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An Analysis of Transfers and Transaction Records

Working Paper 22

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Responsibility for the ideas, facts and opinions presented in this research paper rest solely with the authors. Their opinions and interpretations do not necessarily reflect the views of the Cambodia Development Resource Institute.

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Executive Summary

This research follows from concerns raised by the large-scale land transfers, and the consequent landlessness that emerged, in the later part of the 1990s in Cambodia. It aims to reclassify land transaction data as available with the Ministry of Land Management, Urban Planning and Construction (MLMUPC) to analyse possible trends and patterns in land transactions, which may help in understanding the directions and causes of land transfers. A small-sample field survey has also been conducted to verify the validity of the trends and patterns as seen from these data.

There are no *comprehensive* data sets available from which one can trace the extent of land transactions and reasons for the emerging inequality. The General Department of Cadastre and Geography attached to the MLMUPC maintains records of *official* land transactions for all types of land in the country. As on June 30, 2001, there were a total of 15,796 records available with the department, for residential lands (8,915 records) and agricultural lands (6,881 records), in both rural and urban areas, for the period 1995-2001.

It is important to bear in mind that these records belong to a limited set of only about 518,000 plots for which formal titles have been issued, out of a total of about 4.5 million plots (residential plus agricultural) for which receipts have been issued. Since almost 90 percent of the plots are informally held, any transactions involving them are not included here.

Official Transactions

There were 6,881 transactions recorded in agricultural lands and 8,915 in residential lands. In terms of area, more agricultural land was traded than residential land: an area of 17,146 hectares of agricultural land was *formally* transacted between 1995 and 2001, compared to 1,362 hectares of residential land. Land transactions in Phnom Penh, though, are not included since they are not maintained by the MLMUPC.

Land transfers in agricultural lands were remarkably high in the period 1995-7, which peaked in 1996 when 2,010 transactions involving 5,061 hectares took place. Since then, the activity has slowed. A similar trend has been observed in residential land transactions: the peak was in 1996 when 1871 transactions took place, though the area transacted was the highest in 1997(1996: 274 hectares; 1997:301 hectares). A close association between land markets and economic activities in general has been noted.

Most of the officially recorded agricultural land transactions in the large-town provinces took place in just two provinces, Kandal and Sihanoukville, while for residential transactions the two most important provinces were Kandal and Siem Reap. A sizeable part of Kandal's agricultural land has been converted to factory sites and residential land as urbanisation spills-over beyond the Phnom Penh area. In addition, a number of large parcels have been bought up in anticipation of more factories and commercial activities to come up in the future. The case is somewhat different in Sihanoukville, a coastal town where activities related to maritime trade have made their own demands on land. In Sihanoukville, a large part of the agricultural land sold has also been cleared from the forest, which is now the protected "Kbal Chhay National Park". Siem Reap is expected to grow in view of its tourism potential; hence, a lot of residential land has changed hands, for hotel and restaurant development. In the small-town provinces there was no such concentration observed.

Battambang is a province where considerable rice land has changed hands in the recent years, according to the small sample studies. However, this is not reflected in the official data; there were only 114 formal transactions in agricultural plots in that province, covering an area of 128 hectares, between 1995 and 2001. This accounted for only about 1.6 percent of the total officially recorded transactions of agricultural land in the country. Evidently, the majority of agricultural land transactions there have been informal. The distance of the province from Phnom Penh, the expensive transportation, other expenses involved in formal registration and transaction, and harassment, all inhibit farmers from following the formal channel.

Between 1995 and 2001, a substantial number of purchasers of land, were residents of large-town provinces. Out of 6,637 agricultural land transactions made *outside* Phnom Penh, Phnom Penh residents were involved in almost 80 percent. Similarly, out of 8,752 residential transactions outside Phnom Penh, Phnom Penh residents were involved in about 39 percent. This reinforces the point about the concentration of wealth in the hands of urban dwellers, particularly in Phnom Penh. Even though the overall acreage that exchanged hands is small, such transactions raise concerns about the disadvantage that the rural poor face regarding dwelling, access to natural resources, as well as the widening gap between the rich and poor.

After peaking in 1996 (1757 agricultural plots and 925 residential plots), the number of transactions entered into by Phnom Penh inhabitants declined drastically. Formal purchases by Phnom Penh residents numbered only 198 in agricultural lands and 53 in residential lands, in 2000. This decline may be explained by the slowdown of economic activities, rising land prices, as well as diminishing prospects for favourable profitability from speculation or other land uses.

Of the total buyers, 86 percent belonged to districts other than from where the land was located for agricultural lands and 50 percent in the case of residential lands. Similarly, 48 percent of the sellers of agricultural lands belonged to districts other than from where they sold their land, though in the case of residential lands this percentage was 22. Evidently, some land that has been transacted was earlier purchased or acquired for speculative purposes. Also many may have bought and sold land to relocate themselves to areas of their choice. These data thus indicate that through this period, the relocation and settlement of people was still not complete after their dislocation in the 1970s and 1980s.

Findings from Small Sample Field Inquiries

A small sample survey using both quantitative and qualitative methods was undertaken in five provinces: Kandal, Kampong Cham, Kampong Speu, Battambang, and Sihanoukville. The interviewees were the district cadastral office and commune chiefs as well as various other knowledgeable persons.

The interviewees said that the number of land transactions was the highest in 1996 in most communes and districts. The trends suggested by the interviewees are no different from those indicated by the formal data: both formal and informal land sales sharply rose in the first half of 1990s, with outside buyers beginning to purchase local land, around 1993-4. Land purchases by outsiders in 1995, mainly Phnom Penh residents and foreign businesses, caused a considerable "multiplier effect" in the land markets, as many people sold their land and bought less expensive land elsewhere.

One of the obvious reasons why land transactions are or are not carried out according to the law, concerns whether or not the land is registered in the first place. In practice, there are two types of documents used for claiming ownership of land: receipts[1] and certificates[2]. Land transactions involving certificates constitute only a small proportion of total land transactions. Field interviews revealed that a significant number of households do not even possess application receipts for their land. Some landholders have lost them, while others have not applied due to lack of information or confusion about where to apply. There has also been failure on the part of some authorities to remind landholders about the application. Finally, many land plots have now been sub-divided, therefore, the original receipts have been rendered superfluous.

Transactions that involve the consent and approval of the commune chiefs are the most common means of land transfer. The district cadastral authorities insist that the communes should report all land transactions to them, despite the fact that only lands with certificates, and transacted formally, require formal reporting. However, such reporting does not often take place; instead the commune chiefs routinely sign and put their stamp on a written agreement, which is taken by many to be 'official enough' to certify the ownership transfer. People either do not understand the procedure, or they feel that there is no other alternative, even though such procedures are insufficient. At times, transactions in lands that *have* formal certificates are also not always processed as per the law, as buyers want to avoid paying the registration fee as well as by-pass complicated procedures.

The District Cadastral Office is responsible for evaluating land prices for purposes of taxation. Tax is four percent of the transacted value of the land. In practice, a good amount of tax is evaded. The extent of price concealment varies from one province to another, but on average only about 40 percent of the actual price paid is recorded in the official documents, suggesting a tax leakage of about 60 percent of what it should have been. Prices are understated with the active collusion of many parties involved and the process is facilitated through an informal fee. When an agreement is reached, cadastral officials work backwards, to *calculate* a price, of which the amount paid into the provincial coffer would be equivalent to four percent.

Despite the fact that people do not actually pay as much tax as they should, interviewees reported that the registration tax discouraged them from using formal channels to transfer land ownership. It was also widely acknowledged that many people do not want certificates for their lands because the resale of registered lands is difficult as it involves tax liabilities.

This paper unveils several processes and practices, legal as well as otherwise, extant in land transactions in rural Cambodia. It also points towards the need to strengthen the Cadastral Office and maintain its records more systematically, and inclusively.

[1] A document acknowledging the claim of a person to land
[2] A state authenticated document certifying ownership of land

Acronyms and Abbreviations

Acronyms

CDRI	Cambodia Development Resource Institute
DFID	Department for International Development (United Kingdom)
GDCG	General Department of Cadastre and Geography
MLMUPC	Ministry of Land Management, Urban Planning and Construction
OXFAM-GB	Oxfam-Great Britain
RGC	Royal Government of Cambodia
SES	Socio-economic Survey
WFP	World Food Programme

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Chapter One
Introduction

Both inequality in land distribution and landlessness in agriculture are significant in Cambodia. The Gini coefficient of inequality in agricultural land distribution is as high as 0.6, according to the Socio-economic Surveys (SES) of 1997 and 1999. The rate of landlessness could be as high as 15-20 percent in rural areas, as large numbers of people in the 1990s migrated from one area to another, including across international borders, in search of more stable and secure livelihoods.[1] This is despite the fact that land was redistributed, by and large equitably, as recently as in the late 1980s.[2] Large-scale land transfers and sub-divisions have occurred during the 1990s in response to demographic pressures and other reasons. Apart from the demographic statistics, there are no comprehensive data available so far with which to trace the reasons why such inequality has emerged in this short period of time. In fact, the first of the large-scale surveys that collected minimal information on land was the SES of 1997. A second SES was undertaken in 1999. In the context of residential land, landlessness is not such a crisis, but inequality and lack of tenure are. According to the 1999 SES, the Gini coefficient of inequality in residential land holdings was 0.68.

The issue of agricultural landlessness and land inequality has become problematic in Cambodia because the economy is not diversifying. As a result, over 75 percent of the labour force are still dependent on land for subsistence. The landless farmer, a category of workers that exists in many other Asian countries, is virtually non-existent in Cambodia according to the Population Census of 1998. The reason perhaps is that the extant form of agriculture does not permit a class of permanent workers who subsist on wage labour in agriculture.[3] As a result, these unskilled 'foot-loose' workers are prone to fall below the poverty line. This is because the prevailing wage rate of 4-5,000 riels per day for unskilled labour is insufficient for subsistence. The fact that such work is not available for more than a few days a month only worsens matters. The search for livelihood also takes people far from home, and destitute migrant workers have begun to flood the towns. In addition to the problems associated with personal deprivation, the issue of landlessness has political dimensions. All of these concerns raise the question: what is the process by which landlessness has been created?

This paper does not claim to provide comprehensive and complete answers to how and why land inequality has occurred. It is an initial attempt to gather and collate information on land transactions with the objective of developing a preliminary feel for the magnitude and

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1. There is large documentation on this topic. Most recent data can be seen in Chan *et al* 2001, and So *et al* 2001.
2. Sik 2001 provides evidence on this.
3. To maintain such a class of workers, it is necessary to harness animals, machines and other bio-chemical inputs, and to cultivate land intensively and more than once in a year. The agricultural sector is able provide employment to more workers, including landless farmers, in Indonesia and Philippines in Southeast Asia, and most parts of South Asia, since agriculture is more intensely practiced in those countries. See Ghose 1983.

dimension of the problem. Records of official land transactions that took place between 1995 and 2001 are available with the General Department of Cadastre and Geography, Ministry of Land Management, Urban Planning and Construction (MLMUPC), The Royal Government of Cambodia. CDRI has computerised this body of data with the dual purpose of aiding the MLMUPC to systematise their records, while finding out if any trends or patterns on land transactions can be deciphered from them. However, it might be confessed *a priori* that such an analysis is unlikely to yield very meaningful results, as the sample is highly selective, and its statistical properties are completely undefined. At best, what can be obtained are some crude patterns and trends. The paper therefore limits itself to presenting a few cross-tabulations with simple explanations. It then discusses the results of a small sample qualitative study that looked at the functioning of land markets in a few communes and districts in provinces where land markets are quite active.

The next section provides a brief review of the land situation as seen from existing information and literature in Cambodia. This is restricted to agricultural lands. Sections 3 and 4 describe the data as obtained from the Cadastral Office pertaining to both agricultural and non-agricultural lands. Finally, in Section 5, the results from field studies are presented. These results pertain, in general, to all lands. The last section then concludes the paper. The paper is written in a rather unorthodox fashion in the sense that Section 2, Sections 3 and 4, and Section 5, respectively, are somewhat independent of each other. Even the geographic coverage is not consistent across all sections. The reason is that the paper examines *three sets* of data/information to obtain a better understanding of the land market situation. This unorthodox approach has been adopted because there really is no *single* source of information available that would tell a complete story of the land market situation in the country.

