

Boeung Kak Lake Lease Agreement

Some Questions for Discussion

1. Introduction

The planned developments around the Boeung Kak lease agreement recently made the headlines in the media and it is well known that it has the potential to impact on the lives of thousands of households in the area of the lease agreement. The current lack of detailed information on the proposed development plans prevents a good discussion between the involved stakeholders: the community, authorities, the company and the NGOs working with the community. However, the little information that is available on the lease agreement raises several questions about the pattern, process and impacts of the development.

This article is not an in depth study and analyses but an over view of the questions and concerns for further discussions such as:

- What are the development plans for the leased area? What is the objective?
- What is the legal legitimacy for the lease, given that Boeung Kak is public state property and the lease is not in line with articles 15, 16, and 18 of the Land Law?
- Considering the multi dimensional impact of the proposed filling of the lake, an Environmental Impact Assessment needs to be carried out in order to get a clear picture of the impact of the proposed development.
- When and how will the citizens of Phnom Penh be consulted?
- What will the resettlement policy look like in terms of compensation, process, financial arrangements and consultation with affected families and businesses?

Given the many issues and concerns this paper ends by providing a pro-poor alternative to the private sector lease in which the Municipality of Phnom Penh gains financially and politically, and the local community is empowered and gets tenure security while it also benefits the environment as the lake does not have to be filled.

2. Background

Boeung Kak Lake is situated in Khan Daun Penh and Khan Toul Kork of Phnom Penh. The lake is 90 ha surrounded with residential area, commercial activities as small businesses, restaurants, rental houses, guest houses, hotels, embassies etc. The total numbers of families and populations is not clear.

On February 6, 2007, the Municipality of Phnom Penh (MPP) announced that it had granted a 99 years lease for US\$ 79,002,000 at 0.60 US\$/sqm/year to a little known private developer Shukaku Inc for development of 133 ha of Boeung Kak lake area



Tourist Site of Boeung Kak Lake (Photo by NGO Forum)

including 90 ha of lake. According to the lease agreement 4,252 families in Sangkat Srah Chak Khan Daun Penh will be affected.

Later the MPP announced that a private construction company named 7NG has proposed a plan to the MPP for providing alternative housing for thousands of residents due to be evicted from Phnom Penh's Boeung Kak area¹. According to the proposed plan the families will be allowed to stay at current location for 4 years and will pay US\$ 0.64/day/family for four years to the company as a deposit amount. After four years, the families will move to new houses and will pay an additional US\$0.42/day/family for six years and subsequently get the ownership of the house. The total costs of the new house will therefore amount to US\$ 1,854 measured in 2007 prices.

The alternate housing are said to be composed of 20m x 5m lots but there is no detail available about the location of the housing lots. The new housing will be provided with a road, electricity, water, sewage system, a school, a hospital and a pagoda according to the proposal. A representative of 7NG said his company is currently working with MPP on a project involving more than 1000 ha of land which will be used to provide affordable housing for the poor.

3. What are the objectives?

The primary question is to understand MPP objectives related to this lease agreement and development of Boeung Kak area. The announcement of the lease agreement did not mention the objectives of the lease.

- Is this development addressing the housing issue and for whom?
- Is this an initiative to generate revenue for the MPP?
- Is this an effort towards beautification of the city?
- Is this to improve environment of the city?
- Or are there other objectives related to this lease?

The objectives are important to understand development vision of the MPP. Understanding the objectives will provide opportunities for various sectors and citizens to strengthen MPP efforts for development and poverty reduction.

4. Land Law – Public State Property

According to Article 15 of the Land Law, water bodies, lakes, rivers etc are considered to be public state property. Article 16 and 18 of sub-decree 129 ANK.BK on Rules and Procedures on Reclassification of Public State Properties and Public Entities, states that the leasing of public state property must: 1) not exceed 15 years, and 2) must not damage the property or change its function in providing public services. In context of these two articles, Boeung Kak is public state property and should not be leased for more than 15 years. Additionally, according to



The View of Boeung Kak Lake
(Photo by NGO Forum)

¹ Cambodia Daily March 9, 2007

the agreement, the company is allowed to fill in 80 ha of lake out of 90 ha. Which means this will totally change the function and nature as the lake will be transformed into the dry land. On this basis, lawyers and NGOs are considering this agreement illegal.

The lease allocation was approved first by the Council of Ministers (CoM). The conformity of legal aspects is the standard process of the authorities and it is justifiable to assume that CoM and MPP did the same. So it is interesting to know from the Municipality of Phnom Penh which laws provide the legitimacy to this lease agreement.

