

Cambodia Update, March 2007

This is Somsook's brief report on a trip to Cambodia she made March 5-6, 2007, along with :

- Dr. Almuth Schaubert (from Misereor's urban poor programs desk)
- Peter Shimokawa (from Sophia University, Japan)
- Natvipa and Maurice (from the ACHR Secretariat in Bangkok)

Visit schedule :

- **March 5** : Daytime: Visit to community savings groups and community upgrading projects in the provincial city of Preveang; Evening, visit Borei Keila land-sharing project and Ros Reay upgraded community area in Boeng Kak Lake area.
- **March 6** : Morning: Meeting with the Governor of the Phnom Penh Municipality, meeting with Mr. Mann Chhoeurn (Deputy Governor of Phnom Penh). Afternoon : UPDF meeting with UPDF board and with staff. Evening: return to Bangkok.

1. Meeting with the Governor of Phnom Penh :

Discussion about redevelopment of Boeng Kak area :

Most of our discussion with the governor was about the redevelopment of the large area around Boeng Kak Lake. The municipality has been accused by international groups and media for facilitating the eviction of people from this densely-crowded area in central Phnom Penh, to lease the land to a private developer.



- **The Phnom Penh municipality does not have much power to decide what happens in the city :** The governor said he's for the poor, he likes to help the poor. When he was acting as mayor in other smaller cities, like Takao, he was the king, and he could do anything. He felt this was very good because he could actually manage his city. But in Phnom Penh, he said, the governor may be like a king, but a *very small king!* Because there are so many other government organizations, all with their different plans for the city, and most of them can't understand how the poor could be able stay in prime areas of the city. If he tries to resist any of these plans or attitudes too strongly, he would find himself transferred out of the city. He's not too worried about this, but his point was that the power to decide and manage in Phnom Penh is not much under the Municipality itself. There are so many more powerful government departments which call the shots on policy in Phnom Penh. So he wanted us to understand his uneasiness being the governor in a city which is being developed and gentrified so fast.
- **He explained that the Boeng Kak area has been left unorganized and undeveloped for a long time now:** people use the lake to dump their garbage, and the area which is supposed to be prime land is not being managed properly at all. So he feels there is a need to develop the area. He didn't talk about the details of the city's agreement to lease all this land to a private developer, or about the lease rate which has figured so prominently in angry newspaper stories and NGO rallies.

There will be a dialogue between the municipality, the developer and the people :

But the governor did say that the most important thing about the Boeng Kak redevelopment is that there will be a dialogue. The municipality will not evict the people without any consideration for their housing needs or their wishes. And the dialogue will find ways for housing alternatives for people from the Boeng Kak area. He didn't say this very clearly, but he did stress that there will be a discussion between the municipality, the developer and the people.

- **This is an opening :** This is at least a gesture from the government that the redevelopment of Boeng Kak doesn't mean full eviction.
- **The need for a variety of alternative housing options in Boeng Kak :** Probably they will have to take up several examples together, in order to offer a variety of housing compensation

packages to people affected by the Boeng Kak redevelopment, including land-sharing (like Borei Keila), developer-subsidized relocation (like Dey Krahom), or on-site upgrading (like Ros Reay). It's too big an area, and too complicated a situation for a single solution.

- **I hope that the Borei Keila example will show them** that if they take into account the people's housing needs properly, finance for this housing can be done through the private sector development process. As we've seen in the Borei Keila project, even though the construction investment in building these blocks of people's housing was so much, the developer still reaped huge profits on developing the rest of the site. *So the investment in providing social housing within commercial developments is clearly feasible.* There is no problem about finance, but the problem is how much the well-being of the people who lived there before is taken into account. This is the key issue.
- **Keeping things vague just now** : The government is now very much under attack, ever since the Boeng Kak redevelopment plans were announced. The governor said he's not speaking to the media much about this. It could be that the municipality is playing its politics carefully, since and they know that the minute they mention "*dialogue*" there will be thousands of new families moving into Boeng Kak! As usual! The municipality also knows very clearly that the camps opposing the project now (the media and the NGOs) are linked together and bombarding the government - especially the municipality, which is the closest to the redevelopment. The Boeng Kak redevelopment will likely become a hot political agenda in the upcoming elections (to be held in mid 2008). So from now on, Boeng Kak will be a hot issue in the city. I guess that the government will not accelerate the implementation of this redevelopment in the mean time, because of that election campaign.
- **The NGO Forum and Sam Rainsy's Party proposed to make a demonstration**, in which all the people in Boeng Kak (about 4,000 households and hundreds of businesses) would march on City Hall. That's how hot this issue has become.

