

# **Cambodia Conflict Vulnerability Analysis**

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## **Executive Summary:**

The USG has a long-term interest in pursuing economic and political stability in Southeast Asia. Part of this strategic engagement is to support democratization efforts in Cambodia. This is reflected in a principle and enduring US foreign policy objective to promote peace and stability throughout the world through democratic processes. There are a compelling set of country relationships and factors that could detract from or stall Cambodia's democratization process. Therefore, it is important for the USG to expand its development efforts in Cambodia.

It is widely acknowledged that violent conflict can adversely affect hard-won economic and social gains in developing countries, undercut democratization and sustainable development goals. Therefore, the purpose of conducting the Conflict Vulnerability Analysis (CVA) was to assess the potential for future conflict in Cambodia and help identify areas of USAID programmatic engagement for conflict prevention. The CVA recognizes that not all conflict is bad. The very process of change and development often stimulates conflict in that it changes the balance between differing and sometimes opposing interests and perspectives. Conflict can lead to positive change that improves behavior, conditions or equity. However, violent conflict which results in substantial injury or loss of human life, with the potential to destabilize the country and either slow or stop the process of democratization is the target of the CVA and USAID's conflict prevention goals.

After decades of conflict, and almost a decade after the 1991 Paris Peace Agreements, Cambodia finally established peace in 1999. However, the continuing national stability and progress from a semi-autocracy to a democracy is still fraught with significant dangers and pitfalls. As one looks forward, it is important to keep in mind that Cambodia's history has been characterized in part as a chronic failure of contending groups of patrons and their clients to compromise, cooperate or share power. Even today, political parties are highly personalized and politics are played as a zero sum game. Parties seek power and leaders seek personal aggrandizement, with little fundamental regard for needs of the people.

Comparing the social and economic conditions of rural Cambodians today and the period of the 1960s should give us pause since Cambodia still faces many unresolved problems of the past, in addition to new challenges. In fact, in many respects the conditions in Cambodia at the start of the 21<sup>st</sup> Century are worse than ever before. Today, the country has the highest infant mortality rates in Southeast Asia, illiteracy is higher now than in the 1960s, violent crimes - rare in the 1960s - are now frequent, HIV/AIDS is one of the highest per capita in Southeast Asia, corruption is rampant, pervasive government/elite impunity, extreme disparity of wealth, and grinding poverty - all factors which threatened livelihoods and consequently, democratic reform.

For an agrarian society, the availability of secure land tenure and viable ecosystems to support natural resource productivity are important key factors to human security. However, in Cambodia, land is becoming increasingly scarce for the rural poor. In fact, before the war, the average landholding was 2.2 hectares, now it is less than 1 hectare. Landlessness is an increasingly critical development and human rights issue in Cambodia. In 1984, landless families represented about 3% of total families (slightly lower than in 1969 - 4%). In 1999, this percentage increased to 12% (= 1.2 million people), while landlessness in female-headed households was 21%. Within fishing communities, landlessness can be as high as 24%. Researchers estimate that this trend in landlessness will worsen, reaching 15% in 2001. The lack

of governance and widespread corruption has resulted in high rates of deforestation, increasing desertification, decreasing fish catches, exacerbation of natural disasters - all of which undermine economic and social development.

Cambodia possesses many of the risk factors associated with violent conflict that have been identified by empirical research. Cambodia is a post-conflict, semi-autocratic country, that is experiencing stagnant economic growth, grinding poverty, high rates of unemployment and infant mortality, low rates of education, increasing rural to urban migration, and an eroding natural resource base resulting in loss of ecosystem services and productivity.

These risk factors, in and of themselves, do not necessarily cause conflict. However, they are exacerbated by the existence of weak and corrupt state institutions and by manipulative political systems and parties that principally serve the purposes of elites. Additionally, the capacity of groups to translate their grievances into collective action depends upon their ability to harness financial, human and other resources. The demographic shifts taking place in Cambodia, the wealth of natural resources and pervasiveness of illegal trafficking in a variety of areas, can provide opportunities for mobilization under effective leadership. Contributing to potential future instability are low-intensity conflicts that are not being adequately addressed by the state, such as loss of livelihoods that are translated into a growing number of fishery conflicts, land tenure conflicts and labor demonstrations that could, overtime, generate civil unrest and/or communal conflict. Finally, there are discrete events that could serve as 'triggers' to the outbreak of conflict. These include the 2003 national elections, economic shocks and natural disasters.

Thus, the likelihood of large-scale violence or collapse of government control is relatively low. However, the potential for civil unrest and communal conflict is high with a likely outcome being increased central government control with the high risk of stalling or reversing progress in democratization and strengthening democratic institutions.

USAID's long-term investments in developing countries must be balanced to enable the processes for sustainable development to take place. The means to prevent widespread violent conflict lie in a country's ability to address current economic, environmental, social, cultural and political inequities or grievances internally while adequately dealing with international or cross border issues and conflicts. Thus, the conclusions derived from the CVA suggest that a democracy and governance approach alone is insufficient to mitigate the prospect of, and ameliorate the incidence of violent conflict.

For example, continued work only with NGOs raises serious risks as expectations are increased without the ability of the government to meet these expectations. The positive democratic changes of the past several years have not necessarily made government institutions better able to provide basic public services or protect public goods. Justice and protection of individual rights, a sound business environment, adequate infrastructure, basic services conducive to sustainable economic and social opportunities for all citizens (such as education, public health, sanitation), protection of environment and natural resources and a social safety net for vulnerable populations or individuals are all lacking in Cambodia. Nor have changes meant that state institutions can adequately manage conflicts. Thus, the interaction of rising frustrations from unattended underlying grievances with incompetent and corrupt government institutions increases the risk of future conflict.

## **Recommendations:**

### *General:*

- USAID should seek opportunities to engage and support the capacity of the government when opportunities arise. There is current anti-corruption notwithstanding language that would allow specific technical support to the government.
- USAID should seek the necessary financial (DA and ESF) and human resources to develop a balanced sustainable development program under the auspices of conflict prevention in Cambodia focusing on key risk factors and entry points identified in the CVA.

### *Programmatic:*

- use the notwithstanding language on corruption to develop a series of activities with the government and local NGOs to improve accountability and transparency initially focusing on the governance of natural resources – specifically the fishing and land concessions.
- develop capacity with the appropriate entities to ensure that commune development activities are done in an environmentally sustainable manner and that there are no negative impacts on communes which depend directly or indirectly on ecosystem services and products
- develop small-credit or grant programs for the vulnerable poor so that medical expenses do not result in the loss of land
- explore the potential of developing programs to increase access to secondary school education
- explore the opportunities for developing micro-enterprises to generate employment in rural areas

## **Section 1: USAID Framework for Conflict Vulnerability Analysis**

USAID has been developing a method for anticipating violent conflicts and analyzing the dynamics of conflict. The culmination of these efforts is synthesized in a draft Framework for Conflict Analysis.<sup>1</sup> The Framework synthesizes much of the empirical research on violent conflict into a coherent approach for country analysis. This section provides operational definitions and summarizes key elements of the Framework.