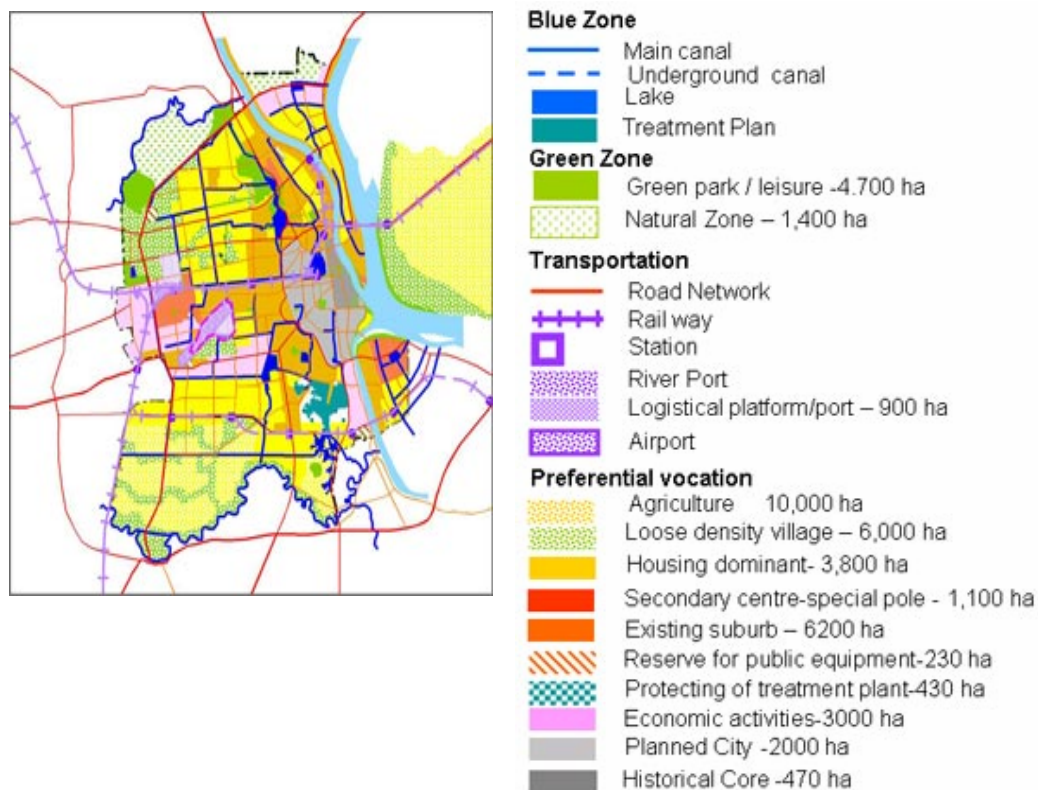
5. Master Plan of Municipality of Phnom Penh

The Municipality of Phnom Penh's (MPP) Master plan describes six orientations for the application. One of the orientations is;

The safeguarding of the great influences: adoption by the municipal Land register of the delimitation of the influences of the public domain for the passage of the great infrastructures of roadway system, channels, the reserves of storm, the rivers and the large structuring equipment of the metropolis (airport, ports, railroads, logistic platform, university, stages, great parks, ecological zones).

Comparing above orientation with the land use plan of Master Plan, we can see the master plan is indicating protection of “reserves of storm” and “ecological zones” lakes and rivers which includes Pong Peay lake and Boeung Kak lake. But now Pong Peay lake is already filled in. And current Boeung Kak area lease agreement is allowing to fill in on 80 ha of lake out of 90 ha. This is not in accordance with this master plan. Therefore it is not clear what plan the Municipality of Phnom Penh is following?

Figure 1: Map of Master Plan for the development of Phnom Penh



6. Transparency and Competitive Environment and Private Sector

The Royal Government of Cambodia (RGC) has a policy to encourage private sector for development and its implementation can be easily observed in each sector of our economy. However, Cambodia still requires more private sector investment for its development as stated in the National Strategic Development Plan 2006-2010 (NSDP). One important element of private sector led development is a competitive and transparent process which allows multiple investors to compete to win a contract or agreement as this is an effective manner for Government authorities to get good quality for a fair price, which is in the interest the MPP.

Besides this, the governance section of the NSDP clearly states that the Royal Government is determined to "strictly adhere to competitive public bidding and transparency in all contracts, leases or disposal of state assets" (bullet 4.12). So what criteria and process was adopted to select Shukaku Inc for this lease provision? Why was the process not public and transparent as required by the National Strategic Development Plan?

7. Free Market Economy and Governance

In contrast to other countries, the majority of the poor communities in Cambodia are legal according to the 2001 Land Law. There are various types of owners and rentals in Boeung Kak area ranging from residents to commercial businesses which can fall under various types of ownership and occupancy rights. It is at the moment not clear how the quoted number of 4,252 affected families is calculated and how various types of ownership and occupancy rights are categorized among these families. There is need to clarify how the compensation can be calculated in relation to:

1. the market value of the land by location
2. size of the occupied area
3. the type of housing structures; etc...

These details are important with respect to the protection of private property which is necessary for any peaceful environment. It is generally accepted that weak documentation of land use and property is creating land conflicts at every level of society and that the rich and powerful are grabbing land everywhere. Private property right is a basic element of any free market economy. The families work hard, save money and successfully gained some property. If this property will be taken away by offering low value compensation under force and pressure, they will loose trust in the system which is not in favor of longer term development and a peaceful environment. Market forces should determine the value and the dealings between the parties involved while the government's role is to provide a peaceful environment in which these market forces can play their role and stakeholders can negotiate and deal peacefully.

In the case of Boeung Kak area how can MPP play this facilitating role of governance in which both the private company and the community can negotiate directly with each-other without using pressure and force, and with respect to the free market principles?

