

The Asian Development Bank (ADB) and the impacts of globalisation on indigenous communities in Ratanakiri Province, Northeast Cambodia.

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This paper outlines the critical issues of forest concessions, industrial agriculture, land encroachment and hydroelectric dam construction facing Indigenous Hill Tribe communities in Ratanakiri Province, Cambodia. This Province is home to 9 indigenous groups (75% of the Province population). These issues are impacting on the food security and traditional livelihoods of local communities, and all are related to Cambodia's transition to a market economy, which the ADB is heavily supporting. Traditional livelihoods are based on respecting the regeneration cycles and productivity of the natural resources within each individual village's domain. Over time these management systems have maintained high forest cover and allowed sustainable natural resource use. The ADB in Cambodia is also involved in supporting policy formulation to achieve long-term sustainable resource management use. Traditional systems and traditional resource managers have been under-valued as sources of knowledge and advice in this policy development process. As a result major resource management policy decisions and legislation supported and funded by the ADB are impacting negatively on the very people the ADB claims it aims to help.

ADB involvement in the development of Ratanakiri, NE Cambodia

- Assistance with the preparation of a national Forest Law – see later in this paper
- Assistance with the preparation of a National Land Law – the new draft (not yet passed) includes a section on indigenous peoples rights to land and to communal land title
- Development of a national Civil Code – necessary for establishing the legality of communities to own land
- Hydropower Development – ADB support for projects both inside and outside Cambodia has had and will continue to have major impacts on local communities
- ADB policy on indigenous people
- ADB RETA 5771, Poverty Reduction and Environmental Management in Remote GMS Watersheds – proposed to begin in 2002 this project aims to achieve sustainable environmental management and poverty alleviation in 5 Districts of the Sesan river watershed
- Indigenous Capacity building – Mainly centred on policy formulation to improve education in areas with indigenous people

According to ADB policy, poverty alleviation has become the key criteria in deciding whether a project should receive ADB funding. What is not stated is that poverty is defined in narrow economic terms and poverty alleviation is to be achieved by and increase in market driven activities. The impacts on traditional communities of individualisation, privatisation and monetarisation are little considered. Improvements in material standards of living are invariably achieved by increased exploitation of the natural capital base. Examples in resource rich areas such as Ratanakiri are abundant and glaring – the takeover of communities subsistence agricultural lands and clearing of forest to plant luxury crops such as coffee and cashew nuts, large scale logging (particularly in 1998) to produce outdoor furniture in Vietnam which was marketed in Western Europe as 'environmentally friendly'. Preservation of the natural capital base lies at the heart of traditional management systems and is the key to sustainable resource management. By breaking down community cohesion and eroding the respect for the internal regulations that guided sustainable resource use, the market driven development model actually impoverishes local people that socially, culturally and ecologically are rich not poor. What is occurring is the common theme of private profit maximisation at the cost of the immediate environment and the local communities.

Poverty Reduction

An example of focus on economic poverty while ignoring the social, cultural and ecological wealth of local communities is seen in the ADB Poverty Reduction Project in Remote Watersheds (ADB RETA 5771)

proposed for the Se San watershed in Ratanakiri and Stung Treng Provinces (Northeast Cambodia)¹. While the potential is high to improve the living standards of local people through support for small scale community based environment management and agricultural development, the ADB is proposing a \$20 million investment in these Districts, 59% of which is to be spent on infrastructure development – roads, markets, schools, ferries, health clinics. Improvements in agricultural production are to be achieved through green revolution style intensive farming in the lowlands and intensifying cashew nut production in the uplands. While this may all sound entirely feasible from a distance and the package is all based on imported technology to be dumped on local communities. Communities' input into project design is ignored, outside 'experts' decide what they need and how to deliver it. Ingrained corruption in the Government system that is supposed to deliver these benefits is also ignored, as is the serious threat of floods from the recently built Yali Falls hydroelectric dam in Vietnam to this new infrastructure. The dam has already caused massive destruction, including loss of life, to the 20,000 people that live along the SeSan riverbanks in Ratanakiri since 1996². Destruction in Stung Treng Province and in downstream areas of Vietnam have either not been quantified or not been publicized.