### **A. Conflict Definitions**

The term 'conflict' is broad and multi-faceted. Therefore, to operationalize conflict prevention, it is necessary to differentiate between the different forms of conflict.

#### **Conflict definitions<sup>2</sup>:**

- A. Violent conflict – disputes that involve the use of force that lead to significant loss of life and property. Will vary in scale, duration, intensity and lethality. Distinguished by actors involved, degree of organization and mobilization.
- B. Internal war – armed opposition attempts to challenge state
- C. Civil unrest – violence directed against a government to effect a change in policy or government – violent demonstrations, labor strikes, riots. Although root causes are complex, civil unrest tends to be provoked or exacerbated by specific, proximal events. Usually lacks the organization of a war but involves at least several hundred participants and employs violence as a tactic.
- D. Violent change in government – attempts by insurgent elites to remove a regime from power by extra-constitutional means accompanied by resorts to violence
- E. Communal conflict – violence between/among ethnic, religious, racial or other communal groups.
- F. Low-intensity conflict - disputes occurring between different groups that do not reach the intensity of civil unrest or communal conflict. However, given the lack of state capacity to address the underlying grievances, these types of conflicts have the potential to galvanize into more intense conflicts. Therefore, these conflicts can serve as an indicator as to how well grievances in society are addressed and as a strategic entry point for development assistance.

For Cambodia, widespread violent conflict is not expected in the near future. Conflict is likely to take the form of either localized protests or demonstrations that turn violent when mishandled by security forces, or communal conflict between groups or individuals in specific regions of the country. The basic tendency toward isolated violence could be generalized into more widespread turmoil by government abuse of its predominance of power to turn back progress on democratic reforms.

### **B. Conflict Vulnerability Analysis**

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<sup>1</sup> Draft Framework for Conflict Analysis. USAID Bureau of Democracy, Conflict Prevention and Humanitarian Assistance, Office of Democracy and Governance.

<sup>2</sup> Definitions A-E from the Republic of Georgia CVA.

The USAID draft Framework for Conflict Analysis focuses on conflict dynamics at various levels of analysis and breaks out stages in the evolution of violent conflict. Root causes are understood to be the foundations of discontent - the societal grievances and incentives that induce people to resort to violence as opposed to peaceful forms of expression. These are phenomena of long duration that create tensions within society, either among groups or between groups and the state, that may, in turn, manifest themselves in violent expression.

Historically, conflict risk factors have been viewed through a political science lens that focuses on grievances, such as ethnic or religious hatred, as motives for violence. More recently, economic factors – such as financial gain, access to land and property rights – have begun to receive more attention as causes of conflict. Both grievance- and greed-induced incentives for conflict are derived from a variety of risk factors, the balance of which will differ spatially and temporally. It is important to recognize that the particular pathway through which specific risk factors influence the emergence or re-emergence of conflict is not always clear. Moreover, there may be multiple pathways of influence. It seems logical that the greater the number of factors reinforcing each other, the more likely conflict will emerge. However, all conflicts require minimum thresholds of grievance and opportunity in the form of resources, corrupt leaders and lack of state capacity or increased vulnerability.

The second tier of the Framework focuses on mobilization, or the capacity of organizations with specific, multiple or overlapping grievances to recruit money, manpower, weapons and other resources to advance their interests. Behind the logic of this stage is the recognition that grievances themselves are common while outbreaks of hostilities are rare. There is no straight path, for example, from poverty to violence. The capacity of groups to translate their grievances into collective action depends on their ability to harness resources to group objectives. Resources include human, financial and other assets as well as less tangible but also important elements that contribute to the forging of strong organizations. This stage of the analysis therefore includes a society-wide inventory of potential conflict resources, ranging from ethnic/political groups, diasporas, natural resource assets, to human and weapons recruitment.

The third tier centers on state capacity, or the ability of institutions to address root causes of conflict, manage pressures that might generate conflict, or mediate among potential parties to conflict. Civil conflict is substantially driven by opportunities for conflict, which are shaped most strongly by whether states have the capacity to deter or defeat violent opposition.<sup>3</sup> Aggrieved groups with access to resources may, of course, choose to channel their grievances peacefully and constructively within the political system in order to achieve a political objective. Whether that occurs depends in large measure on the state's ability to control or demobilize conflict and the existence of legitimate channels for conflict resolution.

The state's capabilities depend on, among other factors, the state's fiscal strength (its ability to raise revenue), as well as its capacity to maintain infrastructure, provide services to its population and enforce compliance with its laws. Capable states are seen as neutral arbiters of competing interests. They tend to exercise a restraining influence on the behavior of elites and are powerful enough to repress or co-opt groups that would employ violence as a tactic. Weak states, by

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<sup>3</sup> Most recently and forcefully argued by Fearon and Latin (2001).

contrast, are unable to manage these actors and in fact may seriously exacerbate conflict conditions in which aggrieved groups are mobilized

Finally, the Framework turns to specific windows of vulnerability. These are discrete events that serve as “triggers” to the outbreak of conflict. They include acts of government repression, human rights violations, economic shocks (hyperinflationary episodes, adjustment), shifts in elite politics (e.g., ministerial reshuffles), flawed or fraudulent elections, and natural disasters. They might also include other forms of conflict or low-intensity conflicts, such as a riot, tit-for-tat attacks of one group against another, or rebel incursions.

## **Section II: Structural or Root Causes of Conflict**

This section analyzes the conflict risk factors that have been identified by empirical research within the context of Cambodia. It is clear that Cambodia possesses a number of these risk factors. Therefore, the country faces many challenges that have the potential to destabilize its progress towards democratization if these conflict risk factors are not satisfactorily addressed. The following conflict risk factors were examined:

- A. Recent violent conflict
- B. Economic growth/decline
- C. Primary commodity dependency
- D. Unemployment
- E. Education
- F. Environment and natural resources
- G. Land tenure
- H. Infant mortality
- I. Demographic shifts
- J. Ethnic composition
- K. HIV/AIDS
- L. International trade
- M. Neighboring states

**A. *Recent violent conflict:*** Recent empirical studies have shown that post-conflict countries are at substantial additional risk of sliding back into conflict. Once major violent conflict has occurred, it appears to change the landscape permanently and thus raise significantly the risk of future conflict. The World Bank’s research project on the Economics of Civil Wars, Crime and Violence, has shown that the same risk factors of conflict pose roughly double the risk of conflict in the first decade of post-conflict peace, than in a pre-conflict setting. In this study, about 50% of the countries examined had fallen back into conflict. Immediately after the end of hostilities, there is a 32% chance of conflict re-igniting. After 10 years of peace, the risks of conflict decline to about half of those after five years of peace at the mean of the characteristics of post conflict countries. Thus, the longer the duration of peace, the smaller the potential influence of this risk factor. However, before this point is reached, it appears that many countries fall into a conflict vortex where the underlying risk factors of conflict feed back to generate additional components of risk.