Chapter Two

Land Markets, Inequality and Landlessness in Cambodia: Review of the Current Literature

2.1. The Recent Cambodian History of Land Markets

2.1.1. Chronology of Events

It may appear to be puzzling how land inequality and landlessness have reached such high proportions in a decade. There could be several forces that are operating, which may explain this inequality. The backdrop and starting point of any inquiry like this should be a description of the historical evolution of the land system prevalent in Cambodia.

In the pre-colonial period, land belonged to the sovereign, but people could freely cultivate as much land as they wished. Limited means of cultivation, however, restricted individual land holdings to no more than 1-3 hectares. Since the population was small, there really was no shortage of land. Consequently, there was no land market as such, and farmers could freely move from one area to another and acquire ownership of land. Owners had exclusive rights to possess, use, or inherit agricultural land without having to fulfil any formalities other than a token feudal tribute (Thion 1993). Through the late 1800s to 1930s, the French colonists tried to introduce a system of private property and formal ownership of land, but they were not entirely successful. They were able to make some progress in the rice growing plains, but vast areas outside the plains (e.g. forests, uplands and swidden regions) were left out. Post-colonial Cambodia (1953-75) used the same land system as the one put in place by the French, but again, the success in land codification, privatisation and commercialisation was rather limited. The Khmer Rouge (1975-9) collectivised all land. Privatisation was resumed in the mid-late 1980s, and formalised in 1989. Since then, farmers and non-farmers have been able to possess private lands as long as they use them. Land unused for more than three years reverts back to the state.

In the middle of nineteenth century, the population is estimated to have been no more than a million, and it did not exceed 4-5 million until about 1960 (Chandler 1993). At the beginning of the 1980s, the population was still about 6 million, and land was sufficient for a closed, subsistence economy, that relied on extensive forms of cultivation. Since then, there has been a rapid increase in population, which exceeded 11 million in 1998. At the same time, the closed economy began to diversify and open up, albeit unevenly. The twin forces of population growth and economic expansion have placed strains on land availability.

2.1.2. Status of Land Markets

During the last 100 years or so, the evolution of land markets and the idea of land as a commodity has been slow and uneven. In some parts of the country (e.g. the major rice fields around the *Tonle Sap*), sedentary farming has firmly taken root.[1] But in the new areas opened for cultivation, as well as outside the relatively more commercialised and/or more densely populated areas, the old custom of claiming land by felling trees still prevails. These lands are claimed first, and applications to authorities for legitimising the claims are made later, if ever. Shifting cultivation, which is principally, though not exclusively practised by indigenous populations, occurs mainly in the Northeast. In such areas the notion of property is community oriented and not private. Within forest areas, there are still villages where people continue to practice swidden or other forms of cultivation, as well as gather wood and non-timber forest products.[2] The markets there are either weak or non-existent.

In brief, land markets are beginning to develop in some areas where there has been commercialisation and/or urbanisation, and where the population density is relatively high. Elsewhere, land markets are still not developed. An additional observation concerns the level of perfection of these markets. Most are imperfect because there is gross lack of information, people's attitudes are still rooted in a subsistence system, and regulatory mechanisms are weak and, at times, partisan. It follows, therefore, that smaller and weaker actors in the market can be at a serious disadvantage against the stronger ones (So *et al* 2001).

2.2. Changing Land Ownership and Landlessness

The privatisation of land in 1989 was not accompanied by a detailed cadastral mapping and titling exercise. As a result, the informal boundaries that separated individual land plots and the corresponding agreements between owners were the only means by which private property rights were established and articulated.[3] Such a system may have normally worked in a closed subsistence economy with a low population density. But the advent of land privatisation was also accompanied by the introduction of a market economy in 1991. There was a subsequent influx of foreign capital in the forestry and garment industry sectors among others, and the population grew very rapidly. As noted earlier, it exceeded 11 million by 1998. Urban and foreign buyers and/or monied entrepreneurs have begun to acquire land for commercial farming, logging, and non-agricultural activities, as well as for speculation. In effect therefore, land has become the object of demand for *multiple* stakeholders with different purposes. Some of them have begun to acquire land formally, while others have used informal means. In several areas the demand has exceeded supply and prices have risen dramatically.

In terms of agriculture, its increased – albeit partial - integration with the larger markets has also resulted in higher demand for modern farm inputs. As a result, there is more use of fertilisers, pesticides and other paid inputs, all of which increase expenditure. At least two factors have affected farmers adversely. First, there has been little in the form of institutional credit available to farmers. As a result, they must borrow working capital at very high interest rates, perhaps as much as 5-10 percent per month, from private moneylenders. This continues to cripple many farmers, who are forced to sell part or all their land to meet these expenses. Second, while modern inputs have found their way in the hinterland, output markets are yet to develop. There is high seasonal fluctuation in the price of rice. It is very low when the farmers, particularly the small producers, sell their produce at harvest time, and high when they buy food in the off-season (Sik 2001). The practice of double cropping, which might ensure year-round food security at the household level, has yet to emerge in most parts of the country. In the process traders make large profits while small farmers are at times forced to sell their land to meet household expenses. In this regard, it is not only the expenditure on

[1] However, even there many customary habits regarding land holding and control have continued to prevail.

[2] Villagers though are now increasingly being stopped from their traditional access to the forest by the concession holders.

[3] The reason offered by the authorities for not taking up measurement was the lack of resources at that time.

food alone that requires mention, as other expenses like those on health also increase the cost of living (Biddulph 2000).[4] The imperfect evolution of market systems and lack of market institutions and/or regulatory systems, in addition to complementary institutions, has therefore led to a considerable increase in land transfers.

Again, with the emergence of market forces, the notions of economies and returns to scale have implicitly crept in. Very small plots of land may be too uneconomical under the emerging crop regimes. As a result, many owners of small plots dispose of their lands in order to take up other more viable vocations (So *et al* 2001). This is increasingly happening with land sub-division during succession and inheritance. The preferred practice is to sell rather than lease or rent land, since there is relatively low security of tenure in the absence of formal ownership rights and a non-partisan governance system. Recent evidence shows that powerful interests, from the business and international community as well as the state apparatus, have been instrumental in acquiring those lands that, at one time, customarily belonged to the peasant community.[5]

Historically, the land tenure system in Cambodia, as mentioned earlier, has been of the 'extensive' type in which there were no firm land-rights awarded to people. In recent times with the advent of the market system, this legacy has created problems involving insecure tenure. As commercialisation expands, those who are not effectively integrated into the market will feel greater insecurity. For example, the World Food Programme Survey (Helmers and Kenefick 1999) shows that up to 3 percent of the households reported land loss due to forced take-over by others. Illiteracy also plays a role, as the 1997 SES suggests that most respondents do not seem to understand what appropriate land papers are. This perpetuates tenural insecurity.

Experience suggests that, "Land tenure is critical if farmers are going to invest in sustainable agricultural practices. Farmers in Cambodia have no legal titles to the land they cultivate and this has led to land disputes and created an unstable environment for land improvements" (RGC 1998). This is a quote from the government's own documents, which acknowledges the consequences of insecure tenure.

In this sense, not only do landholders and farmers lose; the state also loses as well, because no land tax is paid on informal transactions. Also at stake is the legitimacy of the system if it is characterised by inaction.

Finally, demographic pressures have increased. The population has grown by more than 2.5 percent in recent years, though land frontiers have not grown in any sizeable extent, nor have occupations diversified significantly beyond the primary sector (Godfrey *et al* 2001). The level of human capital also continues to be low. Official data show that the population has more than doubled in the last two decades. Between 1990 and 1999, it rose by nearly 30 percent (Williams 1999). Such rapid growth in both the population and the labour force, in the absence of occupational diversification or labour-using agricultural modernisation, will inevitably atomise land, and at the same time render large numbers of people subsequently joining the labour force, as landless. The Oxfam Study on land shows that of the new families that were formed during the 15 years prior to 1999, about half were landless from the very beginning because there was no land to redistribute.

In the case of homestead land, the situation was not very dissimilar. While much less has been written on the acquisition and control of homesteads, people have historically constructed houses on lands they cleared. In 1989, homestead land was distributed depending

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4 Unlike in other peasant societies where traditional medicine still exists, the traditional system of medicine never adequately developed here. Modern medicine has made its presence with the emergence of the market system, but has largely been out of reach of the poor.

5 This has not only been corroborated by research studies (Kato 1999; Williams 1999; So *et al* 2001), but also from a number of journalistic writings.

upon land availability and household size, though each plot did not exceed 2 hectares. However, village authorities have been increasingly reluctant to permit the clearing of new lands. At the same time, the number of new families has increased. Local land markets for residential lands have developed, sub-divisions of existing land plots have taken place, and lands vacated by migrant or unsettled populations have exchanged hands. While homestead landlessness is yet very low, inequality in homestead land distribution is high (Chan *et al* 2001). In urban areas land inequality and landlessness is more acute. Higher demand for land from a multiplicity of sources, in addition to the natural growth in the population and increased in-migration, are the most plausible causes.[6]

In short, the distribution of land in 1989 was an implicit recognition of the then current patterns of control and use. It was not designed to accommodate a rapid transformation in the land use mode, nor market exposure, and finally, not for rapid population growth. What has made matters worse has been a lack of market regulation, imperfect information and an insufficiently neutral administration. What followed, therefore, was not expected by the authorities. At least some of what followed may have been anticipated if scholastic research had been continuously conducted. Such efforts, however, were scarce in those early days, and hence the uncontrolled advent of markets went unobserved and unchecked.[7]

6 It is not uncommon to find 2-3 families living in small houses even in rural areas. Survey data as yet have not been able to capture this aspect.

7 It is of interest to note that the socio-economic survey conducted in 1993 did not have any question related to land.

Chapter Three

Trends in Land Transactions

On the basis of the above discussion concerning land markets, some pertinent questions that should be posed before considering the data obtained from the General Department of Cadastre and Geography.

(a) What are the trends in land transfers for both agricultural and residential lands?

(b) Are there region- or province-specific characteristics in the land transfers?

(c) To what extent are land plots transferred between owners and sellers from the same province and district and other provinces?

(d) Is there a rural-urban specificity in land transfers? More specifically, are lands being transferred from rural to urban dwellers?

(e) What are the size characteristics of the plots that are transferred?

(f) What are the prices at which plots in different locales have been transferred? Is there a land size-specificity in the prices? If yes, why?

These questions are addressed in the following sections, albeit partially, given the limitations of the data.

3.1. Methodology of Data Analysis

Since the research in this section is data-driven in the sense that it is defined and limited by the data available from the transaction records, the methodology is presented first.

The General Department of Cadastre and Geography, now attached to the MLMUPC, keeps records of all official land transactions for all types of land in the country. As of June 30, 2001, there were a total of 15,796 records available with the department, which included residential lands and agricultural lands in both rural and urban areas. The transactions recorded in this exercise pertain to the period 1995-2001.

The entries in the transaction documents include details such as land size, the price at which the plot was transacted, location of the land, address of the buyer, and address of the seller. Other details relating to land, which normally are recorded on the *registration papers*, are not reproduced on the *transaction papers*. Typical entries, important but missing, include whether the transacted land has any built-up structure on it, or whether the land is situated at a vantage point (e.g. main road, riverside). This has severely curtailed the kinds of analyses that could have been done using this data. Of course, details such as the socio-economic backgrounds of the buyers and sellers would have also been of great advantage, but such entries are not to be expected in legal transaction documents. A sample copy of the data record sheet used by the General Department of Cadastre and Geography is given in the Appendix to this paper.