I feel the important thing is to focus on working out a proper solution, which is not too bad for people, and in which they have their say and their participation, so they can own it, as a group.

- **The NGO community in Phnom Penh** is so far concentrating on attacking this proposed development, and not on exploring any alternatives to it.
- **There is a great need for some kind of professional input now, to help people explore alternatives.** So far, there is no work being done to prepare any concrete alternatives to what the city and the developer are planning for Boeng Kak. And while we were in the Municipality, we saw the scheme they have proposed for Boeng Kak, which itself is very rough. There are lots of yellow areas marked on this plan, representing "residential" areas - but this could be for new middle class housing, or for redevelopment of housing for current residents - it's not clear.
- **There is clearly a lot of room for negotiation, but the negotiations have to be professional and proactive.** And a good negotiation should come with a good plan. Now it's our job to see how to deal with that more properly.



Terms of the proposed private sector redevelopment :

Manjusha may be able to get us some information about these plans, including the benefits to the developer. Apparently the private sector developer (a company called Shukaku, Inc) which has won the right to redevelop the whole area (133 hectares, including the Boeng Kak lake, which now occupies 90 hectares of this land and is likely to be largely reclaimed for development) has gotten the land on a 99-year lease for a price that is suspiciously below the market rate - only about US\$ 0.60 per square meter. The whole deal is supposed to be worth US\$ 79 million to the city. The project will require between 3,900 and 4,250 families to move from the area, according to the lease contract.

The question is, what is the alternative for this city?

1. **Development is happening in the city now in a big way, and there's nothing we can do to stop it:**



People in power in Cambodia are trying to open up their economy to outside investment, and Phnom Penh, as their capital city, is the springboard for luring development investment into the whole country. For the first time since the war ended, the real stage of urbanization and city development is now coming to the city, in a big way. Between 1979 and now, huge numbers of people have come to Phnom Penh, and development has been spotty and haphazard, but now the city is trying very hard to catch up with other Asian cities, which went through their heavy development two or three decades before. Whether this is a good or a bad thing is up for debate, but the important thing to understand is that investors all over Asia, with all their "floating money" have got their eyes on Phnom Penh, and see lots of potential profits in the city's relatively undeveloped condition, its cheap land, its cheap labor force, its flexible government and its central location in Southeast Asia. So whether we like it or not, this is the reality, this is the direction in Phnom Penh now. Not only Boeng Kak, but in many areas around the city, where huge redevelopment projects are right now being negotiated.

