitoring Indicators monitored by NGOs

Target	Actions Needed
8. Improve livelihoods of the rural poor, reduce poverty in particular in rural areas, and enhance food security and nutrition based on priorities outlined in the National Strategic Development Plan for 2006-2010.	8.2 Establish a mechanism and periodically disseminate information on economic land concessions in accordance with the notice issued by the Prime Minister on 30 June 2005.
	8.3 Take appropriate action to reflect the priorities of the Fisheries sector to improve the livelihoods of rural communities in commune, district and provincial development plans as well as donor funding levels.
	8.4 To improve the livelihoods of the rural poor, 500 eligible households are settled on social land concessions with livelihood support and at least 10,000 hectares of suitable land confirmed as available for social land concessions.

ii) Monitored progress on Actions Needed

8.2. NGOs welcome the publicizing of information on Economic Land Concessions (ELCs) on the website of MAFF as an important step to increase transparency related to the use and management of state owned natural assets. However, NGOs also note that the information is incomplete and that the website has not been updated since its inception. Only a little information is available regarding concessions that have not yet signed a contract with MAFF. NGOs are also concerned about the quality of the coordinates provided since it is not specified what datum was used in generating the information.

8.3. NGOs welcome the adoption of the new Fisheries law, signed by the King on May 24.

8.4. NGOs welcome steps taken by the National Preparation Team for the Land Allocation for Social and Economic Development Project to involve NGOs and civil society in the implementation of the two pilots on social land concessions in Kampong Cham and Kratie province. It is hope that this cooperation will continue in future. However, NGOs are generally concerned about the process of making land available for social land concessions and the selection of beneficiaries.

iii) Recommendations

- (8.2) The coordinates provided for ELCs need to be standardized and the boundaries of concessions should be integrated into a comprehensive map that also includes information on mining concessions, military development zones and other concessions allocated by the RGC. Complete text inspection reports, E/SIAs, and employment and social commitments for ELCs should be immediately disclosed.

In accordance with JMI 4.5d and working upon the success of last year's JMI regarding passage of key land legislation (2005 Cross-cutting indicators for Agriculture and Natural Resources Management: Indicator 1), NGOs urge donors and RGC to immediately review disclosed ELCs for compliance with the law, and implement all measures accordingly.

- (8.3) NGOs would like to call upon all concerned donors and the Department of Fisheries to coordinate Fisheries law dissemination activities in order to avoid duplication of activities (and funding). Coordination planning should also be conducted to start drafting all the necessary parkas/
- (8.4) Simple and effective grievance mechanisms need to be in place that ensure that social land concessions will indeed benefit landless and land-poor farming families. NGOs would also like to reiterate the recommendation from the NGO Statement to the 2006 CG Meeting that only vacant and non-forested land should be allocated as social land concessions.

Tonle Bassac Community: A Case Study on Poverty Reduction and the Rectangular Strategy in Phnom Penh

Introduction

As donors and representatives of the Royal Government of Cambodia (RGC) meet to review progress on the agreed upon Joint Monitoring Indicators for 2006, NGOs respectfully request that members of the Consultative Group process take the time to look at the problems occurring right at their doorsteps.

Here in Phnom Penh, the eviction of poor residents to the outskirts of our city has drawn into question the authorities' stated commitment to poverty reduction and improved public service delivery. Nowhere is this more evident than in the case of *Sambok Chap*.¹

Background

Sambok Chap lies on the banks of the Bassac River, in the vicinity of both Naga Casino and the new Ministry of National Assembly, Senate Relations and Inspection. Home to roughly two thousand families, this community had consisted of one of the poorest segments of the population in Phnom Penh. Sour Srun Company claimed ownership² of this land and initiated eviction and relocation proceedings in early May. By the first week of June nearly all families had been evicted and relocated to two sites in the outskirts of Phnom Penh.

Eviction

On May 3, 2006, authorities began the demolition of *Sambok Chap* with the aid of security forces armed with guns and electric batons. Prior to the eviction process, NGOs had requested that authorities disclose resettlement plans and conduct surveys of the community to determine an accurate account of affected families. These requests were denied. NGOs then began attempts to conduct independent surveys both prior to and during the eviction, but were repeatedly stopped by authorities.

Following the demolition of homes, renters, who were ineligible for land at the resettlement location, remained on site without shelter. NGOs were restrained by authorities from distributing basic humanitarian assistance, and families were forced to remain exposed to the elements. With the advent of rainy season in Cambodia, daily rainstorms and resultant muddy conditions further deteriorated the renters' situation. Company workers erected a fence around the community, effectively concealing the community from public view.

On May 31, large scale rioting occurred in *Sambok Chap* following injuries to a child and pregnant woman reportedly caused by village guards. Renters destroyed village

¹ This area is also known as the Bassac community and Village 14.