Table 3.1: Progress in Land Registration (from 1989 to December 31, 2000)

Province / Municipalities	Number of certificates of possession				Percentage distribution of households*
	A 1989 –1995	B 1995 – 2000	Total (A+B) 1989 – 2000	Percentage distribution	
Large-town provinces	186,584	38,304	224,888	43.39%	45.63%
Phnom Penh	1,028	4,621	5,649	1.09%	7.95%
Kandal	109,749	9,675	119,424	23.04%	9.44%
Siem Reap	28,098	5,041	33,139	6.39%	5.83%
Sihanoukville	11,659	5,779	17,438	3.36%	1.28%
Battambang	19,432	6,683	26,115	5.04%	6.80%
Kompong Cham	16,618	6,505	23,123	4.46%	14.33%
Small-town provinces	261,693	32,053	293,746	56.68%	54.37%
Banteay Meanchey	13,641	3,745	17,386	3.35%	5.12%
Kompong Chhnang	25,981	3,291	29,272	5.65%	3.79%
Kompong Speu	22,469	4,204	26,673	5.15%	5.30%
Kompong Thom	4,973	2,152	7,125	1.37%	4.90%
Kampot	54,462	1,668	56,130	10.83%	5.04%
Kep	570	783	1,353	0.26%	0.25%
Koh Kong	6,490	2,756	9,246	1.78%	1.14%
Kratie	3,064	1,261	4,325	0.83%	2.26%
Mondolkiri	0	0	0	0.00%	0.26%
Oddar Meanchey	0	95	95	0.02%	0.98%
Pailin	0	31	31	0.01%	0.19%
Preah Vihear	0	104	104	0.02%	0.10%
Prey Veng	36,884	2,061	38,945	7.51%	8.89%
Pursat	10,857	4,140	14,997	2.89%	3.13%
Ratanakkiri	436	1,056	1,492	0.29%	0.77%
Stung Treng	0	128	128	0.02%	0.66%
Svay Rieng	38,530	1,808	40,338	7.78%	4.50%
Takeo	43,336	2,770	46,106	8.90%	7.10%
Total	448,277	70,357	518,258	100.00%	100.00%

*Note: Data relate to both, sporadic and systematic registration. Sources: MLMUPC and * Census 1998*

The most important shortcoming of these data concerns the fact that only about 518,000 plots out of a total of about 4.5 million (residential plus commercial) for which receipts have been issued, or a little over 10 percent, have been registered (Table 3.1). This implies that the number of transactions recorded is from this sub-set of 518,000 plots only. Since almost 90 percent of the plots are informally held, any transactions involving them are not included here.[1] Moreover, the land plots that are registered are not randomly distributed across the country. As Table 3.1 shows, the data is significantly skewed in favour of the provinces adjacent to the national capital, in the Tonle Sap Basin Region, and the more urbanised areas.[2] It appears that over the last decade land plots have been registered in regions that have not posed many problems in regard to contested claims, measurements, and other administrative aspects. If the sample set is both small in the context of the country and unevenly distributed, the transactions will surely reflect a similar bias. Also, the fact that *official transactions* would occur in areas that are more commercially exposed creates a further bias in the sample. Finally, it is widely believed that people register their lands and enter into formal transaction deals only if they intend to invest in the land and/or commercially use it or initiate construction on it. Many land plots, both agricultural and non-agricultural, change hands informally without official sanction and without proper papers for reasons relating to distress sales (e.g. loan repayment, illness), land consolidation, migration, or occupational shifts. Such transfers may also not be present in this data set. It is with these explicit shortcomings in mind that the data are analysed here.

[1] It is but obvious that, land plots *officially* not registered cannot be *officially* transferred.

[2] Phnom Penh, the most urbanised area, does not find a prominent place here because it was removed from the jurisdiction of the Department of Cadastre and Geography, at the MLMUPC sometime back. Its records are maintained separately with the Municipality of Phnom Penh.

3.2. Transactions of Residential Land

3.2.1. Extent of Transactions

During the period 1995-2000, about 9,000 transactions of residential land took place, in which a total area of about 1,400 hectares changed hands.[3] These plots form about 0.45 percent of the total residential plots in the country[4], making an annual average of less than 0.1 percent. Surely, *formal* transactions are miniscule in proportion compared to the number of residential plots, and this itself is good reason to believe that trends and patterns *in this sample* will not necessarily represent the reality.

3.2.2. Temporal Spread of Transactions

Overall, the market for residential land rose in 1995-6 along with booming economic activities, but plummeted in 2000. Around 1,500 parcels, covering an area of about 300 hectares of residential land, formally changed hands every year between 1995 and 1999 (Tables 3.1a and 3.1b). This trend was confirmed by interviewees in the limited field surveys conducted by CDRI, the results of which are presented in the next section. According to these interviews, overall land transactions peaked in 1996 following the large volume of foreign direct investment. This was especially so in the garment sector, which created considerable direct and multiplier demands in the land market.

Before any conclusions can be drawn about trends in the number of transactions, it is also important to note that between 1990 and 1995, the Cadastral Office was located in the Ministry of Agriculture. It was then located in the Council of Ministers during 1995-8. Since then it has been located at the Ministry of Land Management, Urban Planning and Construction. Such frequent changes imply that different directions have been given to lower level staff about the priority of cadastral work, as well as the fees involved in registering and transferring land. Some informed sources suggest that the importance attached to cadastral work was not very high during the late 1990s, and that the cost of registering and officially transferring land was also high.

As stated above, transactions peaked in 1996, which is also the year when the country achieved maximum economic growth. The peaking of land transactions with economic performance can be explained by the fact that different markets move in tandem.

3.2.3. Spatial Spread of Transactions

Since the markets for residential land are closely linked to the economic classification of an area, an effort has been made to classify the data into two broad geographic categories. For want of more scientific criteria, this has been done on a heuristic basis. The two categories are (1) provinces that have *large towns or cities* and are generally more populated and presumed to be economically dynamic, and (2) provinces that *only have small towns or cities* and are therefore presumed to be less developed. The transaction records shown in Tables 3.2a and 3.2b, reveal that 62 percent of the transactions in residential lands, covering three-quarters of the residential land transacted, took place in the five 'large-town provinces' of Kandal, Siem Reap, Sihanoukville, Battambang, and Kompong Cham. Kandal alone accounts for 34 percent of both the total number of transactions and total area transacted.[5] The higher proportions of formal transactions in large-town provinces may not be the direct result of larger certificate provision to those provinces only, though this factor might be of some importance. In fact,

[3] Keeping in view the fact that some lands may have changed hands more than once, this area could be an over estimate.

[4] The total number of residential plots was obtained from the SES of 1999.

[5] Indeed if data from Phnom Penh were to be counted the share would be much higher. In addition, data from Kandal after 2000 are not available because this province too received autonomy to maintain its own land records from early 2001 onwards.

except for Kandal, a number of small-town provinces received more certificates than the large-town provinces (Table 3.1). But no conclusive statement is possible here, since there is no census count of the number of plots in each region or province against which the proportion of land transacted in each area could be compared.

Table 3.2a. Number of Residential Land Transactions by Province between 1995 and 2001

Location of land Transacted	1995	1996	1997	1998	1999	2000	2001*	Total (1995-2001) Number	%
Large-town provinces	1,178	1,338	859	760	833	492	78	5,538	62%
Phnom Penh**									
Kandal	853	869	478	429	376	30	..	3,035	34%
Siem Reap	185	259	189	161	236	244	42	1,316	15%
Sihanoukville	54	68	34	41	57	77	9	340	4%
Battambang	59	63	87	74	89	58	14	444	5%
Kompong Cham	27	79	71	55	75	83	13	403	5%
Small-town provinces	278	533	624	560	580	570	232	3,377	38%
Banteay Meanchey	33	86	134	118	104	167	38	680	8%
Kg. Chhnang	40	77	67	45	42	44	6	321	4%
Kompong Speu	36	43	26	37	52	23	3	220	2%
Kompong Thom	7	66	67	46	61	52	25	324	4%
Kampot	31	66	59	77	56	55	35	379	4%
Kep	1	22	32	23	20	10	6	114	1%
Koh Kong	59	26	24	10	9	7	3	138	2%
Kratie	24	26	28	36	49	37	32	232	3%
Prey Veng	10	10	20	25	12	15	3	95	1%
Pursat	1	7	10	4	10	4	3	39	0%
Ratanakkiri	..	..	4	13	7	11	9	44	0%
Svay Rieng	36	36	69	38	70	65	39	353	4%
Takeo	..	68	84	88	88	80	30	438	5%
Total	1,456	1,871	1,483	1,320	1,413	1,062	310	8,915	100%

** Data in 2001 are from about half of the year. ** Data in Phnom Penh are maintained by the Municipality of Phnom Penh, and not the Ministry; hence they do not form a part of this data set.*

3.2.4. Rural/Urban Dis-aggregation

The transactions of residential plots provide an interesting picture when classified by urban and rural areas. By and large, formal transactions in urban areas (5,087) well outnumbered those in rural areas (3,838), in both large-town and small-town provinces (Table 3.3a).[6] But the opposite is seen in Kandal, Kompong Cham, Prey Veng and Banteay Meanchey where transactions in rural areas exceed those in urban areas. Part of the reason for this mixed picture lies in the classification of rural and urban areas.

The criterion for defining rural and urban areas in the Census of 1998 (or the Socio-economic Survey of 1999) is rather arbitrary. The district in which the *provincial town* is located is classified as urban, while the other districts are classified as rural. In fact, several communes in the so-called urban districts do not qualify to be urban in the strict sense of the criteria if public infrastructure and utilities are factored in. On the other hand, in some provinces there are large district towns with urban characteristics that are classified as rural simply because they are not provincial headquarters. For instance, in Kandal province only Takmao district is classified as urban, while Kean Svay and other considerably urbanised districts surrounding Phnom Penh are categorised as rural. This explains why 80 percent of the residential land formally transacted in this province falls within the so-called rural areas. Such anomalies hold true for Kompong Cham, Prey Veng and Banteay Meanchey provinces as well.

[6] The corresponding area to the numbers in Table 3.3a can be seen in Table 3.3b.

Table 3.2b. Area of Residential Land Transacted by Province between 1995 and 2001

Location of land Transacted	Area, hectare 1995	1996	1997	1998	1999	2000	2001*	Total (1995-2001) Area (ha)	%
Large-town provinces	235.6	217.6	225.2	*164.7*	*113.1*	*52.13*	*11*	*1019.304*	75%
Phnom Penh**									
Kandal	165.7	129.5	55.8	57.3	47.4	3.7	..	459.4	34%
Siem Reap	25.0	47.8	23.8	19.7	27.0	28.1	6.7	178.0	13%
Sihanoukville	14.6	6.4	15.9	3.7	4.8	13.5	2.5	61.3	5%
Battambang	28.3	27.9	122.8	78.5	28.8	2.6	0.6	289.5	21%
Kompong Cham	2.0	6.1	6.9	5.5	5.2	4.3	1.2	31.1	2%
Small-town provinces	*48.7*	*56.0*	*75.8*	*57.1*	*47.3*	*41.1*	*16.9*	*342.9*	*25%*
Banteay Meanchey	2.6	3.4	7.6	6.0	5.2	5.5	3.7	33.9	2%
Kompong Chhnang	16.4	13.8	24.5	5.1	4.0	3.2	1.1	68.1	5%
Kompong Speu	2.5	6.8	2.0	5.5	4.3	2.2	0.0	23.4	2%
Kompong Thom	0.5	5.2	5.0	9.0	4.3	7.2	2.6	33.8	2%
Kampot	1.5	4.8	2.6	3.4	4.8	2.7	1.6	21.4	2%
Kep	0.4	6.1	7.8	5.8	2.9	2.6	1.4	26.9	2%
Koh Kong	21.3	3.1	4.1	0.5	1.6	0.8	0.2	31.4	2%
Kratie	0.6	6.0	1.7	10.7	1.6	2.3	1.0	24.0	2%
Prey Veng	0.9	0.4	1.6	2.5	0.7	0.8	0.1	7.0	1%
Pursat	0.0	0.6	1.1	0.2	1.0	0.5	0.0	3.5	0%
Ratanakkiri	..	..	0.2	0.5	0.6	0.9	0.1	2.3	0%
Svay Rieng	1.9	2.5	12.7	3.6	10.5	7.5	3.8	42.6	3%
Takeo	..	3.3	5.0	4.5	5.8	5.0	1.2	24.7	2%
Total	*284.3*	*273.6*	*301.0*	*221.8*	*160.4*	*93.2*	*27.9*	*1,362.2*	*100%*

** Data in 2001 are from about half of the year. ** Data in Phnom Penh are maintained by the Municipality of Phnom Penh, and not the Ministry; hence they do not form a part of this data set.*

3.2.5. Location of Purchasers, Sellers and Land Plots

It is important to know where the purchasers of residential land come from. Such information would help confirm or negate the often quoted hypothesis that the urban rich tend to buy off land from the rural poor.[7] Table 3.4 shows that residents from the six provinces/cities classified as large-town provinces made 6,133 purchases, representing 70 percent of the total in this data set. These purchases covered 1,107 hectares of residential land, or 84 percent of the total between 1995 and 2000.[8] The largest numbers of purchasers have their address in Phnom Penh. They accounted for 39 percent (i.e. 3,399 purchases) of the total, buying up about 50 percent of the residential land area located *outside* Phnom Penh. The fact that 39 percent of the buyers bought 50 percent of the land also indicates that these transactions were for relatively large sized land plots.