8. Environmental Impact Assessment (EIA)



Business Activities around Boeung Kak.
(Photo by NGO Forum)

Lakes, ponds and rivers are important parts of Phnom Penh wastewater and storm water drainage. Additionally, open spaces in urban dense areas like Phnom Penh are considered to be lungs of the city. During rain, the water level in rivers rises above the ground level of Phnom Penh which makes it impossible for the drainage to enter the river. For the interval where the river water is above the level of the drainage system of the city, the rain water requires spaces to

retain for this time period. If this space for the retention of rain water will not be available (as would be the case when 90 percent of the lake will be filled up), Phnom Penh will be flooded even when there is only little rain fall. This early flooding was also observed after the filling up of Pong Peay. Besides preventing Phnom Penh from flooding, these lakes provide natural treatment for the wastewater system of the city. Moreover, the open space that the lake is providing is considered to be part of the necessary "lungs of the city" that are needed to clean the air. The observed increasing number of vehicles in Phnom Penh demands more open space in the city.

The Boeung Kak Lake development plan will have multi dimensional impacts. These impacts will not be limited to the Boeung Kak area but to the whole of Phnom Penh. These kinds of project require an "Environmental Impact Assessment" (EIA) prior to approval of the project. Since the agreement between MPP and Shakau Inc does not mention anything related to an EIA and since there is no information available that any company or authority carried out an EIA prior to the agreement, it seems that an EIA has not been carried out. If this is the case, an EIA needs to be conducted in the short term by an independent agency. In case an EIA has been conducted, the findings need to be made public as soon as possible.

9. Excess Load on City Infrastructure

There is not much information available about the development of Boeung Kak area. But limited information is indicating housing for the rich and multi storey buildings. The rich people are consuming more utilities such as electricity and water compared to middle and low income families. Additionally, multi storey buildings mean more dense population and more concentration of activities in the city. This kind of development ultimately puts more load on the city infrastructure which is already overloaded like the city roads.

Existing roads in the city center are not capable of taking care of the current traffic load. The current city infrastructure road, electricity, water supply, wastewater and storm drainage etc are not capable to improve at the same rate as the rapid city development. Ith Praing, secretary of state for the Ministry of Industry, Mines and Energy said the city (Phnom Penh) will continue to experience a daily 40 megawatt shortage to the next two years². Currently the city is already experiencing traffic jam, electric load shedding for hours, flooding and other issues.

² The Cambodia Daily Friday, March 30, 2007

City Hall has more development plans for Phnom Penh in addition to the Boeung Kak development. These developments are not only related to land and investment but are multi-dimensional projects such as infrastructure, traffic management, security etc and therefore appropriate decisions on new developments includes consulting each and every department involved. Surely the city hall knows this situation and the processes for consultation involved. What citizens are interested to know is which departments are being consulted? What are their views on the existing situation? What are their views on this rapid development? What future plans are being recommended by these departments? What measures and finance require the up-grade of existing infrastructure and services to deal with these developments? How and from where finance will be arranged?

10. Public Consultation

As this is clear from above discussion that this development has city level impact and it is logical to provide clear and detail information to the citizens at a large scale. In many countries it is the normal practice to disseminate information to the citizens through print and electronic media and invite citizens for their comments. The citizens have opportunity to express their comments in various ways. A series of public hearings can assist to collect and analyse the plan. This will pave the way for a constructive dialogue and communication among authorities and citizens and even among citizens themselves.

There are several concerns and rumors concerning the Boeung Kak plan. This is mostly due to the limited available information about the plan and limited consultation. This city belongs to all citizens and every citizen is in favor of development. But this requires efforts to strengthen the constructive environment of communication and dialogue. Is it not possible to invite MPP and the private company Shakaku Inc to present their plan in an urban forum consisted of various circles of the city? Is it not possible that print and electronic media assist City Hall to disseminate the plan to a larger population in Phnom Penh and collection of their comments? Is it not possible that City Hall encourages “civil society” to disseminate and discuss the plan at various circles of the city? Is it not possible that MPP with assistance of civil society develop a public consultation and hearing process?

11. Resettlement Policy

Another important aspect of the development like Boeung Kak plan, which will affect thousands of families, is a resettlement policy which clearly defines the criteria and processes for the settlement to be evicted, compensation details and process, financial arrangements and consultation with affected families and businesses. Currently there is no National Resettlement Policy. But the Municipality of Phnom Penh (MPP) already experienced excellent examples of resettlement such as Apiwat Meanchey, Korklieng 1 and Korklieng 2 which were supported by the donors and NGOs. The resettlement practices in these three cases have



Arm-force deployed for forced eviction and preventing residents from gathering. (Photo by NGO Forum)

been supported by the donors and NGOs. The resettlement practices in these three cases have

later not been replicated due to the two main reasons. Firstly, these practices never transformed in a policy, legal framework, institutional arrangements, capacity building and delivery arrangements. Secondly, these relocation models did not provide alternate sustainable financial arrangements which can replace the financial support provided by the NGOs and donors. Later when donors and NGOs became reluctant to provide financial support to more relocations, there was no alternate financial arrangement for these new relocations and communities were forced to live on a site with no or improper basic facilities.

Past experiences are very important for learning if we are ready to evaluate our efforts open mindedly. Looking at the previous successful relocation examples, what needs to be done to establish a resettlement policy? What should be the conditions for eviction/relocation as the last option for any development? How can the compensation/ relocation cost be incorporated as an essential part of the development project as Boeung Kak development plan? What should be the legal framework and institutional arrangements? What can be the process which can focus community participation as the main element?