² Though the Municipality claims it has evicted *Sambok Chap* residents on behalf of Sour Srun Company, neither the Municipality nor Sour Srun has produced any documentation of Sour Srun's title.

offices and the company fence surrounding the community. Six days later, the Municipality orchestrated a large scale forced eviction of the site. At four a.m., approximately one thousand municipal and military policemen gathered in front of *Sambok Chap*, heavily armed with guns, rifles, electric batons, gas masks and riot gear. Reporters and monitors in and near *Sambok Chap* were quickly expelled from the site. Police roadblocks kept NGO monitors, UN observers and media from viewing the situation. At six a.m., the eviction of *Sambok Chap* renters began. Families were summarily placed onto trucks and evacuated to a resettlement site.

Approximately 150 families remain in the Bassac area (*Krom 78*) presumably due to extensive documentation suggesting possessory interest in their land. However, recent reports indicate these families too are under the threat of forced eviction.

Arrests

The process of eviction of *Sambok Chap* was marked by a series of arrests by the Municipality. On the morning of June 6, military and municipal police arrested or detained as many as eight individuals. For the first two days after the arrests, the Municipality disclosed no information as to

the names and locations of those arrested or the charges filed against them. Repeated inquiries by attorneys and UN monitors regarding identity and location the detainees were met with evasive answers or silence from municipal officials.³

Relocation Sites

Following the initial wave of evictions, certain homeowners were relocated to Trapeing Krasang, approximately twenty kilometers from the center of Phnom Penh. Over one thousand families were provided plots of land, but as of late May, only thirty pit latrines were available for use. No electricity or sewage system has been installed, and water needs for the entire site are provided for by one spigot. A market and school are being constructed, but have yet to be completed. Many areas of the site are sunken below surrounding rice fields, leaving them prone to heavy flooding.

The renters have been relocated to Angdaung village, also approximately twenty kilometers from the center of Phnom Penh. Over one thousand families are currently occupying some three hectares of land. The site has no clean water, electricity, sewage, market, or school, and plots were not demarcated by authorities. No land distribution plan was implemented—villagers were merely left on site following the relocation. Construction of a total of ten pit latrines is underway.

Given both sites' inadequate size, remote location, lack of basic services, and tendency to flood, the prospects for an adequate standard of living are slim. Authorities have yet to disclose the process by which land tenure will be secured for relocated families.

Committing to the Rectangular Strategy, NSDP, and JMIs

Sambok Chap illustrates a failure to deliver the poverty reduction strategies articulated in the RGC's Rectangular Strategy and its 2006-2010 National Strategic Development Plan (NSDP). The discord between the policies and reality serves as a stark reminder of the urgent actions required to align policy with performance.

Good Governance

Good governance is featured at the core of the RGC's Rectangular Strategy, and is reflected within several 2006 Joint Monitoring Indicators (JMIs). The Rectangular Strategy states that "good governance requires wide participation, enhanced sharing of information, accountability, transparency, equality, inclusiveness and the rule of law,"⁴ and the Prime Minister pledged in March that "[s]tate reforms at all levels [would] be carried out to make the government fully responsive, responsible, effective, transparent, accountable and predictable in their [*sic*] job performance to serve the needs of the people."⁵ This pledge is reflected in, *inter alia*, JMI 4, which asks that the RGC "develop a clear policy framework on access to information" in the interest of establishing a well functioning and transparent legal system.⁶

³ As of July 6, 2006, four men remain incarcerated.

⁴ *The Rectangular Strategy for Growth, Employment, Equity and Efficiency in Cambodia* Sec. 2.1 (2004).

⁵ Prime Minister Samdech Hun Sen, Opening Address to the CG Meeting, Phnom Penh, Mar. 2, 2006.

⁶ Joint Monitoring Indicators for 8th Consultative Group Meeting 4(i) (2006).

The *Sambok Chap* eviction and relocation has signaled a failure in all aspects of good governance as articulated by the RGC.

- The Municipality ignored all requests for an open and transparent process of eviction and relocation.
- Attempts to survey affected families and provide humanitarian assistance have been blocked by authorities.
- UN observers, media, and NGO monitors were all denied access to *Sambok Chap* during the large scale eviction on June 6.
- The process of resettlement has been riddled with accusations of corruption and deceit, as authority figures within the community were allotted multiple plots of land, while others were left homeless.
- The Municipality has not publicly disclosed land titling or registration plans for resettled families.
- The Municipality has not publicly disclosed the Sour Srun land title, or any information about land ownership which has been the basis for the evictions.
- For two days the Municipality refused to disclose any information regarding the arrests of individuals following the eviction of *Sambok Chap*.

