

Making the Most of Cambodia's Natural Resources: Forests, Fisheries and Minerals

Dr Brett Ballard summarises the main content of the four presentations in session two of the 2008 Outlook Conference and the results of the discussions that followed:*

In his opening address, Prime Minister Hun Sen observed that “the abundance of natural resources is a gateway for development, growth and prosperity, but it is a challenge to ensure the blessing”. He further observed that Cambodia “witnessed some problems in land, forest and fishery utilisation and management”, and that “under-utilisation of land, forest land encroachments and conflicts over land tenure and common resources remain challenging issues for the government”. The prime minister also indicated that “the confirmed discovery of oil and gas reserves has sparked debate over the management of oil revenue” and said that the most salient issue in Cambodia’s medium-term outlook concerns “whether oil and revenues translate into greater economic diversification and poverty reduction”.

Introduction: Key Messages

The four panellists during this session affirmed many of the issues regarding fisheries and forests that are already well known. Forests and fisheries are important natural resources for Cambodia and contribute substantially to the agricultural component of GDP, generate employment and provide food and fuel for a majority of Cambodians. Although legal and policy frameworks protect forests and fisheries, population growth, the widespread use of illegal methods for harvesting resources and weak law enforcement result in a rapid decline in availability of and access to natural resources. Such practices pose significant challenges for the effective management of these resources for poverty reduction.

The government understands the important role that natural resources play as a main source of income for millions of rural Cambodians. It considers the effective management of fish and forest resources as a major pillar of socio-economic development and poverty reduction, as outlined in the rectangular development strategy of the National Strategic Development Plan 2006–2010

(RGC 2006). The Cambodian Millennium Development Goals published by the Ministry of Planning clearly state that if the degradation of resources in Cambodia can be halted, overall targets for poverty reduction can easily be achieved. All four panellists agreed that concerted efforts should therefore be made to reverse the trend of natural resource degradation in order to maximise the benefits to the rural poor. The same is true for Cambodia’s fishing resources; if properly managed, they would contribute more to poverty reduction.

The panellists also observed that some aspects of policy reform, such as the reclamation of forest lands, introduction of logging bans and the establishment of community forestry and fisheries, are being now implemented. However, the enforcement of existing laws and regulations, including prevention of and penalties for illegal fishing and logging, remain very challenging. Land encroachment and conversion, land grabbing and conflicts have accelerated, including in restricted areas. Practices such as the use of wood for fuel and construction also constitute a significant barrier to conservation.

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Economic land concessions (ELCs) are failing to promote conservation and efficient resource management because they restrict productive uses of land and provide a shield for illegal logging. Two panellists suggested that ELCs may need to be reconsidered and in some cases terminated.

CDRI research and other studies show that the benefits of natural resource exploitation are not being equally shared but are instead fostering economic inequality and contributing to the concentration of assets in the hands of the wealthy and powerful. The political economy of natural resource exploitation requires further exploration.

Progress and Priorities

Chan Tong Yves, secretary of state of the Ministry of Agriculture, Forestry and Fisheries (MAFF), observed that fisheries are a critical resource and an important food source for all Cambodians. Also, 24.9 percent of agricultural GDP is from fisheries. Fishing serves 6 million people and creates jobs. About 45 percent of Cambodia’s population is in one way or another dependent on fisheries. The government has made important progress in preserving fish stocks through the establishment of community fisheries.

Chan Tong Yves also observed that policies are in place concerning the management of fisheries and forestry resources. Seven percent of GDP is derived from forests. Deforestation has impacted on forestry’s share of GDP. Measures are now in place to prevent illegal logging

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and deforestation, including the use of illegal tools. The government is now reclaiming forests and reserving forest lands. Cambodia is also involved in several international forest organisations. Community forestry committees have been established to manage forestry resources.

Dr Top Neth of CDRI observed that dependence on common property resources is an important characteristic of the rural population and that there is a serious need to halt resource degradation in order to reduce poverty. More than 80 percent of the total population lives in rural areas. Most of them are farmers who depend on fish and forest products for part of their livelihoods. A publication by UNDP (2007) reported that fish and fish products constitute about 75 percent of the total animal protein diet of Cambodians, and more than 1 million people currently earn a living from fishing.

The 1998 national population census indicated that about 92 percent of the total population is dependent on wood fuel for cooking.¹ Non-timber forest products also provide an important source of food and income for many rural households. For example, a recent study (Hansen and Neth 2006) of 502 households in 16 villages located in Kompong Thom, Pursat, Monduliri and Kratie found that poor households gained an average 42 percent (USD280) of their livelihood value from forests, while medium income households gained 30 percent (USD345).

Forest resources in Cambodia have declined by 2.6 million hectares in the last 30 years (1970–2002), corresponding to an annual loss of 81,000 ha (CMDGs 2005). After the cancellation of forest concessions representing more than 50 percent of land under concession, and suspension of timber logging since 2002, large-scale logging has been reduced significantly. Illegal logging, however, remains a concern in many parts of the country. In addition, expanding rural populations, forest land grabbing and land encroachments have emerged as major threats. More forest land has been converted to other uses, including cashew, cassava, soy bean, maize and rubber cultivation, while the use of wood for fuel continues unabated. Land price increases also contribute to more clearing of forest, and conflicts over land tenure have emerged in many parts of the country.