Conversely, the data show that buyers from 16 small-town provinces were involved in only about 30 percent of the transactions. These transactions covered only 16 percent of the total area transacted, suggesting that residents of small-town provinces tended to buy relatively smaller parcels.

A quick reading of these data may lead one to conclude that Phnom Penh residents engage in large land buying sprees for productive and/or speculative purposes, and that there is a great concentration of wealth in the capital. Residents of Kandal, Siem Reap and Battambang (all big towns) also purchased significant shares of land in this period, as per this sample. However, as stated earlier, there is a huge bias in the sample, and such hasty conclusions can be erroneous. For example, buyers from Phnom Penh, who in all probability would also have been the most educated, may have insisted on having the proper papers for land transactions. Also, since they reside at a location different from the purchased land, they may have insisted on having such papers in order to ensure some tenurial security. In contrast,

7 It should be recalled that with the opening of the economy the stakeholders of land have broadened and those lands that possess potentially high value, also attract many customers. The proposition has its origin in several small sample studies conducted from time to time (see for a review, Williams 1999; Kato 1999).

8 Some land may have changed hands more than once. Hence this area could be overestimated.

those from rural areas, including those from the peasantry, may not have known or made the effort to obtain documentation, while making transactions. Hence, their names are not found in this sample. It has also been found that cadastral activities are not uniformly prevalent in all parts of the country. In some areas, the offices are ill equipped or not equipped at all in terms of the technical skills required in the measurement and mapping of land. This could also be the reason for the low number of recorded transactions in those areas (So *et al* 2001).

Table 3.3a. Transactions of Residential Land by Urban and Rural Areas (Number)

Location of land Transacted	Number of transactions (1995-2000)				
	Urban		Rural		Total, N
	N	% total	N	% total	
Large-town provinces	3,064	55%	2,474	45%	5,538
Kandal	963	32%	2,072	68%	3,035
Siem Reap	1,237	94%	79	6%	1,316
Sihanoukville	340	100%	..	0%	340
Battambang	372	84%	72	16%	444
Kompong Cham	152	38%	251	62%	403
Small-town provinces	2,023	60%	1,354	40%	3,377
Banteay Meanchey	189	28%	491	72%	680
Kompong Chhnang	189	59%	132	41%	321
Kompong Speu	101	46%	119	54%	220
Kompong Thom	271	84%	53	16%	324
Kampot	283	75%	96	25%	379
Kep	114	100%	..	0%	114
Koh Kong	118	86%	20	*14%*	138
Kratie	217	94%	15	*6%*	232
Prey Veng	29	31%	66	*69%*	95
Pursat	31	79%	8	*21%*	39
Ratanakkiri	44	100%	..	*0%*	44
Svay Rieng	225	64%	128	*36%*	353
Takeo	212	48%	226	*52%*	438
Total	*5,087*	*57%*	*3,828*	*43%*	*8,915*

Table 3.3b. Transactions of Residential Land by Urban and Rural Areas (Area)

Location of land Transacted	Area transacted, hectare (1995-2000)				
	Urban		Rural		Total, N
	N	% total	N	% total	
Large-town provinces	534	53%	483	47%	1,017
Kandal	90	20%	367	80%	457
Siem Reap	167	94%	11	6%	178
Sihanoukville	61	100%	..	..	61
Battambang	209	72%	81	28%	289
Kompong Cham	7	23%	24	77%	31
Small-town provinces	184	54%	158	46%	343
Banteay Meanchey	8	23%	26	77%	34
Kompong Chhnang	31	45%	37	55%	68
Kompong Speu	12	50%	12	50%	23
Kompong Thom	25	74%	9	26%	34
Kampot	12	56%	9	44%	21
Kep	27	100%	..	..	27
Koh Kong	28	88%	4	12%	31
Kratie	9	38%	15	62%	24
Prey Veng	2	29%	5	71%	7
Pursat	3	74%	1	26%	3
Ratanakkiri	2	100%	..	..	2
Svay Rieng	12	28%	31	72%	43
Takeo	15	60%	10	40%	25
Total	719	53%	641	47%	1,360

According to this data set, the overall number of transactions involving residential land was higher in urban than in rural areas. Also, residents in the large-town provinces bought proportionately larger land plots than those in small-town provinces. Phnom Penh residents acquired more land in rural than urban areas. This is possibly because urban areas do not have as much land to sell, and whatever land is available may be expensive.

Table 3.4: Where are Purchasers of Residential Land from?

Location of Purchasers	Number of transactions (1995-2000) Urban	Rural	Total	% total	Area (hectare) Urban	Rural	Total	% total
Large-town provinces	3,355	2,778	6,133	70.1%	569	538	1,107	83.7%
Phnom Penh*	1,531	1,868	3,399	38.8%	275	373	648	49.0%
Kandal	502	371	873	10.0%	32	41	73	5.5%
Siem Reap	723	65	788	9.0%	72	6	79	5.9%
Sihanoukville	129	59	188	2.1%	13	12	25	1.9%
Battambang	329	155	484	5.5%	170	78	248	18.7%
Kompong Cham	141	260	401	4.6%	7	28	34	2.6%
Small-town provinces	1,699	920	2,619	29.9%	143	72	215	16.3%
Banteay Meanchey	195	282	477	5.5%	17	19	37	2.8%
Kompong Chhnang	147	62	209	2.4%	24	9	33	2.5%
Kompong Speu	65	81	146	1.7%	7	4	11	0.8%
Kompong Thom	245	48	293	3.3%	21	7	28	2.1%
Kampot	208	66	274	3.1%	7	4	11	0.8%
Kep	6	..	6	0.1%	1	..	1	0.1%
Koh Kong	136	51	187	2.1%	29	8	37	2.8%
Kratie	205	13	218	2.5%	8	1	8	0.6%
Mondolkiri	1	..	1	0.0%	0	..	0	0.0%
Preah Vihear	1	1	2	0.0%	0	0	0	0.0%
Prey Veng	23	46	69	0.8%	1	3	4	0.3%
Pursat	25	9	34	0.4%	2	1	2	0.2%
Ratanakkiri	43	..	43	0.5%	2	..	2	0.2%
Stung Treng	1	1	2	0.0%	0	0	0	0.0%
Svay Rieng	199	61	260	3.0%	10	9	19	1.4%
Takeo	199	199	398	4.5%	14	7	21	1.6%
Total	5,054	3,698	8,752	100.0%	712	610	1,322	100.0%

** Data in Phnom Penh are maintained by the Municipality of Phnom Penh, and not the Ministry; hence they do not form a part of this data set.*

Since Phnom Penh residents accounted for the overwhelming majority of buyers of residential land outside of Phnom Penh, it is worthwhile looking at a more detailed breakdown of the data on land purchased by Phnom Penh residents in each year and province. Table 3.5a suggests that the number of transactions formally negotiated by Phnom Penh residents peaked in 1996, reaching 925. This number then dramatically declined until the first half of 2001, when only 53 deals were transacted.

Table 3.5: Transactions of Residential Land toward Phnom Penh Residents

Location of Land	Purchased by Phnom Penh residents 1995	1996	1997	1998	1999	2000	2001	(95-00)	By others (95-00)
Kandal	452	622	327	254	229	16	..	1,900	1,135
Siem Reap	68	105	89	73	83	82	8	508	808
Sihanoukville	29	39	19	22	27	49	6	191	149
Kep	1	17	29	19	20	9	4	99	15
Kampot	9	18	14	14	15	10	14	94	285
Kompong Chhnang	5	33	29	10	6	7	3	93	228
Svay Rieng	4	10	34	7	16	17	4	92	261
Banteay Meanchey	5	12	18	22	5	22	7	91	589
Battambang	16	18	30	6	9	2	..	81	363
Kompong Speu	13	16	8	8	18	4	1	68	152
Kompong Cham	4	11	10	3	12	11	..	51	352
Takeo	..	13	13	4	4	8	1	43	395
Prey Veng	1	2	11	11	1	2	2	30	65
Kompong Thom	2	3	8	5	7	3	1	29	295
Kratie	1	4	2	6	..	..	2	15	217
Koh Kong	1	..	3	1	..	..	..	5	133
Pursat	..	2	1	..	1	1	..	5	34
Ratanakkiri	..	..	..	1	1	2	..	4	40
Total	*611*	*925*	*645*	*466*	*454*	*245*	*53*	*3,399*	*5,516*

Table 3.5 also classifies the provinces where the residential land was located by the number of transactions attributed to Phnom Penh residents. Kandal province had the largest share (60 percent) of land purchased by Phnom Penh residents. They bought 1,900 parcels of residential land. Kandal province, which surrounds the capital, is naturally the first destination of buyers from the capital even though land is expensive there. Many Phnom Penh residents

buy such lands for holiday homes/gardens, factories or for speculative purposes, while others buy land for residential purposes. It is not uncommon to find daily commuters who live in Kandal but work or do business in Phnom Penh.

Land buyers from Phnom Penh have purchased 508 plots of land in Siem Reap and 191 plots in Sihanoukville. Again, both provinces fall in the 'large-town province' category. Phnom Penh inhabitants bought about 100 land parcels in both Kampot and Kep. It is curious that the number of transactions for residential land in Sihanoukville that involved Phnom Penh buyers peaked in 2000, while the aggregate trend peaked in 1996.

It is important to note that other than in Kandal, the number of plots exchanging hands has never exceeded a three-digit figure in this data set. Such small numbers, about 5-6,000 transactions spread across the whole country aggregated for a six-year period, should not be any reason for alarm, However, as repeated many times earlier, this data set is far from being representative.

Data were then tabulated to find whether buyers and sellers come from the same area where the land is located. The district is the unit of analysis for differentiating between local and outside buyers and sellers. In other words, do the buyer and seller come from the same or different districts where the land is located? Of the 8,915 transactions formally settled between 1995 and 2001, 8,742 cases included purchasers' addresses, while 173 had no addresses and have been omitted.[9] Table 3.4 shows that half of the buyers of residential land came from districts other than those where the lands were located. Of these 4,347 *outsiders*, 3,399 were from Phnom Penh.

The percentage of outside people buying land in other districts gradually declined from the mid-1990s to 2001 (Table 3.6a). In 1995, 60 percent of the 1,340 buyers were from districts other than those where the land was located, compared to only 32 percent in 2000. While the figure for 2001 is still lower at 26 percent, data for 2001 are not comparable with the earlier years since data for 2001 pertain only to half the year. Nonetheless, there is a dramatic drop. It could be reasoned that when the land markets were newly opened and prices were relatively low, many Phnom Penh residents began to purchase land in many different areas. When prices rose (and therefore profits began to fall), the number of purchases fell. By that time it also appears as if the buyers were satisfied and that prime lands had become scarce. Our field survey revealed that many Phnom Penh buyers purchase residential lands not for resettlement; rather, such acquisitions are for speculation or to be used as holiday homes.

Table 3.6a. Distribution of *Buyers* of Residential Land by Location of *Buyers* and Year

Transaction Year	Location of *Buyers*				Total	
	From the same district where land is located		From different districts where land is located			
	N	%	N	%	N	%
1995	541	40%	799	60%	1,340	100%
1996	734	39%	1,125	61%	1,859	100%
1997	642	44%	822	56%	1,464	100%
1998	691	53%	617	47%	1,308	100%
1999	841	60%	570	40%	1,411	100%
2000	720	68%	335	32%	1,055	100%
2001	226	74%	79	26%	305	100%
Total	4,395	50%	4,347	50%	8,742	*100%*

Table 3.6b shows that around 20 percent of the residential land sellers did not live in the same district where the land was located. This statistic, in all probability, reflects a resale of land earlier purchased by outside speculators. This observation was reaffirmed in the small sample field studies as well. Officers in cadastral offices reported that a number of land parcels changed hands more than once during the past few years. The other possibility is that

9 Normally, buyers are required to provide their addresses. Some say that, many may have concealed their addresses, but there is no reason to believe this. An administrative lapse is possible.

landowners who earlier resided in specific locations later left those locations and sold their homestead land in order to buy homes in the new areas. Such a possibility though, is less likely since the data being examined here pertain only to those lands that have proper certificates. Most of these lands are owned by large interest groups who are less likely to change their residence frequently.