Projects such as this risk to marginalise further the local indigenous communities who are underrepresented in Government positions and who lack access to central level decision makers. Indigenous people therefore stand to lose their cultural heritage if more careful consideration is not given to development processes. To date assistance with policy change has tended towards sustaining centralized development policies as opposed to community based initiatives that have been successful and could gain considerably from national level support.

Land Issues

The relatively recent policies of economic liberalization in Cambodia have rapidly opened the way for investment in previously more remote areas such as Ratanakiri. Investment has been coming to the province in the form of industrial agriculture, logging concessions and immigration from lowland provinces. It is becoming clear that the most serious issue facing the indigenous communities of Ratanakiri is rapid loss of land and natural resources to meet their livelihood needs and insufficient means to generate income to supplement loss in subsistence agricultural production.

It is also clear, when looking at land use and land ownership in the Province, that the traditional systems are breaking down and commercial agriculture is replacing them. Land that was once used and protected by communities is becoming part of a 'free land market'. Particularly land close to market centres and along roads is under threat. Outsiders and high ranking officials are buying land cheaply from communities with little understanding of this land market and speculating on the potential value. Poor subsistence farmers unaware of the consequences may be tempted to sell land for what appear to be attractive deals. Fraudulent or coercive methods to encourage indigenous people to sell their land are frequent and actually an important feature of this so-called 'free land market'. Lower levels of education allow those in higher positions to misuse their power to gain land, or other resources for themselves without clear understanding by the locals. There are a great many cases documented such as the incidence of one high-ranking official who forced villagers (mostly illiterate) to thumbprint documents which, unbeknown to them, agreed to the sale of land belonging to three villages. Villagers believed they would be receiving 'development' and those that signed received bags of salt. The case has since been lost (by the villagers) at the provincial courts and is going to appeal. Increasing landlessness is also responsible for increasing land conflicts. In 1999 Provincial Land Conflict Resolution committees were established to deal with such disputes.

Tenure amongst the indigenous groups in Ratanakiri is based on rotational agriculture systems that are carried out within communally recognised boundaries. Until communities have a form of land title and recognition for tenure, or strong community agreements regarding the sale of land, individuals tempted to sell land, or forced into signing deals, are doing so at the expense of their family and their community.

¹ See the Ratanakiri NGO/IO Working Group, 'Comments on the Draft Final Report of the ADB TA 5771 Project' Jan. 2001

² See Baird, I. 'A study of the downstream impacts of the Yali Falls Dam in the SeSan River Basin in Ratanakiri Province, NE Cambodia', Ratanakiri Fisheries office and NTFP Project, May 29, 2000.

Indigenous people are significantly marginalised from the process of obtaining land titles. The official language of Khmer presents problems, as does the concept of individual land titles for land that has traditionally been managed communally.

ADB and the Land Law

The ADB should be given credit for tying aid conditionality to the revision of the 1992 Land Law. Having attempted to push through an inappropriate draft of the land law (seriously lacking consultation), by the end of 1998, the ADB responded to NGO/IO and donor pressure requesting a more consultative process. This led to a process of consultation between ADB and UNDP land law consultations, indigenous communities, NGO/IO working group and government officials. Under pressure from donors, a section giving increased legal status to indigenous people to use and manage communal land according to traditional tenure systems was included in the revised law³. The law has yet to be passed by the National Assembly although it has already been adopted by the Council of Ministers. The ADB could assist in ensuring smooth passage of the revised land law and supporting its effective implementation.