Cambodia has experienced peace only for a short period of time, since the coup in 1997 and the establishment of a coalition government in 1998. One result of this coalition process was the elimination of the Khmer Rouge as an effective political and fighting force and many believe that the factors associated with future conflict were in turn eliminated. However, many of the underlying conditions that lead to the conflict are still present. These conditions include high levels of corruption, absence of the rule of law, grinding poverty and increasing disparities between the wealthy and poor. The key for Cambodia to maintain stability and continue progress towards democratization depends to a great extent on whether the government will be able to effectively continue the reform process and address these risk factors. If strong domestic institutions can address grievances associated with risk factors in an equitable manner, then the incentives for violent protests/rebellions will diminish as there will be legitimate channels for conflict resolution.

**B. Economic growth/decline:** The existence of poverty or lack of access to human and financial resources are not enough to initiate, sustain or re-ignite conflict. However, poverty and the lack of economic growth are highly correlated with the emergence of civil conflict. Studies have shown that a society in which the economy is growing by 5% is about 40% less likely to experience subsequent conflict than one that is declining by 5%. A doubling of per capita income reduces the risk of conflict by 5 percentage points. Conflict countries had less than half the mean income of non-conflict countries (\$1645 per capita versus \$4219 per capita).

Economic decline or slow growth is related to conflict through its effects on the state, which cannot raise sufficient revenue to function adequately and meet the demands of its citizens. This effect is further impacted depending on the amount of corruption and graft in the system.

Although Cambodia has only been at peace for the last four years, there appears to be a failure of the Cambodian economy to take off. GDP increased from 1.7% in 1998 to 6.5% in 1999. However, there was only 4% growth in 2000. For 2001, government estimates place GDP growth at 6% – however, CDRI researchers place the real value at 3-4%. There are a number of internal and external factors that are influencing the ability of the Cambodian economy to grow, ranging from corruption to lack of competitiveness to global factors.

For example, the textile industry began to grow during the 1990s. The garment industry is one of the fastest-growing sectors for private investment and leads the country's exports - worth approximately \$985 million. Compared to other countries in the region, the textile industry is still in its infancy with regard to dealing with competition and strategic marketing. However, due to favorable trading agreements, Cambodia now has comparative advantage over its competitors in the region. The question is whether this advantage will continue since both China and Vietnam will become members of WTO before Cambodia and in doing so will have the same trading advantages that Cambodia currently possesses. Two other factors that have the potential to contribute to eroding Cambodia's comparative advantage are corruption and an increase in labor strikes due to inadequate enforcement of the labor law. First, the high level of corruption remains a crucial issue in continued foreign investment. To compensate for high 'bureaucratic costs' the government provides many tax exemptions to the industry as incentives for foreign investors, thus depriving the government of needed revenue. Second, the government is not actively enforcing the new labor law, which creates tensions between workers and management. Additionally, since there is not an effective dispute resolution system, disputes drag on and

strikes can become common occurrences. Finally, the provisions of the labor law are quite liberal which could be a disincentive to investment if fully enforced and if neighboring countries, such as Vietnam, continue to have lax labor laws.

As a member of ASEAN, Cambodia will eventually become a member of ASEAN Free Trade Area (AFTA), which liberalizes trade in the region through the elimination of both intra-regional tariffs and non-tariff barriers. The future of Cambodia's comparative advantage within the AFTA remains unclear. There is concern that an unprepared and hurried entry in the AFTA could permanently and irreversibly damage the country's chances of realizing its potential as an agricultural producer - specifically in rice. Similar to the textile industry, corruption is undermining Cambodia's competitiveness in this sector. Licensing of exports is required to ensure food security, although no fees are collected by the government. However, because there is competition among traders to get export licenses, the high costs associated with exporting procedures (i.e. corrupt officials charging bribes) results in Cambodia being not as competitive as its surrounding neighbors. Over the five years prior to 2001, the direct economic losses incurred in rice exports are estimated to range between \$1.5 and \$7 million annually. Additionally, Cambodia is not as competitive in the amount of rice yield per hectare as its surrounding neighbors.

The combination of inadequate natural resource accounting and corruption also negatively impacts GDP. For example, in the inland fisheries sector the retail value is estimated at \$500 million. The sector contributes 5-10% of GDP. However, the Department of Fisheries, charged with the management of this sector, collected less than \$3 million in fees from fishing concessions. The prevalence of 'under the table' deals implies that the official price paid is artificially low, enabling the concession holder to pay both the formal and informal price. One instance showed that the fees generated to concession owners (through subleasing of fishing lots) was five times higher than the formal payment for the concession. Thus, a substantial amount of revenue goes to private individuals rather than to the national economy. A similar set of examples can be provided for the forestry sector.

Corruption permeates Cambodian society. Although everyone discusses corruption as a common source of grievance, many believe that it is so ingrained into the culture that it isn't even questioned anymore. The magnitude of corruption in Cambodia suggests that it is not only a significant conflict risk factor but also a significant impediment to institutional development and sustainable economic development (as discussed above).

**C. Primary commodities:** Econometric studies have found that countries dependent upon primary commodity exports for a substantial share of their income are at significantly greater risk of conflict. Dependence upon primary commodity exports is seen as an even more important risk factor in post-conflict than pre-conflict societies. The World Bank research found that the highest risk of conflict is correlated with a primary commodity dependence comprising 32% of GDP. At this level, the 'ordinary country' has a risk of conflict approximately 22%, while a country with no natural resource exports has a 1% probability of conflict.

Although the figures for primary commodity dependency could not be found for Cambodia, it is logical that it is a high percentage in relation to GDP. This conclusion is based on the fact that there is limited economic diversification outside of the agriculture and natural resource sector.

**D. Unemployment:** Studies have shown that unemployment coupled with eroding incomes and low economic growth is correlated with conflict. Quantitative and qualitative studies have revealed that the proportion of unemployed or underemployed, poorly educated young men appear to be a critical risk factor in terms of a country's vulnerability to conflict. One explanation is that young men, with few other economic options available, view the resource gains that accompany violence (such as theft) as a way for personal enrichment.

In 1998, the Cambodian labor force totaled 5.1 million, representing 45% of the total population. The official unemployment rate was estimated to be slightly above 5% of the labor force. The workforce is primarily concentrated in the agricultural sector (77% of total employment). Nascent industry, such as garments and tourism comprise about 15% of the total labor force. About 90% of textile workers migrate from rural areas into Phnom Penh. CDRI researchers estimate that Cambodia will have at least 200,000 new entrants into the work force per year for the period of 1999-2003. For the period of 2004 to 2008, an estimated 250,000 people per year will enter the labor force. The jobs created from 1999 to 2003 are likely to decline due to the recent drop in productive investment. Consequently, Cambodia faces a tremendous challenge in the medium and long term in generating adequate employment in rural areas for the new labor entrants. If this is not possible, there will be increasing migration to urban areas, greater than what urban areas are now experiencing.<sup>4</sup>

**E. Education:** Econometric models show secondary education as a surrogate for both economic growth and state of the labor market. Conflict appears to be concentrated in countries with lower secondary enrollment rates. The average country has only 45% of its young males in secondary education. A country which has ten percentage points or more of its youth in schools – i.e. 55% instead of 45% cuts its risk of conflict from around 14% to around 10%.

