

## THE IMPACTS OF ECONOMIC AND SOCIAL LAND CONCESSIONS IN CAMBODIA (2000-2017): A REVIEW OF MECHANISMS, OUTCOMES, AND FAILURES

Socheat Toeung<sup>1</sup>, Maly So<sup>2</sup>, Ravuth Ros<sup>3</sup>

<sup>1</sup>Legal Council of Ministry of Interior, Cambodia

<sup>2,3</sup>Khemerak University, Cambodia

Email: [toeungsocheat77@gmail.com](mailto:toeungsocheat77@gmail.com)

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**Abstract.** Following the implementation of the economic and social land concession policy, Cambodia has witnessed significant societal progress. However, challenges persist, as not all citizens have access to employment that aligns with market demands. The introduction of economic land concessions has created new opportunities for individuals residing both near and far from these areas, enabling them to secure employment and enhance their quality of life. For example, the development of rubber plantations has increased the demand for skilled labor, benefiting local residents by providing jobs and improving living standards. These employment opportunities help individuals afford essential needs such as food, shelter, and clothing, particularly when working far from home. The government's primary objective is to improve the quality of life for its citizens and alleviate poverty, a critical step toward national development and global competitiveness. Furthermore, the Royal Government of Cambodia has instituted innovative policies to foster sustainable economic growth. These policies utilize media and associated institutions to attract investment, including from foreign investors, by facilitating diplomatic initiatives abroad. Economic land concessions are specifically intended to serve economic interests, necessitating substantial financial contributions from both the government and investors. While these concessions can stimulate economic growth, their effects are varied. Reports indicate both positive outcomes, such as enhanced livelihoods, and negative consequences, including land disputes, workplace challenges, and adverse impacts on indigenous communities.

**Keywords:** economic land concession, government policy, livelihoods, poverty reduction, social land concession

**Abstrak.** Setelah penerapan kebijakan konsesi lahan ekonomi dan sosial, Kamboja telah menyaksikan kemajuan sosial yang signifikan. Namun, tantangan tetap ada, karena tidak semua warga negara memiliki akses terhadap pekerjaan yang sesuai dengan permintaan pasar. Pengenalan konsesi lahan ekonomi telah menciptakan peluang baru bagi individu yang tinggal di dekat maupun jauh dari wilayah tersebut, memungkinkan mereka untuk mendapatkan pekerjaan dan meningkatkan kualitas hidup mereka. Misalnya, pengembangan perkebunan karet telah meningkatkan permintaan tenaga kerja terampil, yang menguntungkan penduduk setempat dengan menyediakan lapangan kerja dan meningkatkan standar hidup. Peluang kerja ini membantu individu memenuhi kebutuhan dasar seperti makanan, tempat tinggal, dan pakaian, terutama ketika bekerja jauh dari rumah. Tujuan utama pemerintah adalah untuk meningkatkan kualitas hidup warga negaranya dan mengentaskan kemiskinan, sebuah langkah penting menuju pembangunan nasional dan daya saing global. Lebih lanjut, Pemerintah Kerajaan Kamboja telah melembagakan kebijakan inovatif untuk mendorong pertumbuhan ekonomi berkelanjutan. Kebijakan ini memanfaatkan media dan lembaga terkait untuk menarik investasi, termasuk dari investor asing, dengan memfasilitasi inisiatif diplomatik di luar negeri. Konsesi lahan ekonomi secara khusus ditujukan untuk melayani kepentingan ekonomi, yang membutuhkan kontribusi keuangan yang substansial baik dari pemerintah

maupun investor. Meskipun konsesi-konsesi ini dapat merangsang pertumbuhan ekonomi, dampaknya beragam. Laporan menunjukkan hasil positif, seperti peningkatan mata pencaharian, dan konsekuensi negatif, termasuk sengketa lahan, tantangan di tempat kerja, dan dampak negatif terhadap masyarakat adat.