12. Land Tenure Security for the poor communities

In May 2003, the announcement of upgrading 100 poor communities per year and tenure security for the poor settlements by Cambodian Prime Minister Hun Sen was praised internationally and nationally by donors, NGOs and communities. Several donors, International Non Governmental Organizations (INGOs) and Local NGOs (LNGOs) put millions of dollars in upgrading of hundreds of settlements in support of this announcement. Now in March 2007, the same donors, INGOs and LNGOs are shocked with the wave of evictions/relocations and are questioning the investment they have done in hope for tenure security for poor communities.

It is important to note that the poor communities around Boeung Kak also benefited from this upgrading. Even the pilot project which became the base for this upgrading initiative was conducted in Ros Reay settlement of the same Sangkat Srah Chak which is now leased to the private firm. These communities were feeling secured due to two reasons. Firstly, they assumed upgrading means acceptance of their right to live on this site. Secondly, Boeung Kak is Public State property and not supposed to be granted to private sector. Now they are questioning if any law is favoring the 99 years lease of Boeung Kak to the private sector, then why did authorities not consider offering the lease to the local residents prior to the agreement with the private sector?



Building Structures around Boeung Kak Lake.
(Photo by Teang Tnant Association)

13. Amount for compensation

If we assumed that whole amount, US\$ 79,002,000 million will be used for compensation of 4,252 that each family will get average US\$ 18, 588. If we can consider US\$400/ sqm (lower than market value) as compensation only for the land, the amount US\$18, 588 is

sufficient for only 46.47 sqm. If we add the value of structure addition to the land, then this amount not seems to sufficient for better compensation.

The agreement is not indicating total amount allocated for compensation. But agreement mentioned that compensation amount will be paid from the deal amount US\$ 79,002,000, which means only a part of deal amount will be allocated for compensation. So what will be the criteria and process for compensation? How this can be possible to compensate affected families from such a small amount?

14. Better Revenue for MPP with “Pro Poor Development Approach”

According to the agreement, the total lease amount US\$79,002,000 will be paid in 10 years to MPP. Dividing same amount among 4,252 families the amount is US\$18,579.96/family. Taking span of 10 years this is US\$1,858/family/year in current prices. One possible option is to offer the same lease to the existing occupants who are most likely to be interested in paying this amount. This alternative scenario would be good for MPP's local and international image as it avoids evicting thousands of families. By offering lease it will create a win– win situation to both the MPP and the current inhabitants as MPP can get net same amount, providing tenure security to local occupants and getting “pro poor” friendly image at local and international level.

Additionally, many donors will come forward to assist MPP plan to convert Boeung Kak as symbol of “Development and Beautification” of the city with “Pro Poor Development Approach”. There are various low tech and low cost options available for this. In Thailand, there are several examples, in which community had taken the responsibility to clean canal and change the canal from black water to green water. Community can do the magic, but the important question is how much we are committed to “Pro Poor Development Approach” for “Poverty Reduction”.

More information, please contact:

Housing Rights Task Force:
Mr. Rashid Kharti
Tel: 012-472-909
Email: khatriab@yahoo.com

Mr. Phann Sithan
Housing Rights Task Force Secretariat
C/o Office:#54, Street 306,
P.O.Box: 1120, Phnom Penh, Cambodia
Tel/Fax: (855) 23 211 723
Office: (855) 23 215 590
Mobile: (855) 12 707 960
E-mail: cam.hrtf@gmail.com

The Cambodian National Budget and Development: Translating the Policies into Action, Prioritize the Priorities!!

EXECUTIVE SUMMARY

NGO Forum's Budget Monitoring Project analyzed Government's commitment to its pro-poor policies through allocations and disbursements of the national budget during 2006 and its allocations for 2007. The analysis brings the following findings to the fore:

1. Allocations in the 2007 Budget Law are an improvement when compared to 2006 as there are increased allocations for expenditure (current and capital) in certain priority sectors;
2. These increased allocations do however not necessarily translate into actual expenditure as can be concluded from the 2006 expenditure data;
3. While expenditure on salaries and other current expenditures in the seven priority sectors have been generally on target during 2006, disbursements for capital expenditure in these sectors have been lagging;
4. Analysis of Government's spending reveals that the "non-priority" ministries/agencies overspent more than US\$ 90 million in 2006.

This article concludes with the observation that, the Ministry of Economy and Finance provides only limited information on budget allocations and expenditures; a narrative that explains RGC's choices on the budget is missing altogether. With this scarce information it is difficult to evaluate the "pro-poorness" of the 2007 Budget Law and NGOs call upon the Ministry of Economy and Finance to provide more data on allocations and implementation and suggests that the 2008 Budget Law is accompanied with a detailed narrative that explains Government's choices and priorities. Concerning the current 2008 Budget Law, the NGOs request the Royal Government to implement the budget according to the Budget Law and prioritize its priorities.