Poverty Reduction

In March, Hun Sen stressed that “the RGC considers poverty reduction of the people as core objectives of all policies and development strategies of [the] government.”⁷ The Prime Minister noted that the NSDP, in furtherance of the Rectangular Strategy, requires that the government “factor poverty reduction...in all activities” and “target [the] most needy and least served people and areas.”⁸ He pledged: “it is time now that resources begin to be properly directed and effectively used to maximize the benefits for the disadvantaged and the deprived to lift them into the mainstream.”⁹ World Bank Country Director Ian Porter agreed, noting that “the primary benefits of [Cambodia’s growth over the past decade] are highly concentrated among the richer urban segments of the population, which has resulted in a rapid increase in inequality between the rich and the poor.”¹⁰ JMI 8 incorporates these considerations providing for a “social safety net policy to ensure food security and nutrition for the most vulnerable groups of the population.”¹¹

The Municipality of Phnom Penh has repeatedly demonstrated that its urban redevelopment strategy seeks to hide, rather than to eliminate, urban poverty.

- Phnom Penh Governor Kep Chuktema notes that residents of *Sambok Chap* “pollute our city’s beauty” and should be relocated to unspecified locations.¹²
- Following demolition of homes, renters were left without shelter or access to basic services. NGOs were denied from providing humanitarian assistance, including tents, to the renters.
- Rather than investigate reports of violence by authorities against villagers which precipitated rioting in the community, the Municipality only saw fit to arrest or detain some eight villagers in connection with the rioting.
- The Trapeing Krasang resettlement site is twenty kilometers from the city center, and contains one spigot and 30 pit latrines for over a thousand families. It lacks sewage, electricity, and health facilities.

⁷ Prime Minister Samdech Hun Sen, Opening Address to the 8th CG Meeting, Phnom Penh, Mar. 2, 2006.

⁸ *Id.*

⁹ Message by Prime Minister Samdech Hun Sen, NSDP, 2006-2010.

¹⁰ Ian C. Porter, Concluding Remarks at the 8th CG Meeting, Phnom Penh, Mar. 3, 2006.

¹¹ Joint Monitoring Indicators for 8th Consultative Group Meeting 8(v) (2006).

¹² The Cambodia Daily, *Tonle Bassac Villagers To Be Evicted Next Week*, June 5, 2006.

- The Angdaung resettlement site is twenty kilometers from the city center and contains no basic services. No water, bathrooms, clinics, or schools are available. Construction of ten pit latrines is currently underway for the some thousand families on site.
- No long term assistance is being provided to relocated families; authorities merely distributed small amounts of food to certain families in a seemingly *ad hoc* manner.

Land Disputes and Tenure Security

Finally, the *Sambok Chap* eviction process demonstrates a failure by the RGC to make progress towards reducing land tenure insecurity, which, as the German delegation noted in March, constitutes “a core constraint for economic and social development in Cambodia and certainly is a factor for rising inequality.”¹³ Addressing land title concerns in March, the Prime Minister pledged to “work harder so that [Cambodia’s] poor have secure land tenure.”¹⁴ Although 2006 JMIs addressing these issues have targeted communities in rural areas, the considerations taken in formulating this CG target should be applicable to the poorest communities in our own capital.

The *Sambok Chap* eviction and relocation vividly illustrates rising inequality resulting from land tenure insecurity, and the outcome of a land dispute pitting a large company against a poor community.

- Roughly two thousand families have been evicted and relocated to the outskirts of the capital.
- Land registration and titling plans for families relocated in Trapeing Krasang have not been disclosed.
- Land registration and titling plans for families relocated in Angdaung have not been disclosed. Reports indicate that only three hundred of the residents might be eligible for land tenure security, leaving some nine hundred families vulnerable to yet another eviction.
- Neither Sour Srun Company nor the Municipality has disclosed the legal documentation which has formed the basis for the evictions.
- Reports indicate that nearby communities¹⁵ still in the Bassac area have now been threatened with eviction, despite holding extensive documentation suggesting possessory interest in the land.
- It is unclear why the courts have issued orders in connection with this dispute, as the status of the land suggests that Cadastral Commission should have jurisdiction over the matter.

RECOMMENDATIONS

In sum, *Sambok Chap* represents a failure to adhere to the most basic values of poverty reduction and the Rectangular Strategy. Rather than committing itself to helping the poor in a transparent and equitable manner, the Municipality appears to be acting solely in the interests of a powerful company. NGOs respectfully request that donors raise the case of *Sambok Chap* to the RGC and urge it to take action and contribute to poverty reduction, transparency, and land tenure security in Phnom Penh by immediately implementing the following recommendations:

- Provide urgent humanitarian relief and basic services to the relocated families in Trapeing Krasang and Angdaung, including shelter, running water, food security for six months, sewage and toilet facilities, schools, and health clinics. Special attention should be given to pregnant women and children.