**Kata Kunci:** konsesi lahan ekonomi, kebijakan pemerintah, mata pencaharian, pengurangan kemiskinan, konsesi lahan sosial

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## INTRODUCTION

In Cambodia, significant progress is currently underway, driven by investments from numerous local and foreign companies, as well as the initiatives of the Royal Government. This development is also attributable to the nation's abundant natural resources. As a developing country, Cambodia's progress remains gradual, despite receiving financial and material aid from neighboring countries. Consequently, the government is actively seeking partnerships to foster national growth. To this end, the government has granted extensive land concessions, amounting to thousands of hectares, to private individuals and companies for development purposes. These concessions, which can extend up to 10,000 hectares for a duration of 50 years, are intended to generate national wealth, improve the livelihoods of the populace, and attract further investment.

The allocation of economic land concessions, however, has implications for agricultural land, residential areas, individual rights, and the environment. The Royal Government's rationale for this policy is to incentivize investors to undertake projects that will generate state revenue and create employment opportunities for rural populations. Both economic and social land concessions present a combination of advantages and disadvantages.

Since the implementation of the land concession policy, our society has not only advanced, but there has also been a noticeable trend of migration to neighboring countries in search of employment. This is a consequence of the domestic job market's inability to meet the demands of the available workforce. The Royal Government's land concession program has provided employment opportunities for people living both near and far from the concession areas, thereby improving their quality of life. For instance, the development of these areas has created a demand for skilled labor, which has, in turn, improved the living standards of local residents. For those who work away from their families, these jobs provide the means to afford essential needs such as food, shelter, and clothing. This aligns with the Royal Government's policy of

poverty reduction and is a crucial step in the nation's development, enabling it to compete in the globalized, free-market economy.

The Royal Government has also introduced a new policy to promote sustainable economic growth. This policy leverages the media and other institutions to accelerate economic development with the aim of attracting investment. The government has also facilitated the involvement of foreign investors by dispatching ambassadors to disseminate information about these opportunities. A key component of this strategy is the policy of granting land concessions to businesses to stimulate economic growth. These land concessions are a vital component of national economic development, as they require significant capital investment from both the public and private sectors. This approach is intended to ensure that Cambodia remains competitive with more developed nations. The Constitution of the Kingdom of Cambodia guarantees the right to land for all Cambodian citizens. This right can only be infringed upon in the public interest, through legal means, and with fair and just compensation. However, economic land concessions have, in some cases, infringed upon the land rights of rural communities in Cambodia. These communities have not always received adequate or timely compensation, and there is evidence that these concessions have, at times, been detrimental to the public interest. Since their land has been cleared, these families have been relocated to smaller plots of land along roadsides, which are often insufficient for cultivation. Some have resorted to working as daily wage laborers, while others have left their villages to seek employment in other provinces, and some have cleared remote forests for farming.

## **METHOD**

This study employs a qualitative research methodology, primarily based on document analysis and a comprehensive literature review that draws extensively on secondary sources, including Cambodian laws, sub-decrees, official government reports, policy documents, academic publications, and reports from non-governmental organizations (NGOs). Official statistics and data are collected and synthesized to provide quantitative support, such as the number of land concessions, total land area, and the number of affected households. The analysis involves interpreting and comparing legal frameworks, government policies, and their practical implementation, as well as assessing the impact of land concessions on local communities. While acknowledging the limitation of a desk-based approach, which precludes the collection of primary data through field surveys or direct interviews, the study mitigates this by employing a data triangulation strategy to build a more reliable narrative. By systematically comparing and contrasting information from diverse sources—such as official

government statistics, critical reports from local and international NGOs, and peer-reviewed academic research—the study identifies points of convergence and divergence. This approach allows for a more robust and balanced analysis that accounts for the inherent biases in any single source, thereby providing a more comprehensive understanding of the effectiveness, challenges, and outcomes of land concession policies in Cambodia.

## **RESULTS**

### **Economic Land Concessions**

#### **Objectives of Economic Land Concessions**

According to the National Development Strategy, the agricultural sector is a major source of employment and the cornerstone of the rural economy. Therefore, it is imperative to develop this sector to build and sustain economic growth and accelerate poverty reduction. The Cambodian government is currently promoting crop diversification and increased productivity. Economic Land Concessions (ELCs) are considered an important instrument for achieving these objectives. The Sub-Decree on Economic Land Concessions defines the ELC initiative as "a mechanism by the government to provide public and private land through specific economic land concession contracts to concessionaires for use in agricultural and agro-industrial activities." Article 2 further clarifies that "agro-industrial production" encompasses:

- Cultivation of food or industrial crops, including the establishment of tree plantations.
- Animal husbandry and aquaculture.
- Construction of facilities, such as factories and processing plants for local agricultural raw materials.
- A combination of some or all of the above activities.