Cambodia's education system is poorly functioning due to lack of human and financial resources. Illiteracy is higher now than it had been in the 1960s. Although there is high primary school enrollment (male – 95%; female – 84%), secondary school enrollment is far below average (male – 30%; female – 18%).

**F. Environment and natural resources:** Studies have shown that the likelihood of domestic conflict is higher in countries with environmental degradation (deforestation, high land degradation, low freshwater availability per capita) than in countries with limited or no environmental degradation. The State Failure Task Force<sup>5</sup> study concluded that countries with underlying vulnerabilities and limited government capacity to respond to environmental deterioration are associated with increased risk of state failure.

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<sup>4</sup> Urbanization can be viewed as a magnet for conflict due to high rates of immigration from rural areas, lack of absorptive capacities of urban economies, abundance of idle youth and lack of urban services (i.e. water, electricity). Migration from rural areas is due to a combination of factors including low economic growth, shift in land productivity (due to access and/or degradation) and inequalities in rural land tenure which give rise to rural poverty, severe social inequalities and landlessness.

<sup>5</sup> The State Failure Task Force is a multi-year effort funded by the CIA's Directorate of Intelligence. The aim of the Task Force is to identify factors associated with state failure. It has examined a broad range of demographic, societal, economic, environmental and political indicators influencing state stability.

There are two broad schools of thought on how environment and natural resource issues contribute to both the greed and grievance pathways of conflict. The first argues that natural resource depletion and environmental degradation, increased demand for resources (explicitly linked to population growth) and inequitable distribution leads to environmental scarcity. The resulting environmental scarcity can deepen poverty, contribute to declining agricultural production, generate large and destabilizing population movements, and/or aggravate tensions along ethnic, racial or religious lines. The second school examines the power relations and structures that are inherent in defining, controlling and managing both renewable and nonrenewable natural resources. Thus the focus is on the different forms of access to and control over resources (i.e. property rights, concessions, national/local forms of governance) as mechanisms for the interaction within the conflict dynamic. This approach not only looks at competition between elite groups over the control of valuable natural resources but also the roles of other actors (including NGOs, social movements, communities, multinational enterprises) in the dynamic that leads to conflict. In both schools, these dynamics can reduce a state's ability to respond to the needs of its citizens, by draining away scarce state resources and by creating situations where responses to environmental crises are overwhelmed by the need simply to survive.

The lack of governance over Cambodia's natural resources has resulted in high rates of deforestation, increasing desertification, decreasing fish catches and exacerbation of natural disasters, resulting in both grievance- and greed-induced potential causes of conflict. The role of environment and natural resources is discussed within the context of loss of livelihoods and conflict prevention in detail in **Section VI - Entry Points for Development Assistance**.

**G. Land tenure:** The issues surrounding land tenure can be defined through both grievance- and greed-induced mechanisms. Land tenure is viewed as one of the most critical issues facing Cambodians. Within the past decade, with refugee repatriation, increased population growth and the advent of markets, new pressures and demands have been placed on land. Following market forces, maximum demand has been placed on commercial, roadside, productive and urban lands. As a result of the changing socio-economic conditions, the composition of stakeholders in land has emerged unevenly.

Consequently, a dual system of control and ownership is emerging in areas where land is being acquired by people and institutions outside of the community for purposes other than mere subsistence farming. Land use rights are recognized locally by people within the community and formal legal rights are recognized by people outside of the community. The supply of formal institutional mechanisms in the form of land certificates has not kept pace with the demand. In many cases, the poor have become increasingly marginalized in the process.

The average family holding of rice land before the war was 2.2 hectare. The current land holding is less than one hectare. Reasons for land inequity include:

- Demographic pressure – The population in the 1980s increased at a very rapid pace. This increase continued through the 1990s where it is estimated that between 1990 and 1998, the population increased by about 30 percent (Williams 1999; NIS 1999). This rapid increase has resulted in a large number of landless families. The lack of economic diversification has resulted in a greater dependency of the population on agriculture, thus intensifying landlessness issues.

- Large unsettled populations have emerged in the 1990s. Many of the refugees returning from the Thai border in 1992-93 did not receive land. This was due primarily to either the land was already claimed, was mined or was contested by different groups. Since many were not able to benefit from the 1989 land distribution scheme, families subdivided their holdings to accommodate family members who were not given land.
- Formal credit markets are weak, particularly in rural areas. Farmers must depend on credit at very high interest rates for farm inputs, in the event of a bad harvest, farmers are forced to sell part or all of their lands for repaying their debts. Many farmers are forced to sell land to pay for medical care expenses. The primary motivation for selling land is the need for short-term cash. However, it has been reported that in Rattanakiri Province, people were selling land after being threatened by outside buyers.
- Speculative purchases by a few wealthy individuals have led to inequities. Since there are few opportunities for investment, land is the primary mode of investment after hotels and restaurants.

Landlessness is an increasingly critical development and human rights issue in Cambodia. In 1984, landlessness families represented about 3% of total families (slightly lower than in 1969 – 4%). In 1999, this percentage increased to 12% (= 1.2 million people), while landlessness in female-headed households was 21%. Within fishing communities, landlessness can be as high as 24%. Oxfam estimates that this trend will worsen, reaching 15% in 2001. The issue of landlessness is discussed in **Section VI - Entry Points for Development Assistance**.

The new land law is now in the process of being implemented. It is designed to help address land tenure issues, however, with the absence of a fair judicial system and access to justice, it could also be used as an opportunity to exercise unfair practices to secure questionable land tenure claims.

**H. Infant mortality:** The State Failure Task Force found a significant relationship between high rates of infant mortality and the onset of conflict. Infant mortality is used as an indirect measure of quality of life and is highly correlated with economic performance, education, social welfare, environmental quality and democratic institutions. With other factors being equal, the study shows that countries with above global median levels of infant mortality have 3 times the risk of state failure compared with countries below the mean. Conflict and post-conflict countries have a much higher infant mortality (average of 195 per 1,000 births, 1996 data) than the HIPC average of 152. Infant mortality constitutes a greater risk of state failure in democracies and has a relatively weak effect in less democratic countries.

Cambodia's infant mortality is 95 per 1,000 births - (2000 data). Although this is lower than the HIPC average, it is higher than the average global median level for all developing countries, which is 64.76 per 1,000 births.

**I. Ethnic composition:** Ethnic hatred is one of the most frequently offered explanations for violent conflict. The salience of ethnic identities corresponds to gradients in inequality. Discrimination among groups in a given society coupled with inequality increases the potential for conflict. The risk of conflict is higher where one ethnic group dominates the ruling elite, regardless of whether that group is a minority or majority in the population. Geographic concentrations of discrete groups is more conducive to conflict than widely dispersed groups.