¹³ Joint Donor Statement on Natural Resources Management, Land and Agriculture, 8th Consultative Group Meeting, Mar. 2-3, 2006.

¹⁴ Prime Minister Samdech Hun Sen, Opening Address to the 8th CG Meeting, Phnom Penh, Mar. 2, 2006.

¹⁵ E.g., *Krom 78*.

- Provide land tenure security to the relocated families by titling and registering all families as land owners. Ensure transparency in the land distribution process so that only eligible families benefit.
- Publicly disclose the Sour Srun Company legal documentation that forms the basis for its claim to *Sambok Chap*.
- Release and drop all charges against those detained in connection with the *Sambok Chap* evictions, and refrain from any further harassment or discrimination against these individuals.
- Cease harassment of remaining families in the Bassac River area, including *Krom 78*.
- End the use of force and intimidation in evictions in Phnom Penh.
- Allow NGOs independent access to both the eviction and relocation sites in order to provide humanitarian assistance.
- Ensure that the Municipality of Phnom Penh adheres to the Declaration of Principles for Best Practices in Housing and Pro-Poor Development in Phnom Penh.
- Publicly disclose the Master Plan for development in Phnom Penh.

Without action, there is a danger that the capital of Cambodia will soon become a divided city, with clear divisions between the wealthy and poor, as UN Special Rapporteur Miloon Kothari has warned.¹⁶ As donors and government officials meet to discuss progress on 2006 JMIs, NGOs hope that measures will be taken to realize the principles of good governance in Phnom Penh and effectively reduce poverty in the capital. Discussing the case of *Sambok Chap* and carrying out the aforementioned recommendations will be important steps in achieving these goals.



Military polices prepared to evict basac community



Community are preparing to evacuate to new resettlement site

¹⁶ See The Cambodia Daily, *UN Official Raises Alarm Over Tonle Bassac*, June 3-4, 2006.

Challenges in National Budget Law for Poverty Reduction

The *National Budget* is a statement of government's planned receipts and expenditures for some future period normally, as is the case in Cambodia, for a period of one year. This article only looks at the expenditure side of the National Budget. When analyzing expenditures a distinction is made between current and capital expenditure. *Current expenditure* is expenditure on goods and services consumed within the current year that need to be made recurrently to sustain the production of services such as wages, salaries, and pensions. Minor expenditure on items of equipment, below a certain cost threshold, is also reported as current spending. *Capital expenditure* measures the value of purchases of fixed assets, i.e. those assets that are used repeatedly in production processes for more than a year. Capital expenditure includes outlays on construction, renovation, and major repair of buildings and expenditure for new or replacement equipment. When comparing Government's budgets from 2004, 2005, and 2006, the data have to be corrected for inflation as prices of goods tend to increase over time. When the inflation correction has been made, data from different years can be compared and changes in *real expenditure* can be analyzed.

Through the allocation and disbursement of public resources, the national budget is the most important instrument for the Royal Government of Cambodia (RGC) to translate its policies into action, to reduce absolute poverty and to promote economic development. However, as this article will show, the national budget in Cambodia faces a number of challenges that need to be overcome for the budget to play this role. Key issues that need to be addressed in the 2007 National Budget include:

- Increase the pro-poor focus;
- Exercise more discipline in implementation;
- Align the 2007 National Budget with the National Strategic Development Plan 2006-2010 and deliver on capital investment for the rural poor.

Citizens have a right to know the sources of Government's revenue and how these funds are spent. At the moment there is very little information available on the national budget, which is a serious obstacle to civil engagement on budget issues. Besides the three recommendations outlined above, a fourth recommendation would be to make budget information better available to the general public including more details on:

- the capital budget per ministry, spending agency or program;
- the share of current expenditure spent on services and activities that directly benefit the poor (such as teachers' salaries) and the associated overhead costs (such as financial administration); and
- the amounts disbursed to each ministry, province and commune council on a monthly basis.

“Pro-poorness” of 2004 - 2006 Budgets

Exact definitions as to what expenditures in the budget are “pro-poor” are not available but there is a general consensus that expenditures that seek to stimulate small scale agriculture, promote basic health care, support primary and secondary education, improve access to drinking water and improve sanitation fall into this category. Moreover it is important to note that overhead costs, although necessary, should not be classified as pro-poor expenditures as this blurs any measurement on the effectiveness of Government's intervention.