According to the sub-decree, the primary objectives of this policy are as follows: to develop agriculture at the local level and increase the level of initial investment in the agro-industrial sector; to create employment opportunities in rural areas within the framework of enhancing opportunities, livelihoods, and natural resource management based on appropriate ecosystems; and to generate national, provincial, or commune/sangkat revenue from concession fees, taxes, and other service charges.

#### **Legal Framework**

The Land Law of 2001 and the Sub-Decree on Economic Land Concessions of 2005 govern the granting of land concessions. While the Land Law of 2001 establishes the general provisions for the issuance of all land concessions, including those for social and economic

purposes (Articles 48-62), the Sub-Decree on Economic Land Concessions outlines the specific legal requirements for granting ELCs. According to Article 5 of Sub-Decree 146, the assessment of ELC proposals should be based on the following criteria:

- 1 Increasing agricultural and agro-industrial production using modern techniques.
- 2 Creating employment opportunities.
- 3 Improving the livelihoods of the people.
- 4 Managing the protection of the environment and natural resources.
- 5 Completely avoiding or minimizing negative social impacts.
- 6 Any linkages and support between social and economic land concessions.
- 7 Processing of agricultural raw materials.

The authority to grant ELCs lies with the Ministry of Agriculture, Forestry and Fisheries. Previously, sub-national authorities could grant smaller ELCs of up to 1,000 hectares, but this authority was revoked in 2008. The maximum size of an ELC is 10,000 hectares, and the longest term is 99 years. The specific details are stipulated in a land concession contract between the concessionaire and the relevant authority. Land concessions can be revoked by a government decision or cancelled by a court in cases of non-compliance with legal requirements. ELCs can be obtained by foreign institutions or Cambodian entities with 100% foreign ownership. Concessions can be granted in three forms: economic (for agro-industrial use), social (for residential and livelihood purposes), and other (such as for mining or industrial development). Both economic and social land concessions can only be granted after state public land has been converted into state private land.

### **Temporary Suspension of New Economic Land Concessions**

On May 7, 2012, Prime Minister Hun Sen announced the signing of a circular to suspend the granting of new ELCs and to implement a "tiger skin policy" regarding existing ELCs. This policy aimed to remove individuals from concession areas and reduce encroachment on farmers' and community lands. Circular No. 001 also mandated a review of all existing land concessions to ensure compliance with relevant laws and regulations. The circular reiterated that concessions found to be in violation of the law and their contracts would be cancelled.

According to the Ministry of Agriculture's 2014 annual report, a total of 69 land concessions, covering an area of 587,580 hectares, had been cancelled by the government due to "inactivity on their investment plans." Of these, 61 were larger than 1,000 hectares, with a total area of 580,667 hectares, and 8 were smaller than 1,000 hectares, with a total area of 6,913

hectares.

### **Economic Land Concessions: Discrepancies in Data**

As previously mentioned, the authority to grant ELCs rests with the Ministry of Agriculture, Forestry and Fisheries. However, in practice, other institutions, such as the Ministry of Environment, can also grant ELCs. This has led to significant discrepancies in the reported number of companies granted land concessions and the total size of these concessions. Data from the Ministry of Agriculture indicates that as of June 8, 2012, there were 121 companies granted ELCs, with a total area of 1,204,750 hectares. The Ministry of Agriculture's 2014 annual report states that there were 121 land concessions in 18 provinces, with a total area of 1,315,482 hectares. As will be demonstrated in the following paragraphs, non-governmental organizations working on land issues have reported different figures regarding ELCs.