Investment and agriculture

In addition to land expropriation, there are pockets of industries such as gem mining, gold mining, ongoing and uncontrolled logging and uncontrolled trade of non-timber forest products such as the highly valued malva nut, wild animals etc. This accentuates problems related to the seeking of individual profit, collusion and corruption, often at the expense of local communities who are sometimes prevented from accessing the resources.

The government may see the process of opening up the area to investment as in the national interests and the transition to a market economy. What is actually happening is that neither the local communities nor the national economy are gaining from these ventures. By looking at large-scale agriculture development to date and making comparison with small-scale, community based initiatives this is frequently seen to be the case. Many large coffee plantations in the Province have stopped watering their coffee trees because the returns do not pay for the costs of irrigation (400riels/kg – 10 U.S. cents). In contrast, several local indigenous communities experimented with growing coffee from Laos in the 1960's. This coffee was planted in the shade in forest conditions, is low maintenance and low risk and has been providing limited but sustainable incomes for these communities for more than 30 years. Cashew nuts are now the new hope with both large and small farmers planting large areas. The price for cashew nuts has also dropped this year to 1000 riels/kg (25 U.S. cents). This combined with the low production of many trees means that good subsistence food growing land is really producing little at all. Nor is it building important soil fertility to maintain productivity over time.

Case Study

In 1995 a 20,000 ha Oil Palm Plantation was proposed in O Yadao District, Ratanakiri. This was a joint venture between a Malaysian company – Globaltech Sdn. Bhd. – and two Cambodian companies: Mittapheap-Men Sarun and Rama Khmer International⁴. This venture was set to benefit only the large stakeholders. Proposals of employment and benefit to the region were soon proved weak as few locals were employed and working conditions were poor.

“They told us that where there were companies, there would be poverty alleviation” (ethnic Jarai ex-plantation worker)

The reality was very different. Only two local Jarai people were given permanent employment. Thirty workers were tricked into coming to Ratanakiri to work for the company who failed to pay their wages. Working hours were rigid and no sick pay was provided. With intense work that was enforced workers became weaker and more prone to sickness for which there was no compensation, simply loss of salary for absence. Such is the trend for big business and the quest for maximisation of profit; employees were exploited and denied their rights. It soon became clear to employees that those communities who remained

³ See Meijers, H. ‘Access to Resources in Highland Cambodia’ in The Indigenous World 1999-2000, IWGIA.

⁴ See Colm, S. Effects of Oil Palm Plantation Development on Indigenous Communities, Ratanakiri Province, Cambodia, May 1996.

farming rice and doing chamkar (swidden cultivation) were far better off than the wage labourers. They were not dependent on unreliable wages and were still producing sufficient food supplies. It also became clear that the company was increasingly encroaching on indigenous people's land.

The oil palm trial block of 20 ha was unsuccessful and the land was subsequently used to plant 200 ha of coffee. The company harvested its first crop of 60 tonnes from 100 ha this year, but as of March 2001 the crop remains unsold in the company's shed.

Forest Issues

Anarchic logging has been the cause of a great deal of destruction of forest and disruption to communities in Ratanakiri. This reached a peak in 1997 when donor were forced to act by putting extreme pressure on the Cambodian government to crackdown on logging activities nationwide. The ADB played a role in this process. Despite the necessary crackdowns by the government, concessions continue to be granted in attempts to profit from the dense forests of Ratanakiri. In Ratanakiri concessions cover 40% of the surface of the Province⁵. The operations and activities of logging companies are having devastating effects on communities.

ADB and Forest Issues.

In the Year 2000, there was a series of old draft forest laws, policies and protocols. The Asian Development Bank (ADB) then gave Technical Assistance grants to the Department of Forestry (DFW) and the Ministry of Agriculture Forestry and Fisheries (MAFF) Royal Cambodian Government. There were three elements to that technical assistance

- Development of a new draft of the Forest Law
- Development of community forestry guidelines
- A review of forest concessions in Cambodia.

