

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRESS REPORT NO. 2
ON THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLAN IN RESPONSE TO
THE INSPECTION PANEL INVESTIGATION REPORT (NO. 58016-KH) ON THE

CAMBODIA
LAND MANAGEMENT AND ADMINISTRATION PROJECT
(IDA CREDIT NO. 3605-KH)

JULY 25, 2012

Cambodia

**Land Management and Administration Project
(IDA Credit No. 3605-KH)**

**Progress Report No. 2
Implementation of Management Action Plan**

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I. INTRODUCTION

1. **Project.** In 2002, the Board approved a Credit in the amount of SDR19.3 million (US\$24.3 million equivalent) to support the Cambodia Land Management and Administration Project (LMAP). Three Development Partners (Canada, Finland and Germany) provided co-financing or parallel financing to the Project. The Project's development objectives were to improve land tenure security and to promote the development of efficient land markets through: (a) the development of adequate national policies, a regulatory framework, and institutions for land administration; (b) the issuance and regulation of titles in rural and urban areas; and (c) the establishment of an efficient and transparent land administration system.

2. **Current Status of Project.** On September 7, 2009, the Government requested the cancellation of the remaining balance of the Credit. The remaining undisbursed balance of the Credit (SDR6.16 million, US\$9.40 million equivalent) was cancelled on September 16, 2009. At the time of the cancellation, SDR12.95 million (US\$19.78 million equivalent) had been disbursed, approximately 67 percent of the original Credit amount. Associated trust funds, from the Canadian International Development Agency (CIDA), with cross cancellation clauses were also closed.

3. **Summary of Panel Process, Panel Findings and Board consideration.** On September 4, 2009, the Inspection Panel received a Request for Inspection of LMAP submitted on behalf of communities claiming to have been affected by the Project. The Board approved the Panel's recommendation for a Panel investigation on April 13, 2010, on a non-objection basis.

4. The Request for Inspection focused on events surrounding the denial of Boeung Kak Lake (BKL) residents' land claims and their resettlement from the BKL area located in central Phnom Penh. BKL is part of the Sras Chok Commune, one of 232 communes in which LMAP engaged in systematic titling activities. It is estimated that approximately 4000 households (approximately 20,000 inhabitants) lived in BKL in August 2009. Of them, more than half have since moved. More than 800 households are estimated to remain at BKL, continuing to seek to participate in the land adjudication process.

5. The Panel issued its investigation report on November 23, 2010 and Management issued its Management Response on January 21, 2011. In these reports, the Panel and Management noted that the residents in the BKL area were denied access to due process of adjudication of their property claims, and that the Requesters suffered serious harm or the threat of harm. The Panel and Management also agreed that the benefits and protections provided to BKL residents by LMAP fell short of expectations and that Management was unable to prevent or mitigate the harm that occurred. The Board considered the Panel's Investigation Report and Management's Response on March 8, 2011 and approved the Management Action Plan.

II. MANAGEMENT ACTION PLAN

6. The Management Action Plan addresses support for the affected communities in the BKL areas as well as support for other affected communities in project areas. Management issued the first progress report to the Board of Executive Directors on the implementation of the Management Action Plan on May 16, 2011. In this progress report, Management noted that the

Municipality of Phnom Penh (MPP) was examining an on-site development option for remaining BKL residents, and was taking steps to improve resettlement processes more generally in Cambodia with support from some other Development Partners. The Royal Government of Cambodia (RGC) decided not to work with the Bank on the implementation of the Management Action Plan.

III. PROGRESS OF MANAGEMENT ACTION PLAN IMPLEMENTATION

7. **Update on remaining BKL residents.** Since the last report, there has been significant progress toward land tenure for the remaining BKL households. On August 11, 2011 the RGC issued a sub-decree (no. 183) that excludes 12.44 hectares of land from the private development project. Sub-decree no. 183 allows the households located within the designated 12.44 hectares to remain in the area and receive title. There were approximately 794 households living within these 12.44 hectares. Of these, 163 negotiated compensation with the private developer of the land prior to the issuance of sub-decree no. 183 and left BKL. The MPP has issued titles to the remaining 631 households.

8. Approximately 94 BKL households whose homes are located outside of the 12.44 hectares are not eligible to receive title under sub-decree 183. As of June 6, 2012, 16 of these households have negotiated compensation directly with the developer or the MPP and have left the BKL area. The remaining 78 households have refused offers of cash compensation and continue to demand higher levels of compensation or land titles within the 12.44 hectares. Negotiations between the MPP and these remaining residents are ongoing.