Unfortunately, disaggregated information on expenditures on services or activities that directly benefit the poor are not available, however, information on the budget and expenditure in each government sector is readily available. The table below provides an overview of the shares of the Government's current real¹⁷ expenditure per Ministry that fall in the category of pro-poor expenditure. Table 1 summarizes the full budgetary data from annex 1 and shows that during the last three years, the share of real current expenditure

¹⁷ 2006 has been used as the base-year for the calculation of the real amounts for the budgets and allocations in 2004 and 2005. Inflation figures for 2004 and 2005 are provided in annex 1.

in the national Budget Laws (B.L.) contributing to sectors that presumably include “pro-poor” activities has decreased from 41.1% in 2004 to 38.8% in 2006. Actual expenditures in these pro-poor sectors have also reduced, as shown in the data on implementation of the national budget from 2004 and 2005¹⁸.

Table 1. Shares of “pro-poor” real current expenditure, 2004 - 2006

	B.L. 2004	B.L. 2005	B.L. 2006	Impl. '04	Impl. '05
Total Current Expenditure (I+II+III+IV+V)	100%	100%	100%	97%	100%
I. General Administration	14.5%	14.6%	14.6%	17.3%	18.1%
II. Defense and Security	22.9%	22.8%	20.2%	24.2%	22.9%
III. Social Administrative	38.6%	37.8%	36.2%	38.5%	36.6%
11. Information	0.7%	0.7%	0.7%	0.7%	0.7%
12. Public Health	12.0%	12.0%	10.8%	11.0%	11.4%
16. Education, Youth and Sport	18.8%	18.5%	18.3%	18.7%	17.8%
18. Culture and Fine-Arts	0.8%	0.7%	0.6%	0.7%	0.7%
19. Environment	0.5%	0.4%	0.4%	0.4%	0.4%
21. Social Affairs, Labor & Vocat'l Training	1.8%	4.7%	4.6%	1.9%	4.8%
23. Public Worship and Religion	0.2%	0.2%	0.2%	0.2%	0.2%
24. Woman Affairs and veteran	3.8%	0.6%	0.6%	4.9%	0.5%
IV. Economy Administrative	10.6%	10.1%	9.6%	8.7%	9.1%
05.3 Civil Aviation Secretariat	0.5%	0.4%	0.4%	0.3%	0.4%
13. Industry, Mines and Energy	0.4%	0.4%	0.4%	0.4%	0.4%
15. Commerce	1.0%	0.9%	0.9%	0.7%	0.7%
17. Agriculture, Forestry and Fishery	2.5%	2.5%	2.4%	2.2%	2.4%
20. Rural Development	1.2%	1.2%	1.4%	1.0%	1.1%
22. Posts and Telecommunications	2.1%	1.9%	1.4%	1.4%	1.6%
25. Public Works and Transport	0.8%	0.8%	0.8%	0.7%	0.7%
27. Tourism	0.8%	0.7%	0.7%	0.7%	0.7%
28. Urbanization and Construction	0.4%	0.4%	0.5%	0.4%	0.4%

Calculated from Annex I (table 2), Ministry of Economy and Finance.

Budget discipline

Expenditures on health and education count for 75 percent of the RGC's poverty reducing expenditure amounting to 29 percent of the total current budget. As shown in table 2, budget discipline at the aggregate level is reasonably good since approximately 95 percent of the allocated amounts in health and education are disbursed.

Table 2. Budget and disbursements for Health and Education, 2005

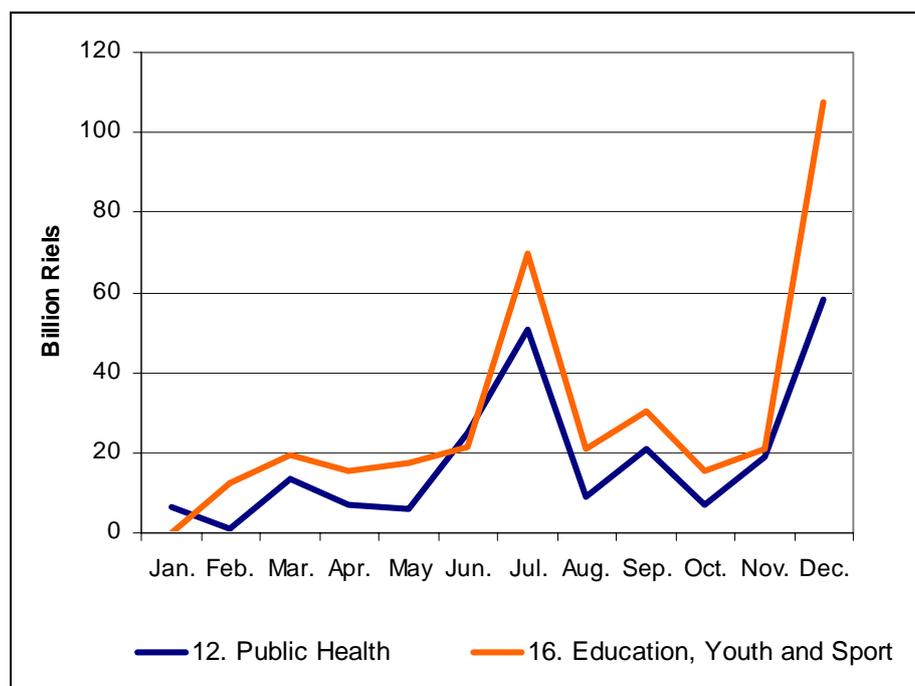
Ministry	Budget Law [Billion Riel]	Disbursed [Billion Riel]	Share	Average monthly disbursement
12. Public Health	239	225	94.0%	19.9
16. Education, Youth and Sport	367	351	95.6%	30.6