Consultants were engaged to undertake this work with the co-operation and participation of DFW and MAFF.

Forest Law

The consultants doing this section of the technical assistance did so without public consultation or public participation. At one stage NGO's asked to input into the development of the law but this was refused. The reason given was that participation would take too long. It is noted that the pay for consultants was linked to the approval of the minister, not to a proper and consultative process – meaningful participation was not part of the TOR given to the consultants by the ADB.

As a result of this, a forest law, with little chance of success in being implemented (due to low public recognition of it). It was driven by a heavy bias toward DFW vision of centralised, industrialised forestry. While the draft was initially containing some clauses *apparently or cosmetically* in support of communities managing their forest, the general approach was a disaster for communities. It failed to question what the objectives of forest management are best to be for the poor people of Cambodia. Instead it was drafted by a relatively small group of people with a well-earned reputation for being exceedingly wealthy and corrupt. There was no real review of this basic industrialised forestry option, which was put in place by DFW and MAFF.

Unfortunately for the poor people of Cambodia the draft from the consultants was given to DFW to review. Again outside participation was denied. The draft was reviewed and changed. It was then handed to MAFF, who took out most of the articles and language that supported community involvement in forest management. Many articles building the centralised model of industrial forestry were added or reinforced. This resulted in even the consultants condemning and disowning the new draft.

⁵ See Bottomly, R. Structural Analysis of Deforestation in Cambodia, prepared for Mekong Watch and Institute for Global Environment Strategies, Japan, March/April, 2000.

This MAFF draft was then released for 10 days comment. Ten days is totally insufficient for community input. It takes 10 days for things to get to some provinces. In one case, DFW refused to send a copy of the law to an NGO working in the provinces, saying that they had to come to Phnom Penh to get it.

The MAFF draft of the law also met the disapproval of other Departments, NGO's donors and international organisations.

In this whole process the ADB allowed the project to draft the law then wait until the contract period was nearly over before seeing its release – one result being that the ADB had little control over the output (the project was finished as the Law was released).

With the law redrafted and the ADB finishing the project, the handling of the forest law was been handed over (taken over) by the World Bank. The World Bank continues to push it forward at an unsuitable pace, and without adequate participation. The ADB have effectively washed their hands of it but played an integral role in allowing and promoting such an inappropriate result. ADB's policy of checking what are the impacts of their projects on indigenous people has been seriously violated.

“If ... Indigenous people are likely to be affected significantly by an ADB intervention or ... indigenous peoples are disadvantaged or vulnerable in an intervention because of their social or cultural identity, a specific indigenous peoples plan addressing indigenous peoples and their concerns, that is time-bound and that has appropriate budget provisions, must be developed.” (Page 20)

ADB Policy on Indigenous People (1999)

ADB policy aims to ensure that “interventions affecting indigenous peoples are...Conceived, planned and implemented with the informed participation of affected communities.”

ADB Policy on Indigenous People (1999). Page 25

In addition, it should be noted that the ADB has consistently said that it will not make the correction of the mistakes to do with the forest law a condition of projects in other areas including in governance. ADB say that they cannot do anything about the forest law, as they have not projects in that sector at the moment. They consistently fail to see their project as being related to each other and consistently fail to make other projects ameliorate the effects of their forest law project.

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Community Forestry Guidelines

The community forestry guidelines were a favourable development undertaken by the ADB project, but this was mostly due to the nature of the consultant involved in that part of the project. It should be noted that the consultant involved also found it very difficult to work with the project leader appointed by ADB, the focus of the team leader being very much one of centralised, industrialised forestry.

The CF Guidelines were developed with a very participatory approach. People from communities, for NGO's and from government were brought together to develop a series of guidelines to steer community forestry into the future, taking the experiences and lessons of the past.

When this was done, it looked as if it was a positive step. Then the ADB consulting team released the law that effectively undermined the advances suggested and possible under the CF guideline. Of course that law will be stronger than the guidelines.

