

SEVENTY SIX PERCENT OF ALL ARABLE LAND ALREADY LEASED

Since Cambodia was first ranked 145th in the World Bank's Doing Business (DB) ratings in 2008,¹ it has only inched up slightly, moving to 137th in 2014.² This deceptively low score belies the country's deep deregulation in the hopes of attracting foreign investment. In 2014, the World Bank recognized Cambodia for being the South East Asian country most open to foreign direct investment (FDI), as well as the second largest recipient of FDI in agriculture in the region.³

Eighty percent of Cambodia's population lives in rural areas and seventy percent of the labor force is engaged in agriculture.⁴ Despite its strong economic growth since the mid-1990s, Cambodia is still a low-income, food-deficit country with a third of its rural population living below the poverty line.⁵

The involvement of the World Bank has led to the financing and facilitation of controversial land deals as well as pressure to maintain low labor standards, including some of the worst and most hazardous forms of child and forced labor.⁶ Between 2009 and 2012, land concessions increased from 1.1 million to 2.6 million hectares (ha),⁷ equivalent to 76% of Cambodia's arable land, much of which went to foreign corporations and the country's elite.⁸

PUSHING DEREGULATION AND LAND TITLING

For decades, the World Bank has pushed for deregulation and market liberalization in the country. In early 2000, the International Finance Corporation (IFC), the private sector arm of the World Bank, began providing financial and technical

support⁹ for Cambodia's new Private Sector Forum, which was created to "shape the agenda for investment climate reform."¹⁰ In 2003, the Cambodian government amended its 1994 Investment Law ensuring a wave of deregulation meant to encourage FDI inflows.¹¹ These reforms included cuts on certain import duties, renewable land leases of up to 99 years, and no price controls on goods or services produced by investors.¹² This triggered sharp increases in FDI, including in agriculture and natural resource extraction. Between 2000 and 2014, land conflicts impacted over 500,000 Cambodians.¹³ Of those, 420,000 have been forcibly removed from their land, largely without compensation.¹⁴

Between 2002 and 2009, the World Bank lent Cambodia \$34 million for the Land Management and Administration Project (LMAP), with the purpose of improving land tenure security.¹⁵ Though touted as a project promoting "the development of efficient land markets," it resulted in the forced eviction of more than 20,000 people from their homes around Boeung Kak Lake, in Phnom Penh.¹⁶ Households were arbitrarily excluded from participating in the LMAP and consequently denied protection from land grabbing when Shukaku Inc., a private developer, was granted a 99-year lease on the 133-hectare area encompassing the lake and the surrounding nine villages.¹⁷ Some 3,500 families were coerced into accepting compensation far below the market value for their land, leading many to fall into destitution.¹⁸ A 2009 World Bank investigation¹⁹ into the forced evictions resulted in the suspension of funding to Cambodia,²⁰ yet the Bank has not made significant progress with the government on how best to assist evicted families.



WORLD BANK FUNDING CAMBODIAN LAND GRABS

Despite years of protest and complaints from local communities, the World Bank and the IFC have continued to finance companies and lead projects that forcibly evict thousands and destroy livelihoods across Cambodia. As a result, much of the land ownership in these projects has transformed from family farmers to large-scale agricultural companies focusing on export driven rubber and sugar plantations.²¹ The IFC, for instance, finances Hoang Ang Gia Lai (HAGL), a Vietnamese rubber corporation that illegally holds 47,370 ha in Cambodia, through the investment firm Dragon Capital Group.²²

The Cambodian government defends the rubber company's illegal operations on the grounds that it will spur development by transforming smallholder farmers into plantation workers.²³ However, HAGL not only holds land nearly five times the legal limit,²⁴ but also flagrantly ignores already weak legal, environmental, and social regulations in the country.²⁵ As a result, local villagers in these concessions are subjected to rampant abuses as they continue to lose access to large

swathes of land and forests, leading to impoverishment, food insecurity and loss of livelihoods. Meanwhile, HAGL has made millions for investors through illegal deforestation and the subsequent sale of rosewood and rubber.²⁶ In February 2014, 17 indigenous communities filed a complaint²⁷ against the IFC for financing HAGL, challenging the take over of farming lands, polluted streams, destruction of protected and sacred sites, and the forced displacement of communities.²⁸

In the case of the Boeung Kak Lake fiasco in Phnom Penh, it was only after affected communities protested that the World Bank admitted in 2009 that residents were “denied access to due process of adjudication of their property claims and were displaced.”²⁹ The World Bank's involvement in Cambodia, from deregulation and loosening of labor standards to financing land deals and causing large-scale displacements, has already destroyed the livelihoods of hundreds of thousands of Cambodians. If the Bank continues to choose corporations over people and nature, many more Cambodians and ecosystems will bear the burden of the Bank's actions.

ENDNOTES

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- 17 Inclusive Development International. “Cambodia: World Bank-linked Boeung Kak Lake evictions.” <http://www.inclusivedevelopment.net/bkl/> (accessed September 2, 2014).
- 18 *Ibid.*

- 19 The Inspection Panel. *Investigation Report. Cambodia: Land Management and Administration Project (Credit No. 3650 – KH)*. 2010. http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/12/01/000334955_20101201025955/Rendered/PDF/580160INVRoINS1seonly1910BOX353791.pdf (accessed September 2, 2014).
- 20 “World Bank stop funds for Cambodia over evictions.” *Reuters*. August 9, 2011. <http://www.reuters.com/article/2011/08/09/cambodia-worldbank-idUSL3E7J920D20110809> (accessed September 2, 2014).
- 21 Global Witness. Cambodia. *Op. Cit.*
- 22 Global Witness. *Rubber Barons. Op. Cit.* The IFC has been an institutional shareholder in Dragon Capital since 2002 and holds an 8.8% share in the firm. Dragon Capital holds a 1.54% share of HAGL. Furthermore, between 2003 and 2006, the IFC directly invested \$14.95 million into Vietnam Enterprise Investments Ltd. (VEIL), a fund owned by Dragon Capital. VEIL holds just under 4% equity in HAGL and 0.64% in HAGL Rubber, a subsidiary of HAGL.
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Photo: Villagers look out over the land and forest they lost to a HAGL subsidiary company’s rubber concession, Cambodia, 2013. © Global Witness 2013.



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