Calculated from Annex I (table 2), Ministry of Economy and Finance.

¹⁸ A similar analysis of the capital budget would add value to the information in table 1 but unfortunately no disaggregated data is available on the planned and actual expenditure of the capital budget.

Although the aggregate level of budget disbursements is reasonably good, the problems with regard to timeliness in release of budgetary allocations need to be quickly overcome. The variation of budgetary allocation in 2005 is made visible in figure 1. Expenditures towards the end of the calendar year (the budget wet season) are almost 10 times higher than in the beginning of the year (the budget dry season). Timely and adequate disbursements would undoubtedly contribute to improved service delivery in health and education as it enables better planning at the local level, stimulates staff retention and motivation, and removes one cause of corruption.

Figure 1. Monthly disbursements for Health and Education, 2005



Ministry of Economy and Finance, 2005

Alignment of the 2006 Budget to the NSDP and PIP

The NSDP that is to be implemented through the National Budget and the Public Investment Programme is expected to guide RGC's development efforts for the period 2006-2010. It has been characterized by the Prime Minister as "the blue print for further progress" and "the single all encompassing document for the next five years". Although the NSDP is still "a work in progress" awaiting the completion of a number of sectoral plans, it provides an overview of sectoral allocations in table 5.2 that provides insights to its priorities on an aggregated level.

The fact that there is currently no link between this year's National Budget and the NSDP can be easily explained as the NSDP was not finalized at the time it could guide the allocations in the national budget. The executive summary of the NSDP recognizes this and notes that "*the annual budgets will also get aligned to the NSDP and PIP starting from 2007*". The Public Investment Programme 2006-2008 (PIP) which "*provides details of programs and projects that RGC intends to implement in pursuance of the goals, priorities, strategies and actions outlined in the draft NSDP 2006-2010*"¹⁹ is unsurprisingly also not yet linked to the National Budget.

Table 3 is a summary of annex 2 which provides a full overview of the 2006 Budget Law and the matching expenditures outlined in the NSDP and PIP for 2006. Although the analysis below suffers from a lack of disaggregated information on current and capital expenditure, and from possible mistakes in matching the section headings from the PIP & NSDP with the headings in the Budget Law, it clearly points at two interesting issues that need to be addressed in 2007.

¹⁹ Public Investment Programme 2006-2008, page ii

1. There is no alignment between the Budget Law and the NSDP. While the difference between the allocation for current expenditure in the budget law and the allocation in the NSDP is only USD 5 million for Education, it is 58 million in Health and negative for Social Affairs.
2. There are substantial differences in the sectoral allocations in the PIP and NSDP. These differences signal the need for more prioritization of the projects in the PIP in order to correspond with the priorities outlined in the NSDP.

Table 3. NSDP allocations and matching current expenditures, national budget, 2006

	Budget Law	NSDP	Share NSDP	PIP	Share PIP
Total Current Expenditure	575				
I. General Administration	84	44	7%	50	8%
II. Defense and Security	116				
III. Social Administrative, of which	208				
12. Public Health	62	120	20%	90	15%
16. Education, Youth and Sport	105	110	18%	72	12%
19. Environment	2	20	3%	19	3%
21. Social Affairs, Labor & Vocat'l Training	26	16	3%	7	1%
24. Woman Affairs and veteran	3	6	1%	5	1%
IV. Economy Administrative, of which	55				
13. Industry, Mines and Energy	2	40	7%	45	8%
17. Agriculture, Forestry and Fishery	14	70	12%	62	10%
20. Rural Development	8	70	12%	81	14%
25. Public Works and Transport	4	110	18%	122	20%
V. Miscellaneous	111				
Total Capital Expenditure	333				
GRAND TOTAL	908	606	100%	599	100%

Ministry of Economy and Finance, 2006; Ministry of Planning (NSDP 2006-2010, PIP 2006-2008)