In addition to this the CF guidelines were taken and given to the ADB Consulting team in order to draft a revised draft of the Community Forestry Sub-decree. In this process the looks of the CF Guidelines were maintained but the power of community forestry was written back to the centralised and corrupt Department of Forestry and Wildlife.

The ADB Forest Concession Review.

The ADB also undertook a review of concessions operating in Cambodia. It was not a particularly in-depth view. The inspection team was accompanied by and led by DFW officials for most of the period. The consequence of this was that important information about concessionaire mis-conduct was not collected.

Despite this, the concession review found that all concessionaires were guilty of serious breaches. Consideration of the social and cultural impacts of concessions compared with their economic importance was seriously deficient. There was no real examination of whether the industrialised, centralised model of forestry is suitable for Cambodia or not.

In response to the review, the team and the ADB failed to recommend any significant cancellation of concessions, despite overwhelming evidence of their detrimental impact on the lives of poor people in Cambodia. The team recommended three concessions be terminated, but the reasons given was not due to misconduct, but due to the concessions not having any more timber remaining.

General.

The ADB has supported the model of industrialised, centralised government forestry. It continues to put large loans to the central level with little or no requirement that there be gains and advancement for the poor people of Cambodia. In fact the rural poor have been ignored or further marginalized by ADB Forestry sector interventions.

Infrastructure Issues

Roads

A standard approach to 'poverty alleviation' seems to be based on an assumption that upgrading infrastructure and thereby the potential for economic development is a priority. The ADB RETA 5771 project is a typical example. There are some major concerns that have been raised by communities based on their experiences of such development to date.

For communities within the HERO logging concession, roads have meant greater access to an increased number of logging trucks to extract resources and disrupt the communities. Where locals still have to endure poor roads there is a case for waiting until communities are in a position to manage and protect forest resources from timber merchants roads should not be made accessible to logging vehicles. New roads, particularly those for accessing timber, often cut through people's land and destroy forest.

Improved access to remote areas enables outsider to move in and trade more easily. While immigration cannot be stopped, land security for indigenous people can be dramatically improved. Until this occurs, improvements to road and road construction holds potential to cause far more damage than benefit for communities. Communities do not currently have the expertise to benefit from the trading potential. While the provision of roads has been part of local community development projects, communities have expressed the extent to which they can be detrimental to their health, culture and ability to manage natural resources.

Land grabbing has taken place to the greatest extent along major roads in the province. Because of the trading potential and access, land along the road becomes valuable to outsiders, further encouraging the sale of community land. For this reason it can be clearly stated that increased numbers of major roads can only increase the vulnerability of communities in maintaining their land and managing it in a sustainable way. Communities have stated that while they are not in a strong position to begin trading and do not own transport, they would see little benefit from improved roads.

Appeal to ADB to focus on passage of land and forest laws that will protect local communities interests, support implementation of those laws before investing in infrastructure.

Hydropower

One of the most serious issues facing communities living along the Se San River is the impacts of the Yali Falls Dam. Construction of this 720 MW dam began in 1993 and it will be in full operation by the end of 2001. Communities have suffered since 1996 from unnatural floods and dramatic dry season fluctuations of water levels. Many villagers have lost lives, thousands of livestock have drowned and communities are suffering from new illnesses thought to be related to changes in water quality. Fishing, gold-panning and other river related activities have ceased. Some villages are being forced to move away from the river altogether.

A study commissioned by Oxfam America reported that the total livelihood income loss for 3,434 households was over \$2.5 million in 1999, with reduced fish catches accounting for more than half of the loss. In addition to livelihood income losses, sudden flooding from dam water releases has resulted in more than \$800,000 in other tangible losses, including lost livestock, fishing equipment and boats, housing and rice stocks. This economic quantification was done only with respect to communities in Ratanakiri Province. It does not include impacts to downstream communities in Vietnam or in Stung Treng Province.