Table 3.6b. Location of *Sellers* of Residential Land Compared to Location of Land

Transaction Year	Location of Sellers				Total	
	From the same district where land is located		From different districts where land is located			
	N	%	N	%	N	%
1995	1,210	83%	245	17%	1,455	100%
1996	1,473	79%	392	21%	1,865	100%
1997	1,062	72%	415	28%	1,477	100%
1998	998	77%	306	23%	1,304	100%
1999	1,123	80%	276	20%	1,399	100%
2000	798	76%	250	24%	1,048	100%
2001	249	84%	49	16%	298	100%
Total	*6,913*	*78%*	*1,933*	*22%*	*8,846*	*100%*

3.2.6 Land Sizes

Table 3.7 suggests that land plots of widely unequal sizes have been transacted. About 45 percent of the total transactions for parcels of 500m² or less accounted for only 6 percent of the total area. In sharp contrast, while transactions of parcels of more than 5,000m² contributed to only 3 percent of the total number of transactions, they covered 45 percent of the total residential land area transacted. The two tables, 3.8a and 3.8b, show where the relatively larger areas are located and where the buyers originate from.

Considerably more residential land transactions took place in urban than in rural areas regardless of the different size groups, except in the land size interval of 1,200-5,000m². In this size group, 921 land plots were transacted covering 192 hectares of land in urban areas, whereas 1,153 land plots were transacted covering 260 hectares of land in rural areas. This might mean that there were smaller numbers of large land plots available for sale in urban areas, or that they were too expensive.

Table 3.7: Sizes of Residential Land Transacted Between 1995 and 2001

Size of land (m²)	Number of transactions				Area transacted (hectare)			% Total
	Urban	Rural	Total	% Total	Urban	Rural	Total	
≤100	792	419	1,211	14%	6	3	9	1%
>100 – 500	1,690	1,032	2,722	31%	43	27	70	5%
>500 – 1,200	1,548	1,108	2,656	30%	132	92	223	16%
>1,200 – 5,000	921	1,153	2,074	23%	192	260	452	33%
>5,000 -	136	116	252	3%	347	261	608	45%
Total	5,087	3,828	8,915	100%	719	643	1,362	100%

One way of classifying plots by size is to group those up to 1200m² and those greater than 1200m² together. This has a specific logic in that government policy on land stipulates that any land plot that is larger than 1,200m² and left unused will be taxed.[10] As can be seen in Table 3.7 and Table 3.8a, there is a significant proportion of residential parcels of sizes more than 1,200m² as 2,326 out of 8,915 parcels transacted fell into this category. Of these 2,326 large parcels, 1,323 were bought by Phnom Penh residents (Table 3.8b). While a number of large parcels were acquired for setting up businesses, it was reported in the field inquiries that a few plots were also purchased and left idle for speculative purposes. If the government's taxation policy is implemented effectively, the provincial or municipal authorities could generate a considerable amount of revenue from the owners of large sized plots.

[10] The provincial and municipal authorities collect this tax.

Table 3.8a suggests that relatively larger sized residential plots were transacted in larger numbers in the large town provinces than in small town provinces. For land plots of 500m² and less, 53 percent of the transactions took place in small-town provinces. This is despite the fact that only 38 percent of the total residential land transactions took place in these provinces (Table 3.2a). As for land sizes above 500m², 74 percent (3,671) of the 4,982 transactions took place in large-town provinces. Kandal and Siem Reap have a large share of these larger parcel transactions, revealing the extant character of land transfers in these two provinces.

There is a significant share of total transactions for residential land with plot sizes of 100m² or less.[11] To be more precise, 1,211 parcels, or 14 percent of the total, fell in this category during the period 1995-2001. Once again, there is a large concentration of plot sizes smaller than 50m² (i.e. 5mx10m) in this size category. One may wonder why these small parcels had certificates and were formally transferred. One guess is that these parcels must be of high value; they may be located on the roadside, in urban areas or at market centres. Another explanation provided by cadastral officials, especially for smaller land plots of about 20m²), is that the land actually *occupied* is larger but the *official* measurement excludes a part that should be "roadside land".[12] In other words, the "encroached" portion of the land plot is not shown on paper.

Table 3.8a. Number of Transactions of Residential Land by Size of Land

Location of Land	Sizes of residential land transacted (m²)				
	≤100	>100-500	>500-1200	>1200-5000	>5000 -
	Number of transactions (1995-2001)				
Large-town provinces	530	1,337	2,006	1,494	171
Kandal	248	675	1,062	981	69
Siem Reap	88	264	577	344	43
Sihanoukville	17	85	165	58	15
Battambang	124	131	99	51	39
Kompong Cham	53	182	103	60	5
Small-town provinces	681	1,385	650	580	81
Banteay Meanchey	253	267	93	64	3
Kompong Chhnang	27	106	85	78	25
Kompong Speu	17	104	49	46	4
Kompong Thom	68	120	72	54	10
Kampot	64	212	57	42	4
Kep	..	3	29	73	9
Koh Kong	10	59	31	33	5
Kratie	44	141	29	12	6
Prey Veng	24	30	21	20	..
Pursat	4	16	6	13	..
Ratanakkiri	12	17	10	5	..
Svay Rieng	50	131	79	79	14
Takeo	108	179	89	61	1
Total	1,211	2,722	2,656	2,074	252

Table 3.8b shows that not only did the residents of large-town provinces, especially Phnom Penh, buy more land than those in small-town provinces, but they also acquired a larger number of bigger parcels. On the one hand, residents from these six relatively more developed provinces purchased 2,162 parcels of residential land of 500m² or less. This is 23 percent higher than those purchased by the other 16 provinces. On the other, for land plots larger than 500m², residents from the big-town provinces obtained rights over 3,971 parcels, which is nearly 400 percent higher than those acquired by residents of 16 small-town provinces. Of the 4,832 parcels larger than 500m² formally transacted between 1995 and 2001 across Cambodia (other than in Phnom Penh), 2,634 (or 45 percent) were purchased by

11 One hundred metres square is equivalent to [10m x 10m] or [5m by 20m] which is the size of a typical flat in urban areas of Cambodia.

12 Land within a distance of 25m from the centre of the road is not meant to be a private property. It is reserved for road expansion.

Phnom Penh residents. This is an indicator, at least according to this data, of the overwhelming concentration of wealth and tenurial security that the capital city residents enjoy.

Table 3.8b. Number of Transactions of Residential Land by Size of Land and Location of Buyers

Location of buyers	Sizes of residential land transacted (m²)					Total
	≤100	>100-500	>500-1200	>1200-5000	>5000 -	
	Number of transactions (1995-2001)					
Large-town provinces	630	1,532	2,107	1,655	209	6,133
Phnom Penh	177	588	1,311	1,189	134	3,399
Kandal	158	327	226	146	16	873
Siem Reap	79	221	316	158	14	788
Sihanoukville	13	60	62	50	3	188
Battambang	145	158	96	51	34	484
Kompong Cham	58	178	96	61	8	401
Small-town provinces	577	1,181	514	310	37	2,619
Banteay Meanchey	173	195	61	44	4	477
Kompong Chhnang	24	87	54	36	8	209
Kompong Speu	14	81	30	20	1	146
Kompong Thom	69	116	63	36	9	293
Kampot	58	163	34	17	2	274
Kep	..	..	5	..	1	6
Koh Kong	13	70	56	42	6	187
Kratie	43	134	30	9	2	218
Mondolkiri	..	..	1	..	..	1
Preah Vihear	..	..	1	1	..	2
Prey Veng	19	25	16	9	..	69
Pursat	5	15	6	8	..	34
Ratanakkiri	11	17	9	6	..	43
Stung Treng	..	1	1	..	..	2
Svay Rieng	41	117	66	33	3	260
Takeo	107	160	81	49	1	398
Total	1,207	2,713	2,621	1,965	246	8,752

3.3. Trends in Transactions of Agricultural Land

3.3.1. Extent of Land Transaction

In terms of the absolute numbers of transactions, agricultural land parcels *formally* changed hands in lesser numbers compared to residential parcels between 1995 and 2001. After some entries (less than 50 entries) were deleted during data cleaning, there was a total of 6,881 transactions recorded in agricultural lands and 8,915 in residential lands. However, in terms of area, more agricultural land was traded than residential land. A total area of 17,146 hectares of agricultural land was *formally* transacted, compared to 1,362 hectares of residential land. Agricultural land herein includes land that is cultivated as well as that which is not yet cultivated but earmarked for cultivation in the future.

In terms of the total area transacted, 17,146 hectares is a small fraction of the total agricultural land in the country, about 0.43 percent. In any one year, less than 0.1 percent on average of the total land is formally traded. The extent of land transactions in the country is definitely greater than this, since the levels of inequality and landlessness are much higher.[13] As mentioned earlier, all inferences must be restricted to this small set of land plots that have been formally transacted and registered with the General Department of Cadastre and Geography. Additionally, land transactions in Phnom Penh, and in Kandal after the year 2000, are not included for reasons stated earlier. Mostly, the financially better off sections of society

[13] This should hold true even after the redistribution of land due to the fact that demographic pressure is accounted for.

can afford to acquire certificates for their land, a point made earlier as well.[14] Hence this data set, like the one earlier, is restricted to the so-called 'elite lands'.

3.3.2. Temporal and Spatial Spread of Transactions

Tables 3.9a and 3.9b show trends in agricultural land transactions by provinces classified by the same two groups (i.e. large-town and small-town provinces) described earlier, from 1995 to 2001. Transfers in agricultural lands, as in residential lands seen earlier, were remarkably high in the period 1995-97, and peaked in 1996 when 2,010 transactions involving 5,061 hectares took place. Since then, the activity has slowed. Again, as mentioned earlier, a close association between land markets and economic activities in general is involved.

The majority of agricultural land transactions took place in five provinces, classified here as the large-town provinces. Between 1995 and 2001, there were more than 4,500 purchases covering a total area of 10,679 hectares of agricultural land in these five provinces. The other 13 small-town provinces had 2,365 transactions involving 6,467 hectares of land. The number of transactions was thus about 40 percent higher in the former group compared to the latter.

In fact, most of the land transactions in the large-town provinces occurred in just two provinces, Kandal and Sihanoukville. About 2,000 transactions took place in each of the provinces, covering nearly 5,000 hectares each. A sizeable part of Kandal's agricultural land has been converted to factory sites and residential land as urbanisation spills over beyond the Phnom Penh area. In addition, a number of large parcels has been bought up and neatly fenced in anticipation of more factories and commercial ventures to come up in the future. The case is somewhat different in Sihanoukville, a coastal town where activities related to maritime trade have made their own demands on land. In Sihanoukville, a large part of the agricultural land sold has also been cleared from the forest. The remaining forest has now been designated as a protected area in "Kbal Chhay National Park" so that no more forest can be encroached upon.[15]

Table 3.9a. Number of Agricultural Land Transactions by Province between 1995 and 2001

Location of land Transacted	Number of transactions							Total (1995-2001)	
	1995	1996	1997	1998	1999	2000	2001*	Number	%
Large-town provinces	*1,055*	*1,330*	*1,154*	*434*	*334*	*119*	*90*	*4,516*	*66%*
Kandal	640	791	465	143	159	6	..	2,204	32%
Siem Reap	9	41	19	8	19	29	10	135	2%
Sihanoukville	383	463	569	206	114	68	14	1,817	26%
Battambang	17	29	27	12	29	..	..	114	2%
Kompong Cham	6	6	74	65	13	16	66	246	4%
Small-town provinces	*101*	*680*	*488*	*325*	*443*	*208*	*120*	*2,365*	*34%*
Banteay Meanchey	..	3	5	22	17	20	40	277	2%
Kompong Chhnang	16	188	272	99	52	46	3	676	10%
Kompong Speu	27	84	59	23	34	16	2	245	4%
Kompong Thom	..	4	..	13	5	18	33	73	1%
Kampot	19	66	18	27	49	19	12	210	3%
Kep	..	15	14	10	8	15	5	67	1%
Koh Kong	34	307	97	77	225	61	4	805	12%
Kratie	..	2	..	1	..	1	1	5	0%
Prey Veng	4	..	3	3	..	..	..	10	0%
Pursat	..	3	1	..	9	2	1	16	0%
Ratanakkiri	..	..	2	5	1	1	..	9	0%
Svay Rieng	1	..	3	4	9	2	7	26	0%
Takeo	..	9	14	41	34	7	12	117	2%
Total	*1,156*	*2,010*	*1,642*	*759*	*777*	*327*	*210*	*6,881*	*100%*

[14] So *et al*, 2001.