Another source of deforestation is economic land concessions. As of February 2007, land under ELCs amounted to 0.94 million hectares, involving 57 companies with signed agreements (MAFF 2007). However, at the end of 2005, the area they cultivated represented just 1.8 percent of the total land concession area (UNDP 2007). A brief analysis by CDRI of eight land concessions

compared with 1997 forest cover showed that up to 70 percent of their land was forests (Hansen and Neth 2006). In addition, UNDP (2007) said that some lands under this scheme reportedly are being used for timber harvesting. ELCs are not serving the interests of conservation: only 2 percent of the land is being used, and illegal logging continues.

CDRI's study on the Participatory Poverty Assessment of the Tonle Sap (2007) found that declines in fishing resources were reported in all five surveyed fishing villages (Prek Sramaoch and Treay [Siem Reap], Dei Roneat [Pursat], Koh Ta Pov and Pechakrei [Kompong Thom]). UNDP (2007) also reported that inland fish stocks accessible to small fishers have been declining.

Increased migration into fishing areas and damage to ecosystems have reduced fish availability in the past few years. Large-scale deforestation in the catchment areas of rivers alters the flow and quality of downstream water, affecting fish breeding and stocks. In addition, flooded forests are being cleared around the Tonle Sap Lake,

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and this also negatively affects important fish breeding areas. Many small fishers take up illegal fishing and engage in ecologically unsound practices, such as the use of explosives and electric shock devices to catch fish. It appears that all fishers try to catch as many fish as they can without taking into account the sustainable fish catch in each area.

Chhith Sam Ath, executive director of the NGO Forum on Cambodia, observed that there

is increasing concern on the part of civil society about natural resource management. He commented on the threat of uncontrolled exploitation and inequitable sharing of benefits, including the problem of minimal revenues from forestry going into the state budget. He also observed the importance of balancing economic land concessions with environmental needs and poverty reduction. Currently there is a lack of environmental impact assessments and no way of addressing complaints about the negative impacts of ELCs on local livelihoods, including those of indigenous peoples. The recent fishery reform is welcome, but again implementation is a challenge because law enforcement is biased in favour of large-scale fishing.

Significant Challenges and Issues

Chan Tong Yves said that the continuing use of wood and timber for house construction means that demand for forest resources is still high. Laws are in place, but awareness and enforcement are weak. Challenges include land encroachment and deforestation, law enforcement and limited capacity of local forestry officials. There

is a need to promote forest products to reduce poverty. Ordinary Cambodians need secure access to forests. Forestry should be included in development planning and forestry management needs to be transparent.

The decline in fish stocks is related to the loss of flooded forests, over-fishing, increased population and the use of modern, and illegal, fishing equipment. Water resources have been reduced, especially the Mekong flooding, which affects the quality and number of fish. Stronger law enforcement is needed to safeguard fish stocks and prevent illegal fishing. The downstream impact of hydroelectric dams on water quality is also an important concern.

Lay Khim of UNDP raised an important point concerning how to measure the value of natural resources (natural resource capital), and in particular the value of their loss, in terms of GDP and national accounting systems. Natural resources are capital assets, but they are not reflected in the national accounts, nor is their loss. This can blind planners to their true economic value and mask the rate of degradation. In order not to continue to degrade these resources, income generated should be very carefully managed and channelled into generation of other forms of capital so as not to perpetuate reliance on these declining and contested resources. At present, government revenue from forestry exploitation is limited, and there is little transparency regarding revenues gained and how they are spent.

Lay Khim also observed that poor countries tend to rely on natural resources for socio-economic development, while more developed countries are able to rely more on intangible forms of capital. There are also difficulties with rehabilitating natural resources: once they are gone, they are truly gone. The presenter suggested that it is necessary to move away from reliance on natural resources toward intangible assets, including good governance and human capital and the skills base. In this sense, it is important now to channel income from natural resources into the development of other capitals.

Top Neth indicated that a top priority is to ensure effective management of community forests and fisheries. Much fishing involves illegal practices, such as the use of explosives and electric shock. This has sharply reduced fish stocks. Concerted action against illegal fishing is necessary. In addition, sustainable fish catches should be assessed and the amount of catch should be held to a sustainable level.

Expanding the area under community forestry (CF) and improving its management are promising approaches to participatory forest management, in order to ensure the livelihood of forest-dependent poor people while at the same time achieving the sustainable use of forest resources. As of 2007, the area under CF was around 0.18 million hectares (264 communities), representing only 1.6 percent of the total forest area. Moreover, most community forests are located in degraded areas. If CF

is to be self-sustaining, the government should allocate more valuable forests for CF projects.

Some ELCs are being used for timber harvesting. It is necessary to review existing agreements and possibly terminate those ELCs that are in violation. When reviewing ELCs grants, more attention should be paid to the benefits to local people and the cost of damage to natural resources.

Strengthening forest protection and promoting conservation are also important. In 1993, 23 protected areas were designated in Cambodia, covering an area of more than 3.13 million hectares. However, illegal logging and land grabbing have been reported within some protected areas. As a result, law enforcement and action against illegal logging and land grabbing are particularly crucial.

Mr Chhith Sam Ath also called for a review of ELCs. There is also a need for greater transparency regarding government revenues from forestry and other natural resources and how such revenues are used. Moreover, no matter how good policy and laws are, it is not simply a matter of putting them in place. What is most important is ensuring compliance and enforcement with appropriate penalties. A key component of natural resource management is that local authorities should see benefits from natural resource use. For the effective management of oil and gas, it is important to put accountability frameworks in place ahead of time. There also needs to be transparency in oil and gas revenues and expenditures.

Endnote

1. The figure may now be lower due to the availability of imported gas, but fuel wood dependency remains high due to the increasing price of gas.

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