According to a report by the Cambodian Human Rights and Development Association (ADHOC), "As of the end of December 2012, the government had reserved or granted at least 2,657,470 hectares to private companies under economic land concession projects." The report added that "in 2012, the government issued 66 sub-decrees, reserving 381,121 hectares for economic land concessions, including 33 sub-decrees issued after the announcement of a temporary moratorium on the granting of economic land concessions (on May 7, 2012)." According to the latest data from another human rights organization in Cambodia, the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), ELCs cover an area of 2,119,082 hectares.

Data from the Ministry of Agriculture shows that the peak of ELC allocation was in 2011, when 24 companies received ELCs, totaling 184,576 hectares.

## **Social Land Concessions**

### **Objectives of Social Land Concessions**

Social Land Concessions (SLCs) are a component of the government's poverty reduction strategy. The primary objective of SLCs is to provide land for residential and/or family farming purposes to the rural poor who lack adequate land for these purposes. The Land Law of 2001 defines SLCs as a mechanism to transfer private state land for social purposes to the poor. The Sub-Decree on Social Land Concessions of 2003 further elaborates on the

objectives and procedures for granting SLCs.

### **Legal Framework**

The legal framework for SLCs is provided by the Land Law of 2001 and the Sub-Decree on Social Land Concessions of 2003. The Sub-Decree outlines the procedures for identifying and allocating land for SLCs, as well as the rights and obligations of the recipients. The Ministry of Land Management, Urban Planning and Construction is the primary authority responsible for SLCs. The Sub-Decree also establishes a National Social Land Concession Committee to oversee the implementation of the SLC program.

### **DISCUSSION**

The granting of economic and social land concessions in Cambodia has been a contentious issue, representing a classic case of a double-edged sword. On one hand, the policy has been promoted as a driver of economic growth, attracting investment and creating employment opportunities [1]. On the other hand, it has resulted in significant social and environmental costs, including land disputes, displacement of local communities, and widespread environmental degradation [2, 3]. The implementation of the land concession policy has been fraught with challenges, including a lack of transparency, weak governance, and inadequate enforcement of laws and regulations [4].

The environmental impact of ELCs has been particularly devastating. It is estimated that ELCs have been directly responsible for as much as 40% of Cambodia's total deforestation [5]. Between 2001 and 2022, over 773,000 hectares of forest were lost within ELC areas. The situation is exacerbated by the fact that 104 ELCs were granted within or overlapping with 23 protected areas, facilitating rampant timber laundering under the guise of agricultural development [5]. This highlights a significant conflict between the government's economic development goals and its environmental protection commitments.

The social consequences have been equally severe. Between 2003 and 2012, an estimated 400,000 Cambodians were adversely affected by land grabs, a majority of which were linked to ELCs [5]. Indigenous communities have been disproportionately affected, with their traditional lands and livelihoods threatened by the expansion of agro-industrial plantations [6]. The destruction of cultural and spiritual sites, as noted by the Office of the United Nations High Commissioner for Human Rights (OHCHR), has further eroded the social fabric of these communities [2]. The communal land titling (CLT) process, intended to protect indigenous land rights, has been slow and largely ineffective, with only a small fraction of indigenous

communities receiving formal land titles [6].

The temporary suspension of new ELCs in 2012 and the implementation of the "tiger skin policy" were intended to address these issues, but their impact has been limited. The review of existing concessions has been slow, and the policy has been criticized for failing to address the root causes of land conflicts [4]. The discrepancies in data on ELCs from different sources, including government ministries and NGOs, underscore the lack of a centralized and transparent system for managing land concessions [7]. This opacity creates opportunities for corruption and makes it difficult to hold concessionaires accountable for their contractual obligations.

The social land concession (SLC) program, designed to alleviate poverty and landlessness, has also fallen short of its objectives. The implementation of the program has been hampered by a lack of resources, institutional capacity, and political will [4]. The process of identifying and allocating land for SLCs has been slow, and many eligible families have yet to receive land. Furthermore, for SLCs to be effective, they must be integrated with other rural development programs that provide comprehensive support to beneficiaries, a step that has often been neglected.