INTRODUCTION

An exact definition as to what expenditures³ in the budget are "pro-poor" is not available; however, 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. Attempting to align government's policies and the pro-poorness concept above, the article examines the expenditures of the 2007 Budget on the seven priority sectors set by the Royal Government which are Health, Education, Women Affairs, Agriculture, Rural Development, Public Works, and Labor & Vocational Training. Furthermore, the article

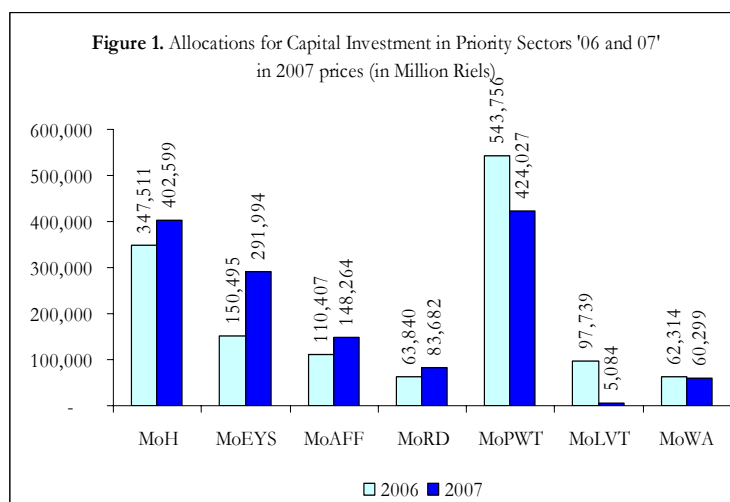
³ Within expenditures, two key terms need clear explanation—current expenditure and capital expenditure. *Current expenditure* relate to payments for goods and services consumed within the current year such as wages, salaries, pensions, and stationary; *Capital expenditure* relate to payments assets that are used repeatedly in the production process during more than one year. It incorporates the expenses such as construction, renovation, and major repair of buildings and replacement of equipment.

assesses the credibility of the budget in the priority sectors and compares this with budget implementation in “non-priority” ministries / agencies.

THE 2007 BUDGET LAW

Budgeted Capital Expenditure for 2007

Compared to the 2006 Budget Law, real capital expenditures in the 2007 Budget Law



Sources: Budget Laws 2006 and 2007

increased by 25 percent, which means that overall there is more money available for issues as construction, renovation, major repairs of buildings and the purchase of equipment. Generally this is seen as a positive sign, as capital expenditure is regarded as a driver of real development.

However, as illustrated in figure 1, the picture for the priority sectors in the 2007 Budget Law is mixed. Of the seven priority ministries, only three experiences an above average increase, one priority ministry receives a less than average increase, while another three see their capital budgets for 2007 decrease compared to 2006. In nominal terms⁴, the 2007 Budget Law shows increases in capital expenditure the Ministries of: Health (+16 percent), Education Youth and Sports (+94 percent), Agriculture Forestry and Fisheries (+34 percent), and Rural Development (+31 percent) while the decreased allocations are provided for the Ministries of: Labor and Vocational Training (- 95 percent), Public Works and Transport (- 22 percent), and Ministry of Women Affairs (- 3 percent).

Although no detailed analysis can be made concerning the exact pro-poorness of the planned expenditures in health, education, agriculture and rural development, the increased allocations seem to be a step in the right direction. However, Government's intentions for these increased allocations should be publicized in a narrative that accompanies the Budget Law, in which the reductions in the capital budgets for the three priority ministries mentioned above are also explained.

Budgeted Current Expenditure for 2007

Although it is reasonable to expect that the annual budget increase in the seven priority ministries exceeds the average level, this is not the case for the current expenditure in the 2007 Budget Law. Compared with the real average current expenditure increase of 14 percent, only four priority ministries received more than

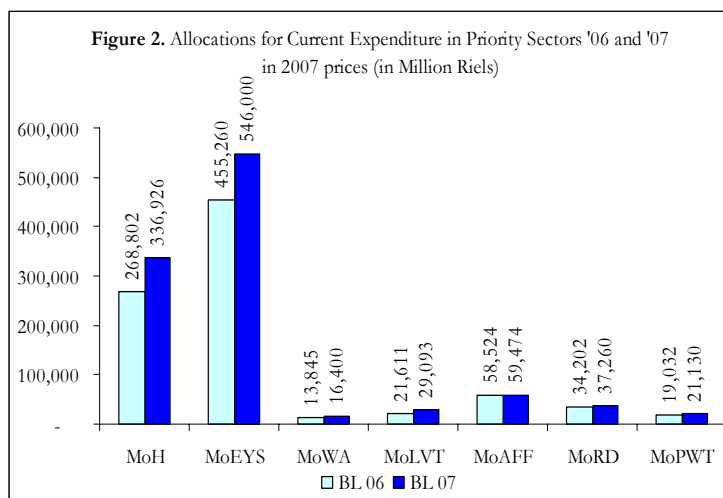
the average increase in current expenditure which are the ministries of: labour and vocational training (+ 35 percent), health (+25 percent), education, youth and sports (+ 20 percent), and women's affairs (+ 18 percent). Receiving a less than average increase in current expenditure are the ministries of: public works and transport (+ 11 percent), rural development (+ 9 percent), and agriculture (+ 2 percent).

Although only one third of the current expenditures compromises wages, the increased allocations for labour and vocational training, health, education is seen as a positive development as it hints at an increase in the number of service providers in these sectors and/or better working conditions for the service providers.

A possible concern is the limited increase in current expenditure for the Ministries of Agriculture and Rural Development which deserves an explanation by the Ministry of Economy and Finance.

Credibility of the 2007 allocations

Although overall the 2007 allocations are seen as a positive step towards a better budget for the poor, experience tells us that the allocations in the budget law may differ substantially from the actual expenditure pattern, especially for capital expenditure. To illustrate this point figure 3 below provides the shares of actual expenditure from the priority ministries for both capital and current expenditure during 2006.