9. **Update on former BKL residents who have already been resettled:** The Bank has repeatedly offered the RGC technical and financial support to help improve the living conditions and livelihood opportunities in resettlement communities including, but not limited to, former BKL residents. Although the RGC has chosen to work on these issues without Bank support, the MPP has requested assistance from UN Habitat on issues related to land and urban resettlement in Phnom Penh. UN Habitat met with MPP in June 2012 to agree on terms of reference for a needs assessment and other support for the urban poor and resettled communities, and will work with development partners to mobilize resources to finance this work.

10. **Progress on land tenure security and national resettlement policies:** There has been notable progress on improvement of national resettlement policies. The Cambodian authorities passed an expropriation law and are implementing Circular 3 on informal and illegal resettlements, preparing a sub-decree on resettlement, and drafting policies on national housing and spatial and urban planning. Progress in these areas is likely to continue with ongoing technical assistance from development partners.

11. **Implementation of the Management Action Plan:** An update on progress on implementation of the Management Action Plan is attached. For the actions where the RGC has chosen to proceed without Bank involvement, the progress described has been achieved by the RGC, sometimes with support from other development partners, outside of the Bank's country relationship.

Table 1: Implementation of Management Action Plan

No.	Actions	Status
Supporting the affected communities in BKL area		
1	Based on agreed Terms of Reference (TORs) agreed with Government, a local NGO (with support from an international urban development specialist) will begin a needs assessment of households affected by the BKL development in January 2011 (to be completed within 7 weeks).	Progress after delays due to the difficulty in identifying a suitable partner organization. In response to a request by MPP, UN-HABITAT is expected to provide support for urban poor communities around Phnom Penh including resettlement areas.
2	Management will continue to engage Government and the MPP to discuss cooperation on the design of measures to mitigate adverse environmental impacts from the filling of BKL. However, action in this area will only be possible if a new dialogue on the BKL development is opened up with Government or the private sector.	No progress. Management has offered to engage in a dialogue with the RGC on environmental mitigation measures for the BKL development. The RGC has chosen to work on this issue without Bank involvement.
3	Management will continue to explore the possibility of supporting MPP initiatives that respond to the needs of tenure insecure and recently resettled communities from the BKL area.	The RGC has chosen to work on this issue without Bank involvement and has made significant progress. A total of 12.44 ha were set aside from the BKL development area and all 631 land titles were issued to residents. Furthermore, upon MPP request, and subject to mobilizing donor funds, UN-HABITAT indicated that it plans to prepare a pilot program for poor urban neighborhoods, including resettlement communities in Phnom Penh.
Supporting the affected communities in Project areas		
4	Based on recently completed analysis, Management will offer support for initiatives that respond to the needs of tenure insecure and recently resettled communities outside the BKL area focusing on communities that were included in LMAP Adjudication Areas.	Management has offered to engage in a dialogue with the RGC on resettlement issues in LMAP Adjudication Areas. The RGC has chosen to work on this issue without Bank involvement.
5	Management will continue to pursue this dialogue in a multilateral environment, through the TWG-L, with targeted support on key issues from Senior Diplomats resident in Phnom Penh	Significant progress. With support from the Bank, Germany, Japan and the ADB, the RGC has made considerable progress in putting in place an appropriate legal and policy framework on resettlement. With the support of Canada, Germany and Finland, the land titling program is still under implementation, and has delivered more than 2 million titles.
Engagement Going Forward		

6	<p>In highly sensitive sectors, such as land, Management will support task teams to improve risk assessment and realistic mitigation measures as part of ORAF, refrain from preparing overly ambitious and unspecific results frameworks and M&E systems, and develop unambiguous and prudent safeguards resettlement frameworks (e.g., EMF, RPF, and IPPF).</p> <p>Lessons learned from this review will be reflected in the LMAP Implementation Completion and Results Report and included in regional operational training for Bank staff and Government counterparts.</p>	<p>The LMAP ICR was completed and reflects lessons from this review, which have also been shared with Bank operational teams and development partners. Projects in Cambodia have been supervised closely, using the ORAF to identify risks and when appropriate, have been restructured to mitigate risks.</p>
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IV. NEXT STEPS

12. Management’s ability to implement the Management Action Plan has been limited as a result of the RGC’s decision to work on many of the actions described without Bank involvement. For this reason, Management proposes to discontinue progress reports and instead monitor the situation in BKL in the context of the Bank’s overall country relationship.