[15] The district cadastral officials interviewed indicated that the municipality now considers the protected area too big and would request the Government to reconsider the boundary.

Battambang Province, well known for its high quality rice production, is a province where much rice land changed hands in the recent years according to the small sample studies discussed in Section 5. However, this is not reflected in the official data presented below. There were only 114 formal transactions in that province, covering an area of 128 hectares, between 1995 and 2001. This accounted for only about 1.6 percent of the total officially recorded transactions of agricultural land in the country. Evidently, the majority of agricultural land transactions there have been informal. The distance of the province from Phnom Penh, the expensive transportation, other expenses involved in formal registration and transaction, and harassment, all inhibit farmers from following the formal channel. This would also hold true for Banteay Meanchey and other similarly distant provinces.

Table 3.9b. Area of Agricultural Land Transacted by Province between 1995 and 2001

Location of land transacted	Area transacted (hectare)							Total (1995-2001)	
	1995	1996	1997	1998	1999	2000	2001*	Area (ha)	%
Large-town provinces	*2,276*	*2,707*	*3,507*	*1,093*	*593*	*198*	*305*	*10,679*	*62%*
Kandal	1,259	1,413	1,393	173	305	7	..	4,551	27%
Siem Reap	5	17	18	4	17	56	31	148	1%
Sihanoukville	984	1,245	1,800	652	204	83	9	4,977	29%
Battambang	11	13	28	35	42	..	..	128	1%
Kompong Cham	17	18	269	229	24	52	264	875	5%
Small-town provinces	*169*	*2,354*	*881*	*863*	*1,388*	*432*	*380*	*6,467*	38%
Banteay Meanchey	..	3	17	62	27	29	167	305	2%
Kompong Chhnang	24	447	432	323	160	42	6	1,435	8%
Kompong Speu	23	300	78	60	41	64	..	565	3%
Kompong Thom	..	42	..	47	16	44	159	308	2%
Kampot	20	153	27	14	142	31	10	398	2%
Kep	..	5	10	9	10	14	4	52	0%
Koh Kong	98	1,387	295	201	880	192	8	3,063	18%
Kratie	..	9	..	5	..	1	1	16	0%
Prey Veng	4	..	5	4	..	..	..	13	0%
Pursat	..	1	..	..	6	2	1	10	0%
Ratanakkiri	..	..	5	22	4	3	..	34	0%
Svay Rieng	..	..	2	1	9	2	3	17	0%
Takeo	..	6	10	115	92	8	20	251	1%
Total	*2,446*	*5,061*	*4,388*	*1,956*	*1,980*	*630*	*685*	*17,146*	*100%*

** Data in 2001 are from about half of the year.*

3.3.3. Rural/Urban Dis-aggregation

Many would expect that most, if not all, agricultural land transactions are in rural rather than urban areas given the nature of agricultural activities. But this is not seen in the data set analysed here. About 42 percent, or 2,858 out of 6,881, transactions took place in urban areas. Part of the problem could arise from the way urban and rural areas are defined by the authorities, a point already explained earlier. The whole of Sihanoukville for instance, is classified as urban despite the fact that a large part of it is jungle. The 1,817 transactions involving an area of nearly 5,000 hectares of agricultural land in this province accounted for 64 percent of the total number of transactions and 80 percent of the total area transacted in the *so-called* urban areas. Kep is another case in point. Technically speaking, it is primarily rural according to its physical characteristics and infrastructure. It is nevertheless classified as urban for statistical and administrative purposes.

The small-town provinces provide a different picture of urban-rural division of agricultural transactions. In these 13 provinces, 16 percent of the transfers were in urban areas. In these provinces, the largest number of official transactions took place in Koh Kong. Eight hundred and five parcels covering 3,063 hectares, or almost 50 percent of the total area traded in the 13 small-town provinces group, were in a single province. This province is predominantly rural and land-abundant, and has reportedly privatised its lands at rather low prices. Lands in the province have only recently been opened up, which has provided opportunities for some to quickly acquire plots in the expectation that the province would rapidly develop in the future.

Table 3.10a. Transactions of Agricultural Land by Urban and Rural Areas (Number)

Location of land Transacted	Number of transactions (1995 - 2001)				Total, N
	Urban		Rural		
	N	% total	N	% total	
Large-town provinces	2,476	55%	2,040	45%	4,516
Kandal	500	23%	1,704	77%	2,204
Siem Reap	78	58%	57	42%	135
Sihanoukville	1,817	100%	..	..	1,817
Battambang	80	70%	34	30%	114
Kompong Cham	1	0%	245	100%	246
Small-town provinces	382	16%	1,983	84%	2,365
Banteay Meanchey	13	12%	93	88%	106
Kompong Chhnang	12	2%	664	98%	676
Kompong Speu	43	18%	202	82%	245
Kompong Thom	..	..	73	100%	73
Kampot	24	11%	186	89%	210
Kep	67	100%	..	..	67
Koh Kong	170	21%	635	79%	805
Kratie	1	20%	4	80%	5
Prey Veng	9	90%	1	10%	10
Pursat	11	69%	5	31%	16
Ratanakkiri	4	44%	5	56%	9
Svay Rieng	12	46%	14	54%	26
Takeo	16	14%	101	86%	117
Total	2,858	42%	4,023	58%	6,881

Table 3.10b. Transactions of Agricultural Land by Urban and Rural Areas (Area)

Location of land Transacted	Area transacted, hectare (1995 - 2001)				Total, N
	Urban		Rural		
	N	% total	N	% total	
Large-town provinces	*5,385*	*50%*	*5,293*	*50%*	*10,679*
Kandal	246	*5%*	4,305	*95%*	4,551
Siem Reap	89	*60%*	59	*40%*	148
Sihanoukville	4,977	*100%*	..	..	4,977
Battambang	69	*54%*	58	*46%*	128
Kompong Cham	4	*0%*	871	*100%*	875
Small-town provinces	*842*	*13%*	*5,625*	*87%*	*6,467*
Banteay Meanchey	28	*9%*	277	*91%*	305
Kompong Chhnang	11	*1%*	1,424	*99%*	1,435
Kompong Speu	10	*2%*	555	*98%*	565
Kompong Thom	..	..	308	*100%*	308
Kampot	32	*8%*	366	*92%*	398
Kep	52	*100%*	..	..	52
Koh Kong	663	*22%*	2,400	*78%*	3,063
Kratie	1	*6%*	15	*94%*	16
Prey Veng	12	*92%*	1	*8%*	13
Pursat	8	*81%*	2	*19%*	10
Ratanakkiri	12	*35%*	22	*65%*	34
Svay Rieng	4	*23%*	13	*77%*	17
Takeo	9	*3%*	242	*97%*	251
Total	*6,228*	*36%*	*10,918*	*64%*	*17,146*

Note: Data for Phnom Penh are not included.

3.3.4. Location of Buyers and Sellers

Between 1995 and 2001, a substantial number of purchasers of agricultural land resided in large-town provinces. This trend in the case of agricultural lands is similar to the trend found in residential land transactions. Out of 6,637 agricultural land transactions *outside* Phnom Penh, almost 80 percent were purchased by Phnom Penh residents (Table 3.11). Of the 805 transactions made in Koh Kong, 418 involved Phnom Penh residents (Table 3.12).

According to these data, Phnom Penh buyers obtained about 85 percent of the total land area transferred in these transactions. This again reinforces the point about the concentration of wealth in the hands of urban dwellers, particularly in Phnom Penh. Even though the overall acreage that was exchanged is small, such transactions raise concerns about the disadvantage that the rural poor face regarding their access to natural resources in the regions where these lands are located. The widening gap between the rich and the poor is of course also of great concern.

Table 3.12 provides data on agricultural land transferred to Phnom Penh residents by province and by order of the number of transactions accrued. Residents of Kandal sold the largest number of agricultural land parcels to those living in Phnom Penh. Only in 14 percent (267 out of 1,937) of the total transactions between 1995 and 2000 was land transferred to residents outside Phnom Penh. Following Kandal is the distant coastal town (and province) of Sihanoukville where Phnom Penh residents bought 1,418 parcels of agricultural land. The remaining 28 percent parcels were purchased by others.

Table 3.11: Where Are Purchasers of Agricultural Land from?

	Number of transactions				Area (hectare)			
Location of Buyers	Urban	Rural	Total	% Total	Urban	Rural	Total	% Total
Large-town provinces	2,475	3,525	6,000	90.4%	5,142	9,803	14,945	92.0%
Phnom Penh*	1,979	3,260	5,239	78.9%	4,354	9,403	13,757	84.6%
Kandal	132	74	206	3.1%	89	63	152	0.9%
Siem Reap	28	14	42	0.6%	31	9	39	0.2%
Sihanoukville	249	7	256	3.9%	615	25	639	3.9%
Battambang	65	59	124	1.9%	43	100	143	0.9%
Kompong Cham	22	111	133	2.0%	11	204	215	1.3%
Small-town provinces	294	345	637	9.6%	792	515	1,307	8.0%
Banteay Meanchey	11	20	31	0.5%	23	31	54	0.3%
Kompong Chhnang	10	30	40	0.6%	22	18	40	0.2%
Kompong Speu	20	24	44	0.7%	1	19	21	0.1%
Kompong Thom	1	29	30	0.5%	0	89	89	0.5%
Kompot	20	40	60	0.9%	31	45	76	0.5%
Kep	1	..	..	0.0%	0	..	0	0.0%
Koh Kong	178	163	341	5.1%	670	230	900	5.5%
Kratie	1	..	1	0.0%	1	..	1	0.0%
Mondolkiri	1	..	1	0.0%	1	..	1	0.0%
Oddar Meanchey	1	..	..	0.0%	0	..	0	0.0%
Prey Veng	11	..	11	0.2%	13	..	13	0.1%
Pursat	8	6	14	0.2%	6	2	9	0.1%
Ratanakkiri	3	1	4	0.1%	9	5	14	0.1%
Svay Rieng	12	5	17	0.3%	4	2	6	0.0%
Takeo	16	27	43	0.6%	11	74	84	0.5%
Total	2,769	3,870	6,637	100.0%	5,934	10,318	16,253	100.0%

** Lands located in Phnom Penh are not included.*

Phnom Penh residents probably began buying land in other provinces as early as 1995, or perhaps even earlier. The result is this pattern in the transfers. Alternatively it can be hypothesised that the wealthy elite from all over the country have continuously settled down in the capital, and soon after, begin to purchase land parcels in other places of their choice. Generally speaking, people invest in land since other investment avenues are still very limited in Cambodia.

After peaking in 1996, the number of transactions entered into by Phnom Penh inhabitants declined drastically. Purchases of agricultural land by Phnom Penh residents numbered only 198 in 2000, a dramatic drop from 1,757 in 1996. This decline may be explained by the slowdown of economic activities, rising land prices, as well as diminishing prospects for favourable profitability from speculation or other land uses.

Table 3.13 shows whether or not the buyers lived in the same districts where the transacted land was located. Of the total sales of 6,628 parcels, 86 percent were purchased by people living outside the district where the land was located. In 1996, the figure was as high as 94 percent, though it fell to its lowest point of 72 percent in 2000.

The percentage of outsiders, described on the basis of district, who buy land is much higher in the case of agricultural lands than it was for residential lands, as discussed earlier. Also, of the total outside buyers, 80 percent came from Phnom Penh and only 6 percent were from *other* districts in *other* provinces.