ANNEX 1

Table 1 Inflation level and calculated deflator

	2004	2005	2006
Inflation in Riel*	3.9	5.8	...
Deflator	0.91	0.94	1

* Cambodia Economic Watch, EIC, April 2006

Table 2 RGC current expenditure in Budget Laws and Implementation

Million Riels	B.L. '04	%	Impl'n '04	%	B.L. '05	%	Impl'n '05	%	B.L. '06	%
Total Current Expenditure	2,088,898	100%	1,927,819	100%	2,105,732	100%	2,088,593	100%	2,414,255	100%
I. General Administration	302,001	14.5%	333,317	17.3%	308,232	14.6%	377,574	18.1%	353,454	14.6%
01. Royal palace	24,523	1.2%	24,717	1.3%	23,323	1.1%	38,416	1.8%	37,033	1.5%
02. National Assembly	39,215	1.9%	46,528	2.4%	42,463	2.0%	42,463	2.0%	47,604	2.0%
03. Senate	20,657	1.0%	19,792	1.0%	19,374	0.9%	19,793	0.9%	20,260	0.8%
04. Constitutional Council	3,756	0.2%	3,713	0.2%	3,514	0.2%	3,488	0.2%	3,470	0.1%
05.1 Council of Minister	63,297	3.0%	90,524	4.7%	62,665	3.0%	99,757	4.8%	63,517	2.6%
05.2 Civil Service Secretariats	1,436	0.1%	1,351	0.1%	1,364	0.1%	2,207	0.1%	1,517	0.1%
05.4 CDC	4,308	0.2%	3,493	0.2%	3,949	0.2%	3,473	0.2%	3,937	0.2%
07.2 Interior-Administration	19,442	0.9%	18,950	1.0%	18,110	0.9%	21,657	1.0%	19,870	0.8%
08. Relations Assembly and inspe	3,170	0.2%	2,418	0.1%	4,222	0.2%	3,875	0.2%	5,364	0.2%
09. Foreign Affairs and Int'l Coo	57,442	2.7%	54,765	2.8%	53,976	2.6%	60,583	2.9%	58,400	2.4%
10. Economy and Finance	35,918	1.7%	39,396	2.0%	34,618	1.6%	42,877	2.1%	38,838	1.6%
14. Planning	6,125	0.3%	5,603	0.3%	6,221	0.3%	6,731	0.3%	7,337	0.3%
26. Justice	14,217	0.7%	11,575	0.6%	13,942	0.7%	12,455	0.6%	14,449	0.6%
30. National Election Committee	3,480	0.2%	6,848	0.4%	2,776	0.1%	6,389	0.3%	5,495	0.2%
31. National Audit Authority	5,115	0.2%	3,632	0.2%	4,894	0.2%	3,961	0.2%	5,381	0.2%
32. Affair and Vocatonal Training		0.0%		0.0%	12,824	0.6%	9,449	0.5%	20,982	0.9%
II. Defense and Security	478,425	22.9%	467,069	24.2%	480,042	22.8%	478,963	22.9%	487,860	20.2%
06. National Defense	307,093	14.7%	300,177	15.6%	308,280	14.6%	307,190	14.7%	311,360	12.9%
07.1 Interior-Security	171,332	8.2%	166,892	8.7%	171,762	8.2%	171,773	8.2%	176,500	7.3%
III. Social Administrative	807,070	38.6%	742,644	38.5%	796,470	37.8%	765,247	36.6%	874,686	36.2%
11. Information	14,902	0.7%	14,117	0.7%	14,039	0.7%	13,981	0.7%	16,606	0.7%
12. Public Health	251,419	12.0%	212,162	11.0%	253,514	12.0%	238,376	11.4%	260,973	10.8%
16. Education, Youth and Sport	392,262	18.8%	360,015	18.7%	389,337	18.5%	372,365	17.8%	442,000	18.3%
18. Culture and Fine-Arts	16,128	0.8%	13,796	0.7%	15,297	0.7%	15,140	0.7%	15,669	0.6%
19. Environment	9,715	0.5%	8,148	0.4%	9,268	0.4%	8,738	0.4%	9,393	0.4%
21. Social Affairs, Labor & Voca	37,901	1.8%	36,003	1.9%	98,747	4.7%	101,294	4.8%	110,849	4.6%
23. Public Workhip and Religion	4,617	0.2%	3,863	0.2%	4,437	0.2%	4,377	0.2%	5,754	0.2%
24. Woman Affairs and veteran	80,126	3.8%	94,539	4.9%	11,831	0.6%	10,977	0.5%	13,442	0.6%
IV. Economy Admistrative	220,820	10.6%	167,057	8.7%	212,277	10.1%	189,077	9.1%	232,101	9.6%
05.3 Civil Aviation Secretariate	9,500	0.5%	6,656	0.3%	8,944	0.4%	7,653	0.4%	8,960	0.4%
13. Industry, Mines and Energy	8,782	0.4%	6,832	0.4%	8,493	0.4%	7,805	0.4%	9,124	0.4%
15. Commerce	20,105	1.0%	13,449	0.7%	19,055	0.9%	15,488	0.7%	21,484	0.9%
17. Agriculture, Forestry and Fis	52,692	2.5%	42,587	2.2%	53,222	2.5%	50,010	2.4%	56,819	2.4%
20. Rural Development	26,070	1.2%	18,367	1.0%	26,152	1.2%	23,507	1.1%	33,206	1.4%
22. Posts and Telocommunicatior	43,352	2.1%	27,515	1.4%	39,820	1.9%	32,757	1.6%	33,438	1.4%
25. Public Works and Transport	16,890	0.8%	13,831	0.7%	16,412	0.8%	13,771	0.7%	18,478	0.8%
27. Tourism	16,481	0.8%	14,235	0.7%	15,149	0.7%	15,145	0.7%	17,390	0.7%
28. Urbanization and Construtio	9,218	0.4%	7,783	0.4%	8,726	0.4%	8,350	0.4%	12,995	0.5%
29. Water Resources and Meteora	17,730	0.8%	15,802	0.8%	16,306	0.8%	14,591	0.7%	20,207	0.8%
V. Miscellaneous	280,582	13.4%	217,733	11.3%	308,710	14.7%	277,731	13.3%	466,154	19.3%
Chp 12. Subsidies to Provincial a	99,419	4.8%	96,105	5.0%	100,849	4.8%	100,849	4.8%	116,614	4.8%
Chp 20. Interest	49,709	2.4%	53,685	2.8%	53,079	2.5%	58,441	2.8%	50,000	2.1%
Chp 30. Economic Intervention		0.0%		0.0%		0.0%	74,312	3.6%		0.0%
Chp 40. Others	109,361	5.2%	12,143	0.6%	133,551	6.3%	44,128	2.1%	267,540	11.1%
Chp 41. Unexpected Expenses		0.0%		0.0%	21,231	1.0%		0.0%	32,000	1.3%