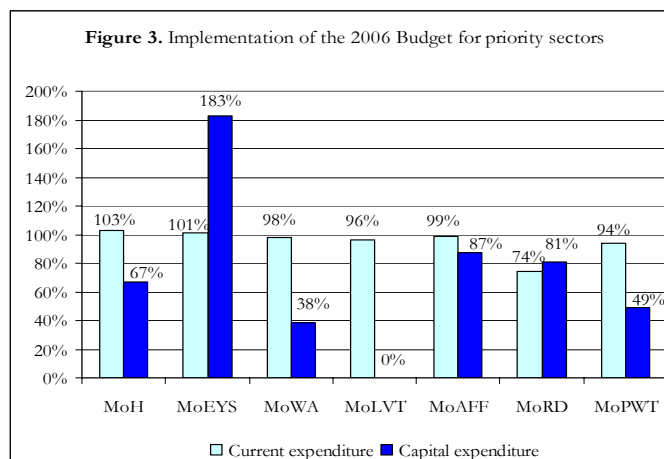


Sources: Budget Laws 2006 and 2007

⁴ When an amount is quoted in “nominal terms”, it is not yet corrected for inflation. With an amount is quoted in “real terms”, inflation has been taken into account and the price has been adjusted accordingly.

Figure 3 below clearly indicates that current expenditure (of which approximately one third consist of salaries) was spent as outlined in the 2006 Budget Law, which gives reason for optimism concerning the actual delivery of the higher wage bill (current expenditure) for the Ministries of: Health, Education, and Labour and Vocational Training seen in figure 2.

For capital expenditure, the figure shows that all priority Ministries, with the noticeable exception of the Ministry of Education Youth and Sports, spent less than budgeted during 2006. Information from the Ministry of Economy and Finance on the reasons for this under expenditure (and over expenditure in the case of Education) in a



Sources: Ministry of Economy and Finance, Budget Law 2006

narrative expenditure report would be welcomed by the NGO community. The pattern of under-expenditure in figure 3 should be considered a warning that the increased capital allocations for the Ministries of Health, Agriculture Forestry and Fisheries, and Rural Development may not be translated in increased expenditure for these ministries. The NGO Community would like to urge the Ministry of Economy and Finance and these three line ministries to work towards a 100 percent disbursement rate in these three priority sectors.

GOVERNMENT'S COMMITMENT TO PRO-POOR POLICIES

Granting a particular ministry / agency the label of "priority" raises the expectations that its budgets are given precedence over "non-priority" areas. For instance, it is reasonable to expect that budgets of "priority" ministries / agencies receive first priority in case there is additional money available for the National Budget.

Table 1 below provides an overview of the top five ministries / agencies that spent a higher share than budgeted in the 2006 National Budget Law on salaries, travel, small office equipment etc. that encompass the category of current expenditure. It is clear from this table that Government should provide explanations of why this top-five spent more than 25 million US Dollar on salaries, etc. while this money could have been spent on salaries of teachers, health personnel, extension workers, which are officially labeled as "priority".

Table 1: Top five "non-priority" overspending ministries/agencies in current expenditure in 2006

Ministries/Agencies	Overall Spending Percentage (In nominal figures)	In Million Riel (In nominal figures)	In Million US\$ (In nominal figures)
Ministry of Industry, Mines and Energy	339%	21,838	5.3
Ministry of Interior-General Administration	191%	18,104	4.4
Council of Ministers	173%	46,422	11.3
Ministry of Economy and Finance	156%	21,920	5.3
Public Function Secretariat	143%	659	0.2
Total		108,943	26.5

Sources: Budget Law 2006, Budget Law 2007, Ministry of Economy and Finance

Table 2 provides the top five "non-priority" ministries / agencies that overspent on capital during the 2006, which is expenditure on buildings, construction of infrastructure, large equipment etc. The table shows that there is considerable over expenditure (almost 65 million US\$) in 2006, while the priority sectors generally receive less than budgeted, with the notable exception of the Ministry of Education as shown in figure 3.

Table 2: Top six "non-priority" overspending ministries/agencies in capital expenditure in 2006

Ministries/Agencies	Overall Spending Percentage (In nominal figures)	In Million US\$ (In nominal figures)
Ministry of Environment	1145%	15
Ministry of Interior	458%	14.7
Ministry of Justice	364%	2.6
Ministry of Economy and Finance	318%	4.3
Ministry of Land, Urbanization, and Construction	246%	4.3
Ministry of Industry, mines and energy	244%	23.3
Total		64.2

Sources: Budget Law 2006, Budget Law 2007

The discussions on expenditure in "non-priority" ministries above clearly shows that Government's commitment to pro-poor policies should be higher since the revealed over-expenditure in the "non-priority" sectors (approximately US\$ 90 million) would have a much greater impact on poverty reduction if they were spent on real priority sectors, such as agriculture, rural development, health and education.

CONCLUSION

The analysis in this paper is based on the 2006 and 2007 Budget Laws and information from the Ministry of Economy and Finance on execution of the 2006 Budget. Together, these sources only provide limited information on budget allocations and expenditures; a narrative that explains RGC's choices on the budget is missing altogether. With this scarce information it is difficult to evaluate the "pro-poorness" of the 2007 Budget Law and we would like to call upon the Ministry of Economy and Finance to provide more data on allocations and implementation, and a detailed narrative that explains Government's choices and the priorities for the 2008 Budget Law.