Table 3.12: Transactions of Agricultural Land toward Phnom Penh Residents

Location of Land	Purchased by Phnom Penh residents 1995	1996	1997	1998	1999	2000	2001	(95-00)	By others (95-00)
Kandal	506	755	437	118	117	4	..	1,937	267
Sihanoukville	343	423	318	183	94	47	10	1,418	399
Kompong Chhnang	4	134	263	96	46	40	3	586	90
Koh Kong	18	271	26	27	42	33	1	418	387
Kompong Cham	5	3	67	56	5	3	66	205	41
Kompong Speu	22	77	41	21	28	15	..	204	41
Kampot	12	32	15	8	16	9	8	100	110
Siem Reap	3	35	8	6	14	16	8	90	45
Takeo	..	7	9	30	14	1	12	73	44
Kep	..	13	14	10	7	14	4	62	5
Banteay Meanchey	..	..	..	8	2	8	35	53	53
Kompong Thom	..	4	..	7	5	6	19	41	32
Battambang	..	..	..	1	28	..	..	29	85
Svay Rieng	..	..	3	..	5	1	..	9	17
Ratanakkiri	..	..	1	4	1	..	..	6	3
Kratie	..	2	..	1	..	..	1	4	1
Pursat	..	1	..	..	..	1	1	3	13
Prey Veng	..	..	..	1	..	..	..	1	9
Total	913	1,757	1,202	577	424	198	168	5,239	1,642

Table 3.13: Location of *Buyers* of Agricultural Land Compared to Location of Land

Transaction Year	Location of Buyers: From the same district where land is located N	%	From districts different from where land is located N	%	Total N	%
1995	136	12%	992	88%	1,128	100%
1996	114	6%	1,859	94%	1,973	100%
1997	207	14%	1,315	86%	1,522	100%
1998	89	12%	646	88%	735	100%
1999	275	37%	469	63%	744	100%
2000	89	28%	227	72%	316	100%
2001	21	10%	189	90%	210	100%
Total	*931*	*14%*	*5,697*	*86%*	*6,628*	*100%*

Table 3.14: Location of *Sellers* of Agricultural Land Compared to Location of Land

Transaction Year	Location of Sellers: From the same district where land is located N	%	From different districts where land is located N	%	Total N	%
1995	634.0	56%	502	44%	1,136	100%
1996	1,047.0	52%	956	48%	2,003	100%
1997	885.0	54%	752	46%	1,637	100%
1998	371.0	50%	377	50%	748	100%
1999	302.0	40%	459	60%	761	100%
2000	139.0	43%	183	57%	322	100%
2001	148.0	71%	60	29%	208	100%
Total	3,526.0	52%	3,289	48%	6,815	100%

It is possible to gauge how much land was already in the hands of outsiders and sold again by tabulating the data according to the land location and addresses of its buyers and its sellers. Almost half of the sellers in this sample came from districts other than those where the land was located (Table 3.14). When land was redistributed in 1989, it would have been improbable that a large number of people were given lands in districts other than those in which they resided. The fact that about 50 percent of the officially transacted agricultural plots between 1995 and 2001 were sold by outsiders indicates that a high rate of buying and reselling by outsiders has been prevalent for quite some time. The other reason could be that people had first moved outside their initial districts of residence, and thereafter sold their agricultural land. However, such a possibility would be low compared to speculative purchases and re-sales.

3.4. Transactions by Land Size

Table 3.15 presents agricultural land transactions by different size groups. Forty percent of the plots transacted were one hectare or less. This amount represented a total of 874 hectares, or about 5 percent of the total area, cumulatively traded between 1995 and 2001. It is a bit odd that about 683 transactions (or 10 percent) involved land plots of size 0.1 hectare or less, given the fact that the transactions recorded in this data set must have had certificates (i.e., registered with the General Department of Cadastre and Geography). In all probability, these plots were being used for residential or commercial purposes and are located along a main road. Their classification as agricultural lands would have been incidental and historical, rather than for any other reason. This argument is supported by the fact that 543 out of these 683 small sized plots were located in Kandal and Sihanoukville, which are provinces that have rapidly urbanised in the recent years.

The same table shows that a sizable proportion of the total transactions involved land plots larger than three hectares. This group constituted 46 percent of the total transactions and covered 83 percent of the total 17,146 hectares officially transacted. These large plots were mostly located in Sihanoukville, Kandal, Koh Kong, Kompong Chhnang and Kompong Cham (Table 3.16).

Table 3.15: Sizes of Agricultural Land Transacted Between 1995 and 2001

Size of land	Number of transactions				Area transacted (hectare)			% Total
(ha)	Urban	Rural	Total	% Total	Urban	Rural	Total	
>0.0 - 0.1 ha	463	220	683	10%	25	13	38	0%
>0.1 - 0.5 ha	656	780	1,436	21%	167	215	382	2%
>0.5 - 1.0 ha	273	332	605	9%	210	244	454	3%
>1.0 - 3.0 ha	352	635	987	14%	666	1,228	1,895	11%
>3.0 - 5.0 ha	1,103	2,018	3,121	45%	5,000	8,950	13,949	81%
>5.0 – 32 ha	11	38	49	1%	160	268	428	2%
Total	2,858	4,023	6,881	100%	6,228	10,918	17,146	100%

The present land law says that no individual is permitted to possess more than five hectares of agricultural land.[16] Our data set shows that there are many transactions in land parcels larger than five hectares. The data further show that there are cases of several transactions having taken place on the same date where several buyers of land (in the same location) have the same address. In some cases, several sellers also have the same address. It implies that a single person is purchasing, or selling, several plots of land. This observation confirms accounts narrated by the cadastral and agricultural department officials that in order to buy plots larger than five hectares, people register the land into separate parcels, each not exceeding five hectares. At times both buyers and sellers use different names, like those of siblings and children, to avoid attracting the attention of the law. Through such means, one can own much larger tracts of land than five hectares. Some buyers are not concerned about the land ceiling law at all. For example, at least 49 parcels in the database are larger than five hectares each.

Table 3.16 shows that more small land plots were transacted in large-town provinces compared to those in small-town provinces. In the large-town provinces, 42 percent of all transactions involved plots of one hectare or less. In small town provinces the comparable figure is 35 percent. This affirms the observation that land is relatively more expensive in large-town provinces to the extent that even smaller pieces command enough value to induce owners to use the formal transaction and registration procedures. By the same logic, it can be stated that many transactions involving small pieces of land in remote provinces bypass the formal procedures and therefore are not found in this data set.

[16] There are different interpretations of the law though; one of which says that people cannot claim land more than five hectares from the state or by clearing the forest. If they *buy* land, there is no restriction (see So *et al* 2001).

In small-town provinces, 65 percent of the transactions involved plots larger than one hectare each, compared to only 58 percent in large-town provinces. The large plots of land traded in these (smaller and less developed) provinces were mostly located in Koh Kong, where large new land plots are available at cheap prices. Koh Kong is followed by Kompong Chhnang, Kompong Speu, and Kampot in that order.

Table 3.16: Number of Transactions of Agricultural Land by Size of Land

Location of Land	Sizes of agricultural land transacted (hectare)					
	>0-0.1	>0.1-0.5	>0.5-1.0	>1.0-3.0	>3.0-5.0	>5.0
	Number of transactions					
Large-town provinces	569	929	398	640	1,959	21
Kandal	188	626	222	324	831	13
Siem Reap	9	55	30	21	20	..
Sihanoukville	353	202	106	220	929	7
Battambang	11	38	33	28	3	1
Kompong Cham	8	8	7	47	176	..
Small-town provinces	114	507	207	347	1,162	28
Banteay Meanchey	1	17	17	15	54	2
Kompong Chhnang	26	195	75	129	250	1
Kompong Speu	51	46	17	29	93	9
Kompong Thom	..	4	4	9	53	3
Kampot	14	64	32	36	58	6
Kep	4	33	17	10	3	..
Koh Kong	8	95	18	75	603	6
Kratie	..	..	1	1	3	..
Prey Veng	..	..	2	8	..	..
Pursat	..	10	3	3	..	..
Ratanakkiri	..	1	..	1	7	..
Svay Rieng	4	12	4	6	..	..
Takeo	6	30	17	25	38	1
Total	683	1,436	605	987	3,121	49

Table 3.17: Distribution of Transactions by Size of Agricultural Land and Location of Buyers' Province

Location of Buyers	Sizes of agricultural land transacted (hectare)					
	>0-0.1	>0.1-0.5	>0.5-1.0	>1.0-3.0	>3.0-5.0	>5.0-32.0
	Number of transactions (1995 – 2001)					
Large-town provinces	620	1,237	535	851	2,713	44
Phnom Penh	488	981	445	749	2,536	40
Kandal	28	114	30	18	15	1
Siem Reap	2	23	9	4	4	..
Sihanoukville	57	39	19	25	114	2
Battambang	18	43	21	34	7	1
Kompong Cham	27	37	11	21	37	..
Small-town provinces	61	182	59	111	224	2
Banteay Meanchey	2	8	6	8	5	2
Kompong Chhnang	5	12	13	7	3	..
Kompong Speu	19	12	8	3	2	..
Kompong Thom	2	2	3	8	15	..
Kampot	11	22	6	8	13	..
Kep	..	1	..	..	..	..
Koh Kong	12	90	13	55	171	..
Kratie	..	..	..	1	..	..
Mondolkiri	..	..	1	..	..	..
Oddar Meanchey	..	1	..	..	..	..
Prey Veng	..	1	3	7	..	..
Pursat	..	10	1	3	..	..
Ratanakkiri	..	..	..	2	2	..
Svay Rieng	4	9	3	1	..	..
Takeo	6	14	2	8	13	..
Total	681	1,419	594	962	2,937	46

Table 3.17 shows the distribution of buyers by different sizes of agricultural parcels and the buyer's province of residence. According to this table, residents from large-town provinces not only bought most of the agricultural land traded between 1995 and 2001, but

they also purchased proportionately larger plots of land than did residents from the small-town provinces. Sixty percent of all land parcels that were transferred to residents of large-town provinces were larger than one hectare each. The comparable figure for small-town provinces was 53 percent. Phnom Penh residents alone bought 3,325 parcels that were larger than one hectare, which is 84 percent of the total transactions of agricultural land in this size group. Since larger land parcels in Sihanoukville, Koh Kong, Kompong Chhnang are generally of recent origin (many of them have been reclaimed by felling the forest), it may be concluded that most of the *new lands* have been bought up by Phnom Penh residents, according to this data set.

Chapter Four

Trends in Land Prices

Land is unique in that it is unlike any other transacted commodity. This is particularly so in terms of prices because land prices can vary greatly from one location to another without any apparent difference in its productive value. There can be no standard or average price of land that prevails *in any country*. Such averages are only valid for *relatively small neighbourhoods*. Assuming other things being equal, one variant of land price is the proximity of the land to an urban centre or market. The closer it is to such locations, the more expensive it is, and vice versa. Lands that are well connected by transport and/or communication, or commercial properties, are also more expensive. In Cambodia, where many new infrastructure projects have recently been implemented, the rate of price increases has been closely linked to the development and restoration of roads. Three additional factors have caused dramatic changes in the land markets in Cambodia over the past 15 years. These are discussed in turn here.

First, land prices began to increase, albeit from very low-levels in the 1980s, when all land belonged to the state. At that time, there really was no real market for land, although informal transactions did take place as early as 1985. Since 1989, when private ownership was re-introduced, land transactions and land prices began to increase dramatically when compared to a decade earlier, especially as multiple stakeholders emerged. Anecdotally, it appears that certain parcels of residential land in urban areas were bought for a few hundred dollars in the late 1980s, and were then sold for a few thousand dollars a couple of years later. In the mid-1990s, the same land was then sold for tens of thousand of dollars. As mentioned earlier, this process was mainly driven by a sudden influx of foreign money in the form of expenditures incurred on behalf of and by UN peacekeeping forces, foreign direct investment, and repatriation of money by overseas Cambodians.

Second, as a result of the devastating wars and changing economic systems, and the consequent lack of faith in the banking system, Cambodian people still do not invest or place their money in banks. People with substantial savings, encouraged by high initial profits from land speculation, now tend to buy up land as a way to invest their savings. This adds fuel to the busy land markets.

Third, the population has risen rather rapidly in the 1980s and 1990s. In the context of low occupational diversity, this has triggered a huge increase in demand, and hence the price of land, because a very large number of people still must eke out a living from land. In fact, such population pressures would have pushed land prices much further if forests were not cleared for agricultural and residential land. For example, forests covered more than 73 percent of the total area in the 1970s. This figure is down to less than 60 percent now.