Cambodia is comprised of ethnic Khmer, Sino-Khmer, Cham, Vietnamese, and a suite of indigeneous groups ('highlanders') residing mainly in Ratanakiri Province. There is widespread discrimination of Vietnamese by Khmer based on long standing resentments that can be traced to the 1800s with the Vietnamese takeover of Cambodia. These resentments were later exacerbated under Lon Nol and Pol Pot. Both leaders drew on Cambodian xenophobia to maintain themselves in power and to preserve the 'Cambodian race'.

Discrimination towards Vietnamese is still present in Cambodian society. Resentment continues as the government is seen as protecting the Vietnamese. Many Vietnamese often live illegally on public land, and are perceived (correctly or not) as paying off authorities to obtain land and employment. Because of their higher skill level, their employment opportunities are greater than Khmers which contributes to continuing resentment. Under Cambodian law, their legal status is undefined. They cannot legally own land or run for public office. In many instances, it is unclear to what extent they will be able to participate in subnational activities such as participation in management of community fisheries. Although discrimination is not seen as a major issue at this point in time, it could become a flashpoint in the future if economic and social conditions do not improve. An example of this dynamic becoming a potential issue is presented in **Section VI - Entry Points for Development Assistance**.

*J. Demographic shifts:* Demographic shifts become destabilizing when population growth or demographic change is not matched by an increase in the absorptive capacity of state and society. The following are demographic shifts that have the potential to contribute to conflict.

- Expanding agrarian population where arable land is scarce or controlled by large landholders  
Throughout history, this type of dynamic has nearly inevitably lead to conflict. Confrontations over land between growing populations of peasants and large landholders have prompted rural conflict. Such rural conflict can be avoided if the urban and industrial economy provides sufficient jobs to absorb an expanding population.
- Expanding urban population in context of economic stagnation or decline  
Studies have shown that where urban growth is not matched by an increase in economic growth, the risks of political turbulence increases. The quality of life in many cities is becoming worse with increasingly polluted air, water, lack of sanitation. Poorer urban residents bear a disproportionate share of the costs. High rates of crime and violence among young people accompany rapid urbanization. Recent years have seen large-scale urban public protests and riots, frequently triggered by economic factors, which take on an explicit political or ethnic dimension.
- Rapid increase in young, educated professionals who have no opportunities for political or economic advancement  
Problems arise when there is a persistent mismatch between employment prospects and the size and nature of the labor force. Thus over-education relative to the caliber of available jobs can create political discontent. This is evidenced by revolutionary situations where political upheaval has been preceded by a surge in the production of youth with advanced education in the context of a semi-closed structure of elite positions.

- Presence of youth bulge  
Youth have played a prominent role in political violence throughout history. The existence of a 'youth bulge', an unusually high proportion of youths ages 15 to 25 relative to the total population, has been associated with times of political crisis. The State Failure Task Force study found that the presence of a youth bulge was a major predisposing factor in ethnic conflicts throughout the post-World War II world.

Cambodia's history shows that on April 17, 1975, many who took control of Phnom Penh were under the age of 15 years, had migrated to the city due to the lack of rural employment and/or were educated but lacked employment opportunities.

At present, Cambodia is experiencing these demographic shifts - some to a greater degree than others. The most recent General Census shows that Cambodia had a population of 11.4 million in 1998. Based on an annual growth of 2.5%, Cambodia's population will reach 20 million by 2020. Demographically, people below the age of 20 account for 55% of the total population, with women representing 52% of the total population. As discussed earlier, a large number of young people will be entering the labor force due to the baby boom in the early 1980s. The number of young professionals is still small, however, there is a growing number of graduates for government and private universities. Under the current economic conditions, it is often difficult for new graduates to find satisfactory employment.

The 1996 demographic survey and the 1998 census figures confirmed an acceleration of rural out-migration during 1990's. This was occurring in provinces that have high population density and are close to cities, particularly Phnom Penh. The proportion of newcomers in urban areas almost doubled between 1996 and 1998 – 1996 arrivals increased 17% while 1998 arrivals increased to 30%. Thus, in 1998 about 30% of the urban population had moved from rural areas over the previous 5 years (approximately 300,000 people in 1997). This movement reflects growing under-employment and landlessness in rural areas. Promoting development in rural areas and better land and natural resource management are crucial to address this issue.

**K. HIV/AIDS:** Although initially viewed as a serious health threat, HIV/AIDS is now seen as a major security threat.<sup>6</sup> HIV/AIDS does not cause conflicts, however, its impacts on a society are extremely destabilizing and contribute to known conflict risk factors. Worldwide, more than 36 million individuals are infected, 22 million have died and 13 million children have been orphaned. With these staggering figures, HIV/AIDS has the ability to destroy the fabric of societies and nations through a number of avenues. HIV/AIDS is a personal security issue threatening the livelihood, health, family integrity and thus the well-being of individuals and communities. HIV/AIDS threatens social and economic progress by impacting human capital investment, reducing the labor force – thus decreasing productivity and increasing business costs. A World Bank study suggests that an adult prevalence rate of 10% may reduce the growth of national income by up to a third.

The prevalence of HIV/AIDS in Cambodia is high for the region at 4.04% (1999 data). In comparison, the prevalence rate for Thailand is 2.15% and for the region is 0.56%. There has

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<sup>6</sup> HIV/AIDS as a Security Issue. ICG Report Washington/Brussels 19 June 2001  
<http://www.crisisweb.org/projects/showreport.cfm?reportid=321>

been a very progressive donor program and as a result HIV/AIDS prevalence rate among pregnant women has dropped to 2.3%. In a country, where citizens have to pay for at least 80% of their medical care, health costs associated with treating HIV/AIDS will only add to the increasing percentage of landlessness and interrelated problems.

**L. *International trade:*** As discussed previously, Cambodia is moving towards greater trade openness both regionally and internationally. Openness to international trade is a mixed indicator of vulnerability to conflict. States with above-average trade openness, other things being equal, have one-half the failure risk of countries with below-average trade openness. The State Failure Task Force report showed that trade openness had a stronger impact on the risk of state failure in partial democracies and a weaker impact in democratic countries. It appears that the impact of trade is not related solely to accruing economic benefits but to the fact that participating in international trade regimes requires countries to support the rule of law and stable property relationships as a prerequisite for both trade and investment activities.

However, openness to international trade and increased market access also has the potential to increase the risk and duration of conflict as we have seen with the ease of selling diamonds, oil, minerals and timber on the international market to finance and maintain conflict.

**M. *Neighboring states:*** For over 200 years, the history of Cambodia has been entangled with Thailand and Vietnam. Both countries have consistently tried to patronize or absorb their weaker neighbor. Having Vietnam next door in the 1820s and 1830s led to a Vietnamese protectorate; in the 1860s, the French effectively loosened the grips of Thailand on Cambodia and made it part of Indochina - effectively a surrogate of Vietnam. During the Vietnam war, Cambodia lost its capacity to stay neutral or control its frontier border with Vietnam. The loss of sovereignty embittered many Khmer, although Sihanouk knew that Cambodia could never emerge as a victor against Vietnamese military strength. When Vietnam invaded Cambodia in 1979 to put an end to the Lon Nol and Pol Pot campaigns against Vietnam, for all intents and purposes, 'Indochina' was reborn. On the other hand, Thailand was indifferent to Cambodian sovereignty. Although faced with the imposition of Vietnamese protectorate over Cambodia, Thailand gave support to dissident Cambodian factions, including the Khmer Rouge. In the mid-1990s, licenses for Thai companies to exploit Cambodian natural resources - timber and gemstones - were being granted by the Thai ministry of the interior.