Communities in Ratanakiri are demanding compensation for their losses from the Vietnamese government. Feasibility studies for the Yali Falls dam started as far back as 1964 which suggests the justification for the project was out of date. The ADB has worked closely with the Mekong River Commission (who provided technical studies) on hydropower development in the Greater Mekong Subregion. While it is recognised that the ADB was not directly financially involved in this project, Yali Falls is one of a great many dams proposed for the region. As a proponent of large-scale hydropower development, and the donor to a great number in the Southeast Asia region, it appears necessary to stress further to ADB the extent to which communities in Ratanakiri are suffering. It is also important to highlight the potential damage the Yali Falls dam may have on further development initiatives in Cambodia. For instance, the ADB RETA 5771 project plans to invest \$20 million in poverty reduction interventions into the downstream area impacted by Yali Falls. The project document admits that "unless the impacts of the dam are ameliorated, this investment may be of no avail".

Much credit is given to the ADB for having the foresight to withdraw funding from Se San 3 dam, proposed by the Vietnamese Government, downstream from Yali Falls (closer to the Cambodian border). This decision was made after studies on the downstream impacts of Yali Falls were made public (in mid 2000). It is crucial that ADB maintains their decision on this and gives the same consideration to the large number of other hydropower projects proposed for the region.

The Yali Falls dam demonstrates that decisions about hydropower development are based on faulty cost-benefit analysis. The E/SIA for Yali was conducted assuming impacts only 8km downstream from the dam. Now tens of thousands of villagers, downstream in Vietnam, Ratanakiri and Stung Treng are bearing the social and economic cost of this mis-management. It is crucial that ADB demands rigorous cost/ benefit analysis of all hydropower development projects in which they are involved to ensure that all the downstream social, economic and environmental impacts have been quantified and all downstream users will be appropriately compensated.

Community Based Alternatives.

Indigenous people are becoming increasingly aware of the potential negative impacts of the land market, agribusiness and cash cropping. Sustainable and integrated agriculture projects have been initiated in the area through NGO/IOs working in the Province. These have only partially achieved their objectives of improving food security, partly because of the emphasis on introduction of outside technologies rather than building on existing systems.

Community Land Use Planning and Community Forest Projects have assisted communities in protecting their land and resources to a limited extent. The alternatives to individual land titles have been explored extensively. Several communities are very interested in replicating models of communal land ownership and some pilot projects have received provincial level official recognition and national level support. However the possibility of communities receiving official recognition for communal land tenure rests on the passing of appropriate land and forest laws. What has been shown is that the process for establishing such projects are possible and the capacity and dedication of the communities to protect resources for present and future generations is high. Within certain projects space could be given for communities to enter into dialogue with companies to invest in development of certain areas of land. A mechanism for processing and production companies to negotiate with communities could be established to create clear regulations and a contract to ensure companies do not violate agreements would enable communities to protect areas of agricultural and cultural importance, creating the potential for mutually beneficial development.

The ADB Highland People's Policy states very clearly the considerations that need to be made when involved in development which directly or indirectly affects indigenous people. While it is commendable that this policy has been produced there appears to be little evidence of the proposed 'indigenous people's plan' being implemented. The policy is currently under review and it is essential that it be implemented.

Communities in Ratanakiri are calling for a complete reversal of large-scale economic development models. Any projects that do not attempt to work by listening to the voices of the poor and attempting to build the capacity of the poor stand to accentuate poverty rather alleviate it.

What should be highlighted from the above report is the vast amount of economic development that is already taking place in the region. There are also a great many NGO/IO projects working in community based natural resource management, health, literacy and ecological tourism. ADB, as a donor of development projects should recognise existing development work in regions proposed for interventions and consider directing funds through local initiatives and based on full consultation with all stakeholders. In this way ADB funded development can assist in mitigating rather than accentuating the problems associated with market driven development activities.