2. **This country has no money to pay for all this development. So how can they finance it?** The government needs the private sector to help fulfill its development goals. So as in Boeng Kak, the government simply draws a line around the area and put their stamp of approval on whatever plan the private sector might propose. Now in their eyes, this private-sector plan will help develop their city. And because most of the land in the city is still in those gray areas of unclear ownership and no title, individual families and small businesses can't invest much in smaller-scale developments and don't have access to finance - only the really big developers, with connections to the political power bases, can get these kinds of large land concessions from the government. This is how the system is working now.
3. ***This process may be right or wrong, but if we want this plan to be equitable or to be meet the needs of the people who actually live in those areas, we have to intervene.*** We have to find a way that some good programs which take into account the housing and livelihood needs of the city's poor citizens are part of the proposed planning. If not, the private sector will use their commercial architects and planners to do it their way. We can't stop these plans, but we can intervene to try to adjust these plans and make them work better for the poor who come in their way. The Phnom Penh municipality needs the money from the private sector. In the case of Boeng Kak, they may lease the land out to the private company very cheaply, but the point of the deal for the city is not the lease, or in the money made on the lease, but in granting permission for that area of the city to be redeveloped, without having to make much public investment. They want to change that part of the city! But whenever you give the private sector such a big hand like this, there are dangers. Now it depends on how far the municipality can balance these commercial forces with the needs of local residents, so there is a greater "people orientation" in the final outcome. *And in this balancing process, we can intervene.* It happened already with Borei Keila - nobody ever had any intention of building apartments to house the families on a portion of the land slated for redevelopment, but finally the developer had to do it, once the municipality and the community people were able to combine their forces.
4. ***This balancing process should not just concern housing for poor people, but also other vital social facilities a city needs*** - things like parks, playgrounds, libraries, schools, swimming pools, urban greenery, etc. Boeng Kak shouldn't be all shopping centers and hotels and upscale condos! This can also be intervened into.

2. Visit to Ros Reay (*in-situ upgraded community in the Boeng Kak area*):



The upgrading project at Ros Reay was one of the first "comprehensive" community upgrading pilot projects to be given a big push by ACHR, UPDF and Jockin from SDI. Since this little slum pocket upgraded, the upgrading process has spread to many other areas in the same part of the city. People are proud of saying that in the beginning, only 72 families took part in the savings group and pitched in to upgrade their roadway, drainage and infrastructure, little by little with housing improvements. Today, with so many neighboring communities joining the upgrading process, there are now over 1,000 members in the area's

community savings groups and implementing community upgrading projects themselves.

Ros Reay has been one of UPDF's important showcase upgrading projects, and has shown how an existing slum community can improve its housing and infrastructure and stay in the city - in the same place - as a viable alternative to eviction or relocation to remote resettlement sites. The transformation of this small, densely-packed little community from a mucky, sad-looking slum into a clean, concrete-roaded, shady street came at a time when the city had no concept of allowing poor people to stay in the city, no concept of allowing their dilapidated neighborhoods could be turned into proper, healthy, clean neighborhoods - with people doing all the work themselves. Every time we go to Ros Reay, we see more change in the reblocking, the house improvements, the landscaping, etc.

When the people in Ros Reay - and in hundreds of communities subsequently - actually did this upgrading work, they develop a lot of confidence, and see that this is a *good option* - which allows them to stay in the city, near jobs and support structures, while improving their living conditions, improving the city they are a part of, and their legitimacy as urban citizens.

The people at Ros Reay, and in several adjacent communities, applied to the Municipality for land tenure security quite some time ago. But their application has been delayed, since this community is within the Boeng Kak Lake area which the city has plans to redevelop. So Ros Reay and its neighboring communities are likely to be part of a very long story of negotiation for land-tenure security.

But the people here seem ready for the struggle and clear about what they want: to stay in the community where they have lived now for nearly 30 years. When I asked them about the government's plans to allow the private sector to redevelop the Boeng Kak area - which includes Ros Reay - they said they prefer a more modest, on-site upgrading process like the one they've implemented. The people all said they prefer to stay where they are now, and are planning to propose that they be allowed to stay to the concerned authorities. It seems that people here have a very clear idea of what they want, and that goal unites them. The Ros Reay upgrading process - which has spread to many other adjacent communities in the Boeng Kak area, has contributed to this clarity. I believe they will make a good, strong negotiation.

The upgrading projects so far have not changed the physical layout of the former slums very much, beyond a little reblocking of houses to straighten or widen lanes or to make room to lay drainage lines. Eventually, the area may need a stronger reblocking or reorganization of houses, to make most efficient use of the land. But the upgrading projects in and around Ros Reay have been an important learning process for the communities, for UPDF, for other settlements around the city, and for the municipal government.