Today, international land and sea border tensions among Thailand, Vietnam and Cambodia are prominent, with border closures, Thai and Vietnamese encroachment into Cambodian territory and military skirmishes occurring relatively frequently despite the formation of a regional border commission to resolve the differences. For both sets of border issues, there is the potential for an escalation of retaliatory measures that could generate displaced people and impact economic development. Additionally, border issues play into the political agenda with CPP raising Thai border intrusions, while SRP raises issues along the Vietnamese border.

Only the land border with Thailand is officially demarcated under international law. During the French period, there were no international borders between Cambodia, Vietnam, and Laos, only administrative lines which have no legal standing. The four current agreements addressing the Vietnam /Cambodia border were written during Vietnamese occupation. Therefore, these agreements are not seen as fair and many believe there is government complacency on this issue,

because of the past alliance with Vietnam. Until the situation is resolved, both countries have agreed that the current management practices should be maintained. However, there are reports that Vietnam is taking liberties by confiscating farm animals and prohibiting grazing until payments are received.

Tensions are higher with respect to undefined sea borders because of greater commercial interests - ranging from fisheries to significant oil and gas fields. An agreement exists between Cambodia and Thailand to jointly develop the oil and gas fields where there are overlapping claims. Both Thai and Vietnamese commercial fishers enter into Cambodian water accompanied by military forces for protection. In many cases there is no local resistance since local officials are being paid off. However, based on recent interviews with subsistence fishers, commercial fishing is having a negative impact on their catch quality and quantity. Thus Cambodia is losing both subsistence fisheries and their export market to both Thai and Vietnamese commercial fishers.

### **Section III: State Capacity and Response**

**A. *The State:*** Conflict is substantially driven by opportunities for conflict, which are shaped most strongly by whether states have the capacity to deter or defeat violent opposition. State capacity depends of fiscal strength, ability to maintain infrastructure, provide services and enforce compliance with laws.

There is a large body of case study evidence showing the relationship between political change and conflict. The path between autocracy and democracy is not linear and can be particularly difficult and dangerous. This is due to the fact that there are inherent political contradictions in transitional democracies – tensions between demands for greater and more effective participation of civil society and the desire of entrenched political elites to maintain and enhance their control. The State Failure Task Force report found that partial democracies were far more vulnerable to state failure than either full democracies or autocracies. Partial democracies, other things being equal, are on average 3 times more likely to fail. This finding is also supported by other researchers who found that intermediate regimes were most susceptible to civil war.

Along the spectrum from autocracy to democracy - Cambodia's government is still very much aligned as a semi-autocracy, although there appears to be tolerance for civil society and freedom of media under the veneer of democratization. However, there is always tension present between the government and civil society. Although civil society is independent from the state, at the same time there is a reciprocal relationship between the state and civil society. However, civil society depends on the state to protect its space - which is a dimension that few appreciate.

The print media is relatively free although still subject to harassment by the government. However, the majority of people, particularly in rural areas, are dependent on broadcast media which is still subject to strict control by the government.

It is important to recognize that the current government drains wealth from the country and lacks the political will for reform in many sectors. Unfortunately, the absence of political will contributes negatively to the peoples' perception of how government and democracies should function. The government does not protect the rights of the people, either due to lack of law or

lack of enforcement. At times when the government does appear to be responding to the needs of its citizens, the response is never at the loss of government power and ultimately does not address the main issues. In some cases, the government is complacent (high level military), in others the law is so ill-defined people are left very vulnerable. Finally until there is an effective and fair judiciary system, people will never be able to assert and fight for their rights. Consequently, public confidence in the state is extremely low to nonexistent.

**B. Decentralization:** Decentralization is another process where the government seems to be responding to the needs of its citizens. Decentralization can bring a number of significant benefits by devolving fiscal and political authority to regions, it has the potential to block domination of one political party(ies) by another. If the devolution of authority is real, it will be difficult to blame continued problems at the local level on remote central authority. However, also carries a number of significant risks, and Cambodia is no exception.

First, although not occurring simultaneously, decentralization and deconcentration will involve significant restructuring of the civil service while local authorities are beginning to exercise newly established powers. In some sectors, such as health – deconcentration has already occurred, whereas in other sectors it has not. Second, there is not a clearly established legal framework that outlines the relationships, duties and responsibilities between the various levels of government. Fiscal dangers are also present, with the loss of economic efficiency and potential negative redistribution effects creating disparities within and between regions.

More insidious is the political dimension that decentralization has taken on, as a means for the current government to maintain control and strategy for the national elections in 2003. First, CPP realizes that some of their appointed commune chiefs are political liabilities and they would like to 'refresh' their local base of support. Therefore, at this time, they are willing to lose some communes to establish credibility for the national elections. Second, the implementation of decentralization has the potential to inflate popular expectations beyond the capacity of the system.<sup>7</sup> This is especially problematic where Commune Councils are lead by a party other than CPP. Since a great deal of assistance is off budget, CPP has the established networks and access to the central government that could prove to work against the other political parties in their ability to perform. Currently, there is no legal way for Commune Councils to raise revenue and there will be reluctance to mobilize local resources through new taxes. The lack of equitable access to the central government may result in communes not in CPP control becoming dependent upon shadow sources of income (i.e. illegal logging, fishing). Additionally, the transition committee to support the communes is controlled by CPP and will probably work in CPP favor because of the strong patronage system. Thus, there would be a strong tendency to view CPP as the only political party that can govern and deliver services at the local level.

#### **Section IV: Mobilization and access to conflict resources**

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<sup>7</sup>Evidence shows that experience in other countries indicates that people tend to anticipate a lot even without official encouragement.

The logic behind this stage is the recognition that grievances, while common, outbreaks of hostilities are rare. Capacity to translate grievances into collective action depends on ability to harness resources (i.e. human and financial) for group objectives.

**A. *Organizational factors that facilitate collective action:*** Due to time constraints, it was not possible to systematically investigate this complex set of factors. However, the mission may want to look further into the issue of collective action. The ability to overcome the collective action problem lies in the fact that that most people would prefer to see others engaged in violence and then share in the rewards. While certain groups may have an incentive to use violence to further their economic or political objectives, the question arises as to whether there are certain organizational structures with the ability to develop group solidarity, articulate goals of the group and monitor behavior of group members? Two organizations immediately come to mind – political parties and labor unions. Additionally, there are factors that could facilitate collective action. For example, as already discussed, young people have played a role in triggering and escalating violence. This is especially true for youth that have very few economic options available to them apart from personal connections and violence. Charismatic leaders could easily mobilize this demographic group.