Although the available data is scarce, some general observation on the 2007 National Budget and Government's commitment to pro-poor expenditures can be made.

Firstly, the NGO community would like to congratulate the Royal Government for its efforts in increasing budget allocations in 2007, for some of the seven priority sectors. Increased allocations in the 2007 Budget Law for capital expenditure in health, education, agriculture, and rural development signal that more real investments in equipment, construction, and renovation in these sectors will be made in 2007. Another development that indicates a positive development is the more than average, increased allocations for current expenditures (such as wages, pensions etc.) in the Ministries of Health and Education.

Secondly, while so-called priority sectors (with the notable exception of education) spent either close to the amount allocated in the budget law or significantly less, a number of non-priority ministries overspent more than US\$ 90 million without the Royal Government providing any justification for this to the public. The NGOs call on the Royal Government to provide an explanation for this over-expenditure in "non-priority" ministries.

Thirdly, for the current 2008 Budget Law, the NGOs request the Royal Government to implement the budget according to the Budget Law and in case additional funds become available we urge Government to prioritize its priorities and increase expenditures in for instance health, education, agriculture, and rural development.

For more information

NGO Forum on Cambodia

Mr. Ou Sivhuoch, Budget Monitoring Program Project Officer

Tel: 023 - 214 429, Ext 107

Email: sivhuoch@ngoforum.org.kh

ACRONYMS

BL	: Budget Law
CDCF	: Cambodia Development Coordination Forum
MoAFF	: Ministry of Agriculture Forestry and Fisheries
MoEYS	: Ministry of Education Youth and Sports
MoH	: Ministry of Health
MoLVT	: Ministry of Labor and Vocational Training
MoPWT	: Ministry of Public Works and Transport
MoRD	: Ministry of Rural Development
MoWA	: Ministry of Woman Affairs
NEP	: NGO Education Partnership
NGO	: Non-Governmental Organization
NGOF	: NGO Forum on Cambodia
RGC	: The Royal Government of Cambodia

Some Selected Joint Monitoring Indicators from the 2007 CDCF
To be implemented and monitored in the period between the first and second meetings of the CDCF

The below table is the list of selected 2007 Joint Monitoring Indicators (JMIs)* which are related to the priority issues and concerns raised by the NGO community in the NGO Statement** to the 2007 Cambodia Development Cooperation Forum (CDCF).

Target	Action Needed	Responsible Government Institution	Concerned TWG	Resources Required to Achieve Target	
NSDP Economic Sector Priorities					
7. Implement and monitor a partnership-based approach to agriculture and water sector priorities.	1. Progressive implementation of the Strategy for Agriculture and Water, as required by the NSDP: <ol style="list-style-type: none"> a) Reaching agreement by the end of June 2007 on a Statement of Principles to guide donors and Government agencies working the in agriculture and water sectors b) Obtaining approval by MAFF, MOWRAM and donors on the terms of reference for the design of the 5 National Programs under the SAW, by July 2007 c) Completing the design of two National Programs by the end of December 2007, and d) Completing design of all 5 National Programs by the end of July 2008. 2. Improved donor and government coordination <ol style="list-style-type: none"> a) Ensure relevant stakeholders have up to date information on activities by posting twice each year (at end June and end December) on the TWGAW website an updated project database listing the donor and government activities in the agriculture and water sectors. 	MAFF MOWRAM	TWG-AW		
8. Implement the legal framework established by the Land Law	1. To adopt RGC's Policy on Registration and Use Rights of Indigenous Communal Land and pilot interim protective measures (identification, mapping, classification and provisional endorsement of indigenous land legal claims) to safeguard the indigenous community's land in two provinces within the framework of provincial level state land management committees and district working groups as per Sub-Decree #118). 2. To improve the livelihoods of the rural poor, i.e. 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	MLMUPC	TWG-Land		

Target	Action Needed	Responsible Government Institution	Concerned TWG	Resources Required to Achieve Target	
				Amount	Source
9. With the aim of stopping the loss of Cambodia's forest resources, the legal frameworks established by the Forestry Law and in particular the Sub-Decree on Economic Land Concessions must be fully implemented at all levels of Government agencies.	<ol style="list-style-type: none"> 1. Implement all provisions of the sub-decree on ELCs, including establishing and making public log book of ELCs, including those issued at provincial level, and review a minimum of 5 economic land concessions over 10,000 hectares, taking appropriate action consistent with Chapter 6 of the Sub-Decree on ELCs. 2. Rapid implementation across Cambodia of forest demarcation in accordance with the sub-decree No. 53, dated 1 April 2005. 	MAFF	TWG-F&E TWG-L		
10. 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.	<ol style="list-style-type: none"> 1. Cambodian Code of Conduct for Responsible Fisheries (CamCode) drafted by the end of 2007 2. Work with the government agencies/ revenue authorities and donors to ensure the FiA is adequately funded including the revenue from the sector to carry out its mandate with reference to Article 14 of the Fisheries Law. 3. Donors in fisheries use the planning, accounting and monitoring systems of the Fisheries Administration to be in line with MTEF and MBPI by the end of 2007. 	MAFF	TWG-Fisheries		
NSDP Infrastructure Sector Priorities					
14 Increase use of improved sanitation, hygiene and drinking water supply, especially in rural areas	Develop and adopt a rural water supply and sanitation (RWSS) strategy and budget that is based on the official RWSS policy and aligned to the NSDP	MRD	A sub-working group is to be established under a relevant TWG to be identified		
NSDP Governance and Cross-Sectoral Priorities					
15. Further develop the Public Administration to serve people better and to become an effective development partner.	<ol style="list-style-type: none"> 1. Implement the approved "Joint Government-Donor Strategy for Phasing Out Salary Supplementation Practices in Cambodia" by: <ol style="list-style-type: none"> a. implementing approved sectoral action plans; and b. establishing Priority Mission Groups (PMGs), and PMG/Merit Based Pay Initiatives (PMG/MBPIs) in MOH, and at least one other ministry/agency. 2. Improve pay and employment conditions in the civil service by developing and implementing: <ol style="list-style-type: none"> a. a medium term strategy and action plan to enhance remuneration; and b. a redeployment policy and action plan. 3. Design and implement an HRM policy and action plan to improve merit 	CAR	TWG-PAR		