Ministry of Economy and Finance, 2004, 2005 and 2006.

(data from 2004 and 2005 data are corrected for inflation using deflator from table 1)

Ministry of Economy and Finance, 2004, 2005 and 2006. (data from 2004 and 2005 data are corrected for inflation using deflator from table 1)

Budget Law		PIP	Ongoing	Commit	Pipeline	Total	NSDP
Total Current Expenditure	575						
I. General Administration	84	"Developm. Admin. & Governance"	36	8	5	50	44
II. Defense and Security	116						
III. Social Administrative	208						
11. Information	4	"Information"	1	0	2	3	
12. Public Health	62	"Health"	89	0	1	90	120
16. Education, Youth and Sport	105	"Education"	66	2	4	72	110
18. Culture and Fine-Arts	4	"Culture and Fine Arts"	0	0	3	3	6
19. Environment	2	"Environment and Conservation"	15	1	2	19	20
21. Social Affairs, Labor & Vocat'l Training	26	"Social and Community Service"	4	0	3	7	16
23. Public Worship and Religion	1	"Religious Affairs"	0	0	1	1	
24. Woman Affairs and veteran	3	"Special Progr. (Gender Mainstr.)"	2	2	0	5	6
IV. Economy Administrative	55						
05.3 Civil Aviation Secretariate	2						
13. Industry, Mines and Energy	2	"Energy" + "Trade and Industry"	18	19	8	45	40
15. Commerce	5						
17. Agriculture, Forestry and Fishery	14	"Agriculture"	45	3	15	62	70
20. Rural Development	8	"Rural Development"	65	3	13	81	70
22. Posts and Telecommunications	8	"Communication"	3	1	2	6	12
25. Public Works and Transport	4	"Transportation (Roads, Ports, Rlys., Civil Aviation)"	98	11	13	122	110
27. Tourism	4	"Tourism"	6	0	4	10	6
28. Urbanization and Construction	3						
29. Water Resources and Meteorology	5	"Water Supply and Sanitation"	9	12	3	24	30
V. Miscellaneous	111						
		- Subtotal On-going				457	
Total Capital Expenditure	333	- Subtotal Committed				63	
- Domestic Financing (Chp 50)	106	- Subtotal Pipeline				79	
- External Assistance	204						
- Amortization on Loans	23						
GRAND TOTAL	908					599	660

Ministry of Economy and Finance and Ministry of Planning (NSDP 2006-2010, PIP 2006-2008)

* Exchange rate: 4200 Riel = 1 Dollar

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