**B. *Financial resources:*** The ability to finance conflict is a critical element in transforming grievances into sustaining conflict. Cambodia's natural resources have played a role in financing the previous civil war and could be accessed in the future. Briefly, timber and gemstone wealth had no influence on the origins of Cambodia's civil war, however, there is evidence that it did influence the war's duration and intensity. Natural resource wealth had two contradictory effects on the civil war. Although Cambodia had valuable forests and gemstones, they had not been commercially exploited by the Khmer Rouge, due to their ideological opposition to a market-based economy. Between 1989-1998, the Khmer Rouge - which was generally the weaker party in the conflict, engaged in substantial resource looting to fund its operations. Almost immediately after securing the country's northern and western borders, the Khmer Rouge gave mining and logging licenses to Thai companies. In 1993, this arrangement generated an estimated \$10-20 million a month. Beginning in 1995, this income dropped sharply due to the depletion of the gem fields and the Thai government efforts to restrict the timber trade. However, resource looting also created agency problems for the Khmer Rouge that eventually undermined their ability to continue fighting and helped bring the war to a close. When Ieng Sary surrendered to the government along with 4,000 soldiers under his command, he was allowed to retain his troops and keep control of a gem and timber rich area near the Thai border. The Khmer Rouge never recovered from his defection and others followed him in 1997. Finally, there are a number of accounts of cooperation between the Khmer Rouge and top officials in the Cambodian government and military to facilitate resource looting.

Second, the increase in illegal trafficking and organized crime also has the potential to raise resources for financing conflict. Illegal trafficking is a serious issue for Cambodia since it covers a range of areas from organized pedophiles to wildlife trade.

Another source of funding could possibly come from the Cambodian Freedom Fighters (CFF), a US-based diaspora whose mission is to overthrow the current government. Studies show that the risk of further conflict is greatly influenced by the presence and size of the diaspora. After five years of peace, the largest diaspora is about six times more likely to contribute to renewed

conflict than the smallest diaspora (36% vs. 6%). It is postulated that the effect of diasporas on conflict is due to their financial contribution to the war effort. The CFF does not appear to be a major threat, however, it is probably worthwhile being aware of their activities.

**C. *Military resources:*** Access to military weapons is extremely easy for Cambodians due to supplies left over from three decades of war. Additionally, a large amount of weapons flow into Cambodia from China through Laos. Ex-Khmer Rouge officers do a thriving business selling firearms on the black market destined to Thailand and ultimately to Indonesia and the Philippines through Malaysia. The price of firearms in Cambodia is the lowest in the region with AK-47s selling for \$40 and handguns for \$130 compared to \$600 and \$180-400, respectively in Thailand.

## **Section V: Triggers**

There are events that have the potential to exacerbate existing vulnerabilities and trigger actual conflict. Many of these events have the potential to threaten the balance of economic or political power between key players. For Cambodia, the potential events that could trigger violent conflict over the next few years are:

- A. National elections
- B. Economic shock
- C. Natural disasters

**A. *National elections:*** Although it is never possible to predict the level and nature of violence, national elections can be a lightning rod for the mobilization of groups to incite violence. Cambodia's history of elections has been to a greater or lesser extent violent. Although the Communal Elections that occurred in February 2002, exhibited a relatively low level of violence, a high level of intimidation was present throughout the period. Depending on the outcome of the Communal elections, and the comfort level of the CPP in its ability to win in 2003, the run-up to the elections, as well as the elections, could become violent.

**B. *Economic shocks:*** Economic shocks can equally destabilize a country and result in violent conflicts. This has been seen in a number of countries, most recently in Indonesia. An economic shock or crisis, for example, may fuel a heightened sense of grievance in urban areas – where conditions are already raw, lead to a scramble for economic wealth in rural areas, create pools of young, unemployed men who are easily mobilized, and erode the capacity and effectiveness of state institutions. The destabilizing effects of economic issues was elaborated in **Section II: Structural or Root Causes of Conflict.**

**C. *Natural disasters:*** The political mobilization and unrest that often follow a natural disaster can be another trigger in the conflict dynamic. In many cases, responsibility is placed on the regime for either pre-disaster causation or post-disaster mitigation. For example, the 1954 Hurricane Hazel in Haiti and the 1970 typhoon in then-East Pakistan were followed by violent changes of regime. We have seen within the past decade the tremendous impact of natural disasters, exacerbated by environmental degradation, on countries' economies and development processes. Therefore, the political, economic and social costs of these disasters weigh heavily on a government's credibility to provide for the needs of its citizens and its ability to achieve the goals of sustainable development.

Cambodia has been experiencing an increased frequency of extreme climatic events that have resulted in more frequent flooding and in some provinces increased periods of droughts. Total damages due to the floods in 2000 were placed at US\$161 million with the death toll of 347. The total costs of the flood and drought for 2001 is not available, however it is clear that without donor support, these events would place a greater strain on the government's ability to respond effectively.

Other potential triggers examined included the KR Tribunals,<sup>8</sup> demobilization and removal of Prime Minister Hun Sen. Based on conversations, none of these seemed to have the immediacy as national elections, economic shocks or natural disasters.

## **Section VI: Entry Points for Development Assistance**

All societies experience conflict as a legitimate part of social and political dynamics. Democratic institutions are designed to manage and channel conflict in productive directions. Cambodia is no different in that it is experiencing a variety of low-intensity conflicts. However, given the fact that the country is at high risk of conflict in the future based on conflict risk factors and the absence of legitimate channels for conflict resolution, the concern is that low-intensity conflicts could precipitate greater violence. Low-intensity conflicts can serve not only as indicators to measure the state's ability to effectively address underlying grievances, they can also be used as entry points for development assistance to help reduce the underlying grievances and opportunities for violence and help institutions become more capable and better able to serve stakeholders.

These types of low-intensity conflicts can be attributed to actual loss of livelihood. Loss of livelihood marks a rapid transition from a previous stable state of relative welfare into a condition of destitution. It is the rapid process of change resulting in a sudden fall into extreme poverty, more than the endemic condition of poverty, which can create the potential for conflict. Loss of livelihoods, driven by environmental, economic and social factors, provide the opening for grievances and/or opportunistic political forces to mobilize newly vulnerable people. The conflict drivers include relative deprivation, inequities, and the strengthening of bonds along preexisting lines - i.e. socio-economic, ethnic, linguistic, political. The conflict-inducing conditions that may emanate from agricultural and rural issues, such as landlessness or fishing conflicts, are manifestations of the inability of social and political systems to handle such crises. These processes rapidly make people poorer and/or result in increased inequality in a society or community.