From an economic perspective, the performance of ELCs has been underwhelming. In 2022, ELCs generated a mere \$2 million in revenue for the government, a paltry sum considering the vast amount of land under their control [5]. Many concessionaires have treated their ELCs as logging concessions, abandoning the land after extracting valuable timber, rather than developing the agro-industrial plantations for which the land was granted [5]. This suggests that the policy has failed to achieve its primary economic objectives, while the social and environmental costs have been substantial.

## **CONCLUSION**

The mechanisms and procedures for granting economic and social land concessions in Cambodia between 2000 and 2017 have been characterized by a significant disconnect between policy objectives and actual outcomes. While the stated goals of promoting economic growth and reducing poverty are laudable, the implementation of the land concession policy has been deeply flawed, leading to a cascade of negative social, environmental, and economic consequences. The evidence strongly suggests that the economic benefits have been minimal and have been far outweighed by the profound and often irreversible harm inflicted upon local communities and the environment. The policy has facilitated the concentration of land in the hands of a few, displaced hundreds of thousands of people, and served as a primary driver of

deforestation and biodiversity loss in the country [2, 5].

The governance framework surrounding land concessions has proven to be inadequate, marked by a lack of transparency, weak enforcement of existing laws, and a failure to protect the fundamental rights of citizens, particularly those of indigenous communities [4, 6]. The result has been a system that, rather than fostering sustainable development, has created widespread conflict and insecurity. The failure to effectively implement both the ELC review process and the SLC program points to a systemic issue that requires more than superficial adjustments. A fundamental paradigm shift is necessary to move away from a top-down, concession-based development model to one that is more inclusive, equitable, and environmentally sustainable. Without comprehensive reform, land concessions will continue to be a source of injustice and a barrier to achieving genuine and sustainable development for the Cambodian people.

## **RECOMMENDATIONS**

Based on the analysis of the challenges and failures of Cambodia's land concession policy, the following recommendations are proposed to foster a more equitable and sustainable approach to land management and development:

### **1. Policy and Legal Reform:**

- **Strengthen the Legal Framework:** The government should undertake a comprehensive review and reform of the Land Law and related sub-decrees to close legal loopholes, strengthen environmental and social safeguards, and ensure that the rights of local communities are prioritized. This includes mandating robust and independent Social and Environmental Impact Assessments (SEIAs) for all large-scale land projects.
- **Ensure Transparency and Public Participation:** All information related to land concessions, including contracts, SEIAs, and ownership details, should be made publicly accessible through a centralized online portal. The process for granting and monitoring concessions must include meaningful public participation from affected communities and civil society organizations at all stages.

### **2. Protection of Community and Indigenous Rights:**

- **Accelerate Communal Land Titling (CLT):** The government must simplify and expedite the CLT process to secure land tenure for all of Cambodia's indigenous communities. This is a critical step in protecting them from land grabs and ensuring their cultural survival [6].

- Implement Free, Prior, and Informed Consent (FPIC): An FPIC framework should be legally mandated and implemented, ensuring that indigenous communities have the right to give or withhold consent for any project that may affect their lands, territories, and resources.
  - Establish Effective Grievance Mechanisms: An independent and accessible grievance mechanism must be established to allow affected communities to report abuses, seek redress, and resolve disputes in a fair and timely manner.
3. Land Use and Economic Management:
- Repurpose Underperforming and Abandoned Concessions: A full audit of all existing ELCs should be completed to identify and reclaim land from concessions that are inactive, underperforming, or in breach of their contracts. This reclaimed land should be repurposed for uses that directly benefit local communities, such as social land concessions, community forestry, or agroecological farming [5].
  - Promote Inclusive Agricultural Models: The government should shift its focus from large-scale, export-oriented monocultures to supporting smallholder farmers and promoting more diverse and resilient agricultural models. This includes investing in agroecology, community-based enterprises, and local food systems that enhance food security and rural livelihoods.
4. Governance and Accountability:
- Combat Corruption: The government must take decisive action to combat corruption within the land sector. This includes investigating and prosecuting officials and concessionaires involved in illegal land deals, timber laundering, and human rights abuses.
  - Independent Monitoring: An independent body with the authority and resources to monitor land concessions and enforce compliance with laws and regulations should be established. This body should include representatives from civil society and affected communities to ensure its credibility and effectiveness.

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