Target	Action Needed	Responsible Government Institution	Concerned TWG	Resources Required to Achieve Target	
				Amount	Source
	<p>and performance management by introducing an HRM Guide and further developing the Human Resource Management Information System (HRMIS) for the Civil Service.</p> <p>4. Enhance service delivery through developing a One Window Offices (OWOs) policy, legal framework and implementation plan, including establishment of at least 5 OWOs across Cambodia.</p>				
16. Establish a well functioning, transparent and accountable legal and judicial system that protects individual rights as defined in the Constitution	<p>1. LJRS Strategic Objective 2. Complete the drafting and approval of the remaining fundamental Laws (Penal Procedure Code, Penal Code, Civil Code, Law on the Statute of the Judges, Law on Court Organization and Functioning, Law on the Amendment of the Law on the Organization and Functioning of the Supreme Council of the Magistracy).</p> <p>2. LJRS Strategic Objectives 2 & 7. Review and finalise guidelines for the legislative drafting process that draws on lessons from past experience. Guidelines should seek to inform externally mobilised TA, with an emphasis on building the capacity and ownership of the relevant Ministry's legal unit.</p> <p>3. LJRS Strategic Objectives 7 & 4. Ongoing training and transparent selection of judicial professionals to improve the supply of judicial services and the functioning of the courts.</p>	MoJ	LJR-TWG		
17. Combat corruption	<p>1. Finalize and approve Anti-Corruption Law, based on best international practices.</p> <p>2. Prepare an implementation plan to enforce and manage the implementation of the Anti-Corruption Law.</p> <p>3. Disseminate information on reported cases on corruption and conviction on semiannual basis.</p> <p>4. Develop a clear policy framework on Access to Information.</p>	MONASRI COM	LJR-TWG		
18. Preparation made for full implementation of the RGC's Strategic Framework for Decentralisation and Deconcentration (D&D) reforms.	<p>1. Continue preparation and initiate broad stakeholder consultations on the organic laws on democratic development at sub-national level during Q4 of 2007.</p> <p>2. National programme design process and modalities developed, agreed, and resourced for implementation to begin in 2nd quarter of 2008.</p> <p>3. RGC and development partners design the principles of engagement in support of D&D reform in Cambodia.</p>	NCDD NCDD NCDD	TWG-D&D TWG D&D TWG D&D		
19. A more credible budget and	Continue implementing the PFMRF by:	MEF	TWG-PFM		

Target	Action Needed	Responsible Government Institution	Concerned TWG	Resources Required to Achieve Target	
				Amount	Source
more effective financial accountability	<p>a) sustaining actions already implemented and completing the remaining key actions necessary for Platform 1;</p> <p>b) preparing the consolidated action plan for implementation of Stage 2/Platform 2), including to make recommendations on the endorsement of EITI; and</p> <p>c) continue monitoring impact through the agreed PFM Performance Indicators.</p>				
NSDP Social Sector Priorities					
3. Improved opportunities for primary education	<p>1. Increase the net enrolment in primary school (total, and by sex).</p> <p>2. Increase the survival rate from grades 1 to 6.</p>	MOEYS	TWG Education		
4. Increase the proportion of deliveries attended by skilled health personnel in the public sector to 45% by December 2007 (38% in December 2006)	<p>1. Recruitment and deployment of at least 68 midwives for 68 health centres that do not yet have any midwife by the end of 2007</p> <p>2. Provide salary incentives to midwives – an incentive based on the number of deliveries was adopted under the Inter-Ministerial Prakas of the MEF and the MoH No 268, April 2 2007 and the adapted midwife salary scales and compensation payments for professional related health risks as proposed by MoH are to be endorsed at a full session of the Cabinet of Ministers.</p>	MoH	TWG Health		
6. Food security and nutrition integrated into relevant sector strategies	Under RGC leadership, a Strategic Framework to mainstream food security and nutrition is developed by TWG-FSN and endorsed by relevant ministries.	MoP CARD	TWG-FSN		

* The full list with Joint Monitoring Indicators can be obtained from Mr. Ngo Sothath, Development Policy Project officer of the NGO Forum on Cambodia. Please contact at sothath@ngoforum.org.kh

** Full document can be downloaded from <http://www.ngoforum.org.kh/Development/Docs/doc.htm>