Two prominent conditions that are fueling low-intensity conflicts related to loss of livelihood are: 1) competition over natural resources and 2) increasing percentage of landlessness. Both conditions are coalescing in and around the Tonle Sap ecosystem. The Tonle Sap is said to be the

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<sup>8</sup> A 2000 International Crisis Group report on Cambodia highlighted the potential for the Tribunals to exacerbate conflicts within CPP as older members were associated with the KR, while the younger members wish to immortalize CPP anti-KR stance. Also if the trials were seen as too weak, large scale demonstrations could occur which would be suppressed by force. The same report also highlighted the potential issue over demobilization. However, many believed this was not an issue as the soldiers who were demobilized were already out of service - i.e. old or incapable of working.

heart of Cambodia and as such is one of Cambodia's most important ecosystems for rural livelihoods. The rich fisheries, together with the productive agricultural lands in the inundated area and the wider Tonle Sap watershed have long provided the foundation for the Cambodian economy. Fishing provides primary or secondary employment to over 40% of the 2.4 million people living in the 8 central provinces. In certain areas, fishing is the predominant activity with an estimated 88% of people in 170 villages in and around the flooded forest relying on fishing or related activities. This is especially important since the percentage of landlessness can be quite high (24%) in fishing communities. The Tonle Sap resources have been a source of fuel, protein and supplemental market income for the rural population. It has also provided additional food security in times of crisis – climatic events, political or civil conflict. Because of the complex dynamics, the Tonle Sap ecosystem is an area where a number of grievance-induced and greed-induced incentives intersect as potential sources of conflict. Extreme inequity of access rights, growing population pressures, grinding poverty, insufficient/non-existent rights of tenure, increased landlessness, ethnic divisions and overexploitation of the resources place the lake and the significant population who depend on the natural resources at risk. Thus the continued integrity of the Tonle Sap ecosystem is fundamental to the success of sustainable development in Cambodia.

However, the environmental, economic and social sustainability of the Tonle Sap ecosystem is threatened by both internal and external<sup>9</sup> forces. The lack of environmental governance, increased population growth, and pervasive corruption have resulted in degraded flooded forest due to agricultural and settlement expansion around the lake. Declining water quality is due to both agrochemicals and waste discharge, fishery overexploitation at both commercial and subsistence levels. Population increases around the Tonle Sap are among the highest in the country. For example, Battambang Province experienced a 33% increase between 1994-1998. In light of decentralization, these threats can be further compounded if Commune Councils do not take environmental impacts into consideration when designing their development programs.

Increasing competition over valuable resources, land and fisheries, is coupled with increasing concern over the sustainability of fisheries management. The quality of fish (smaller) and catch per unit effort has decreased, which is a classic sign of overexploitation and lack of sustainability in the system. Catch composition has also changed; certain species are apparently commercially fished out. Additionally, there appears to be decreased catch for subsistence fishers. This is particularly problematic since fishing not only provides an immediate protein source but sales can provide vital supplementary income which is especially important for the purchase of rice during periods of food shortage.

All of these factors have resulted in the increase in low-intensity conflicts, not only between villagers and commercial lot-holders, but also between family and middle scale fishers, as well as between fishers and government fishery officers. Agricultural expansion is threatening the

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<sup>9</sup>External forces threatening the Tonle Sap ecosystem are primarily from the upstream development of the Mekong River. There are a series of dams that are either in operation, or planned that will cause significant environmental and social impact because they will impede the flow of the Mekong to downstream areas. To the extent the Tonle Sap ecosystem is impacted will depend on political commitment as Cambodia is a weak partner in terms of its geographic location and resource commitment.

flooded forest habitats, thereby aggravating conflicts over fishing by additional reduction of fisheries productivity. Additional conflicts occur between farmers and fishing lot owners regarding rights to fishing within converted rice fields. The presence of private militias exacerbates existing tensions between lot-holders and local fishers. When conflict occurs, villagers are afraid and intimidated due to the military involvement. Several fatalities have been reported.

Several interviewees stated that ethnic Vietnamese are frequently made scapegoats for the lake's declining productivity. The Vietnamese have a reputation as savvy, cunning fishers and are a visible presence on the lake. Vietnamese are frequently accused of over-fishing and using illegal fishing methods. Whereas Khmers see themselves as more conservative fishers and interested in protecting the resource base. Because of the widespread antipathy for Vietnamese, many tend to settle near military posts or police stations for protection. It is unclear if Vietnamese communities will be involved in community fishery schemes. If they are not included, these types of conflicts could increase since there will be stronger control within the community.

In an effort to reduce many of the low-intensity conflicts, in 2001, Prime Minister Hun Sen, directed that 56% of the fishing areas be allocated to fishing communities to improve food security for the rural population. Although on the surface this appears to be a sound decision, many have stated that of the 56% of fishing areas allocated, a high percentage are either difficult to access (crossing fishing lots, remote from villages) or possess little to no fish.

Coupled with the low-intensity conflicts, the lack of transparency, high levels of corruption in the system and inadequate dispute resolution mechanisms mean that accusations of wrongdoing can be leveled at all stakeholders. Rarely do conflicts come into the judicial system and evidence is never brought forward. Enhanced mechanisms to improve governance and transparency to ensure an independent and trusted procedure for complaint resolution are essential elements if these conflicts are to be satisfactorily resolved.

The second source of livelihood loss and future conflict potential in the Tonle Sap ecosystem is the increasing percentage of landlessness. Although land grabbing has attracted the attention of the donor community, the real problem is that most land is sold in distress sales to pay for family health care. In fact, in a recent survey, 43.7% of the poor who had lost land attributed it to the need to pay expenses due to illness. The other reasons were lack of food (20.1%), expropriation (13%), indebtedness (4.6%), business failed/changed (3.5%), natural disaster (3.4%) and other reasons (11.7%). In many cases, land loss was caused by a number of factors operating simultaneously. Therefore, landlessness due to medical reasons, represents an increasingly serious social problem and has a number of consequences. It undermines the faith of the people in the system and their ability to achieve sustainable livelihoods. It also increases the competition over scarce resources, as fishing is an attractive activity for those seeking a livelihood due to the low entry barriers and it also increases migration to urban areas in search of livelihood.

***Programmatic recommendations :***

The Tonle Sap ecosystem should be the area of focus for conflict prevention activities since it is critical to rural livelihoods and already experiences a number of low-intensity conflicts which

could escalate over time. By addressing the issues of natural resource governance and corruption, and growing landlessness, a number of by-products or externalities that could contribute to increased risk of conflict could be eliminated – such as increased rural-urban migration. A three-prong approach is suggested:

- Corruption impacts the sustainable management of natural resources at the expense of local people. Therefore, use the notwithstanding language on corruption to develop a series of activities with the government and local NGOs to improve accountability and transparency initially focusing on the governance of natural resources – specifically the fishing and land concessions.
- Develop the capacity of the appropriate entities to ensure that the commune councils' development activities are done in an environmentally sustainable manner. Environmental management issues transcend commune borders, therefore, there needs to be a built in mechanism to ensure that activities are done in an environmentally sustainable manner and there are no negative impacts on communes which depend directly or indirectly on the services and products of the ecosystem.
- Develop a small-credit, insurance or grant program for the vulnerable poor so that their medical costs do not force them to sell their land.
- Based on the education evaluation, explore the potential of developing programs to increase access to secondary school education.
- Based on the micro-enterprise evaluation, explore the opportunities for developing micro-enterprises to generate employment in rural areas.