Our analysis of land prices is not simply based on the prices reported in the 15,576 records of land transactions maintained at the General Department of Cadastre and Geography. A small sample field survey and interviews with the chiefs of 10 district cadastral offices and the commune chiefs in 18 communes in five provinces, provide a more organic basis upon which to explain trends in prices than official data do. According to our field surveys and interviews, the reported land prices in the official transaction records were understated by 40-80 percent in order to avoid sales taxes.[1] The understatement of price data in the cadastral records has no apparent pattern, thereby making corrections impossible. Nonetheless, given the large sample in the data set, trends and geographical differences in land prices are still discernable.

It should be said at the outset that since price variations are so great in both samples for both residential and agricultural land (i.e. standard deviations substantially exceed means), average prices do not really mean much. Any interpretation of the differences in the mean prices between provinces also requires caution.

4.1. Prices of Residential Land

Table 4.1 presents the mean prices of residential land in urban areas by province in their descending order of average price for the years 1995-2001. We have assumed that all prices were more or less understated at the same rate throughout the country, though this may be a poor assumption made for want of an alternative. According to this data, Sihanoukville was the most expensive place to buy residential land, on average, in the period of 1995-2001.[2] For many years, the average price fluctuated around 80,000 Riels/m², or about $20/m² *at the current exchange rate*. The officially reported price peaked in 2001 when several parcels of residential land were sold for nearly 200,000 Riels/m², or about $50/m² on average. According to the field surveys, these relatively expensive parcels are located on or nearby the beaches. In contrast, another coastal town, Kep, was by far the cheapest place to buy residential land. Although it is geographically similar to Sihanoukville (e.g. beach environment), it is remote and has a poor infrastructure.

Table 4.1: Average Price of Residential Land in Urban Areas

Location of land	('000 Riels/m²)							Average
	1995	1996	1997	1998	1999	2000	2001	(95-01)
Sihanoukville	75	76	68	95	105	96	197	102
Kompong Cham	25	25	130	148	128	120	97	96
Battambang	27	42	60	83	108	163	126	87
Prey Veng	..	134	27	90	63	58	..	75
Banteay Meanchey	30	27	28	52	71	127	154	70
Siem Reap	19	47	34	46	69	96	84	57
Kandal	24	31	77	55	68	71	..	54
Kratie	17	36	40	58	42	98	89	54
Pursat	..	73	11	8	136	19	..	49
Svay Rieng	20	23	22	60	46	51	80	43
Kampot	13	21	17	41	32	54	68	35
Koh Kong	23	15	64	29	29	31	27	31
Ratanakkiri	..	..	44	23	11	8	14	20
Kompong Thom	29	13	18	33	9	24	10	20
Kampong Chhnang	22	13	7	20	19	23	17	17
Takeo	..	6	11	11	10	18	13	12
Kompong Speu	6	18	6	14	9	13	10	11
Kep	12	3	3	4	3	2	1	4

Prices of urban residential land in the whole of Cambodia increased dramatically between 1995 and 2001 (Table 4.1). This was confirmed by the field surveys in five provinces (see next section). The overall average price rose from about $10/m² in 1995, to more than $20/m² in 2000. While these data show that the number of transactions declined drastically in 2000 and 2001, prices did not fall significantly, according to both the official records and the field surveys. Most of the interviewees in the field surveys suggested that the slowdown in economic activity, especially foreign direct investment, was the main reason for the fall in

1 Section 5 discussed this in greater details.
2 Prices in Phnom Penh would surely be higher, but we have no record of these.

demand. The other reason could be that speculative purchases decreased when prices reached too high a level, thereby pushing the total number of transactions down. One reason why prices are not falling at this point in time may be that the present owners do not feel a need to sell for any reason.

Table 4.2 suggests that trends in prices of residential lands in rural areas are similar to those in urban areas. However, the acceleration in price increases has been much steeper in rural areas than in urban areas. The average price rose from 6,000 Riels/m², or about $2/m² in 1995, to 54,000 Riels/m², or about $14/m² in 2001. Part of the reason for this seven-fold jump in rural areas compared to a doubling of prices in urban areas lies in the low base price in rural areas in 1995. In fact, the commercialisation of activities in rural areas, wherever it has occurred, began much later compared to urban areas. Hence the base was low.

In terms of the provinces, residential land prices in rural areas were the highest in Prey Veng, Banteay Meanchey and Kompong Cham. The underlying reasons why these provinces are so expensive may be due to the inclusion of town areas, such as Neak Leoung, Poi Pet, and Skun, in the rural category, despite the fact that they are essentially urban. For a detailed comparison between rural and urban areas, Table 4.3 below provides a more readable presentation.

Table 4.2: Average Price of Residential Land in *Rural* Areas

	('000 Riels/m²)							Average
Location of land	1995	1996	1997	1998	1999	2000	2001	(95-01)
Prey Veng	10	58	4	90	19	97	59	48
Banteay Meanchey	32	18	18	16	34	56	129	43
Kompong Cham	14	29	28	21	30	60	83	38
Siem Reap	14	21	41	10	11	73	15	26
Battambang	10	9	42	20	49	..	..	26
Kratie	..	0	83	0	23	17	44	24
Svay Rieng	2	8	6	15	26	84	14	22
Kampot	5	10	8	15	11	49	35	19
Koh Kong	65	15	4	15	8	3	..	18
Kandal	5	4	14	15	18	..	..	11
Takeo	..	4	8	14	14	13	15	11
Kompong Thom	..	3	1	18	8	7	3	7
Pursat	..	1	3	..	0	..	15	5
Kompong Speu	6	8	4	5	4	1	..	4
Kampong Chhnang	10	2	2	2	7	7	0	4
Average	6	7	15	18	19	49	54	24

Should there be a price difference between plots of small or large size? The answer is yes, because relatively small plots are more affordable *in terms of total cost;* they are more suitable for home construction; and they, in all probability, will be located in commercially attractive locales. For example, one should not expect a very large vacant plot in the midst of busy commercial or high demand residential neighbourhoods. Usually, large plots are more remotely located. This is exactly what Table 4.4 suggests.

Table 4.3: Average Prices of Residential Land by Province in Urban and Rural Areas (1995-2001)

Location of land	Urban areas			Rural areas		
	Average price		N	Average price		N
	('000 Riels/m²)	($'000/ha)*		('000 Riels/m²)	($'000/ha)*	
Large-town provinces			*3,064*			*2,474*
Kandal	52	148	963	8	23	2,072
Sihanoukville	90	257	1,237	..	..	..
Siem Reap	55	158	225	34	96	79
Battambang	86	246	372	26	74	72
Kompong Cham	108	309	152	34	98	251
Small-town provinces			*2,023*			*1,354*
Banteay Meanchey	74	210	189	35	100	491
Kampong Chhnang	17	49	189	3	10	132
Kompong Speu	11	32	101	5	15	119
Kompong Thom	18	51	271	7	21	53
Kampot	34	97	283	19	56	96
Kep	3	8	114	..	..	..
Koh Kong	28	81	118	16	46	20
Kratie	55	158	217	25	71	15
Prey Veng	58	164	29	53	150	66
Pursat	93	264	31	3	9	8
Ratanakkiri	17	50	44	..	..	..
Svay Rieng	42	120	340	30	86	128
Takeo	11	32	212	12	33	226
Total	52	148	5,087	16	46	7,656

** Converted at the average exchange rate of 3,500 Riels/$ for the period between 1995 and 2001.*

Table 4.4: Price of Residential Land by Size (Riels/m²)

Size (m²)	(Riels/m²)				
	Mean	Standard deviation	Minimum	Maximum	Number of transactions
	Urban areas				
>0 – 350	100,288	128,038	800	714,286	2,033
>350 - 1,000	24,651	44,438	213	652,175	1,559
>1,000 - 2,500	15,682	28,198	100	385,000	1,150
>2,500 – 30,000	8,900	15,989	10	136,662	312
>30,000 -	1,438	6,188	17	35,575	33
Total					5,087
	Rural areas				
>0 – 350	38,456	70,565	350	669,643	1,185
>350 - 1,000	7,714	12,793	108	158,730	1,150
>1,000 - 2,500	5,201	9,376	30	127,260	1,053
>2,500 – 30,000	3,069	3,485	13	23,496	420
>30,000 -	80	90	10	392	20
Total					3,828

4.2. Prices of Agricultural Land

Land prices for agricultural lands in urban areas, as reported in these data, are presented in Table 4.5. The data in the following tables are given in riels rather than thousands of riels, unlike in the previous tables, because the magnitudes are much smaller. The average price for the period 1995-2001 is again the highest in Sihanoukville. The order of prices at the upper end appears to be in provinces where land is both agriculturally more productive and, at the same time, commercially better placed. The reason why lands in Kompong Speu fetch a high price *in this sample* is that National Highway 4 passes through its length, and the most-prized agricultural lands are located along this road. It would not be incorrect to speculate that the entries in this sample almost exclusively pertain to plots along this highway. Siem Reap and Kandal are among the more urbanised and/or commercialised centres, while Battambang is an important agricultural province.

The prices of agricultural lands in rural areas are not in the same order as in urban areas, but the groupings at the top and bottom are quite similar (Table 4.6). For example, Siem Reap, Kandal and Kompong Speu fall in the high price grouping, while Ratanakkiri, Kratie, Pursat and Kampong Chhnang appear at the lower end, in both rural and urban areas.

The reasons for any difference in the order are because of the definition of rural/urban areas, the aggregation of prices at the provincial level, and the highly selective nature of the sample.

Table 4.5: Average Price of Agricultural Land in *Urban* Areas

Location of land	(Riels/m²)							Average
	1995	1996	1997	1998	1999	2000	2001	(95-01)
Sihanoukville	10,273	8,017	4,228	7,695	13,451	29,138	52,587	17,913
Kompong Speu	25,960	9,497	3,980	6,664	2,829	1,514	10,526	8,710
Siem Reap	2,033	3,150	1,933	9,186	5,294	4,107	15,742	5,921
Kandal	245	861	1,688	6,825	5,268	9,029	..	3,986
Battambang	1,124	9,103	628	3,184	100	..	..	2,828
Koh Kong	1,402	2,537	..	19	22	2,906	..	1,377
Kep	..	2,064	1,112	1,699	1,502	982	325	1,281
Takeo	..	78	729	1,495	2,874	911	..	1,217
Kampot	..	643	..	853	2,113	1,184	1,173	1,193
Kompong Cham	..	..	..	1,012	..	..	..	1,012
Svay Rieng	45	..	..	452	793	1,639	126	611
Banteay Meanchey	..	..	27	1,333	637	420	448	573
Ratanakkiri	..	..	1,497	..	37	51	..	528
Kampong Chhnang	36	61	95	533	..	1,643	..	474
Pursat	..	89	54	..	142	817	295	279
Kratie	..	..	..	..	..	128	..	128
Prey Veng	63		47	93	..	..	..	68
Average	6,074	6,351	3,828	6,814	4,933	15,705	23,425	9,590

Table 4.6: Average Price of Agricultural Land in *Rural* Areas

Location of land	(Riels/m²)							Average
	1995	1996	1997	1998	1999	2000	2001	(95-01)
Siem Reap	655	2,075	720	35,087	2,866	2,848	289	6,363
Kampot	525	224	301	2,641	673	1,169	1,593	1,018
Kandal	119	168	659	2,564	1,941	500	..	992
Kompong Speu	386	470	3,396	686	501	35	..	912
Takeo	..	323	227	148	297	4,100	242	890
Banteay Meanchey	..	252	679	503	1,971	1,536	346	881
Koh Kong	262	192	898	1,442	1,380	976	977	875
Svay Rieng	..	..	316	..	609	650	750	581
Kompong Cham	185	51	195	154	1,751	533	..	478
Battambang	57	73	196	601	617	..	65	268
Pursat	..	318	..		98	..	..	208
Kratie	..	34	..	34	..	..	434	167
Kampong Chhnang	372	137	65	115	48	166	81	141
Prey Veng	..	..	..	118	..	..	..	118
Kompong Thom	..	116	..	27	44	41	8	47
Ratanakkiri	..	..	..	27	..	..	..	27
Average	170	224	607	1,251	1172	743	239	629

As in the case of residential lands, Table 4.7 has been drawn up for a more readable comparison of rural and urban prices.

It is somewhat intriguing why the prices of agricultural land plots should vary according to land size, particularly when the size categories are so narrowly defined toward the smaller size end (Table 4.8). One possible reason is that many very small sized plots (e.g. <= 2500 m²) are agricultural lands in name only. They may, in terms of practical usage, actually be residential or commercial lands, possibly located near urban or commercial centres. The fact that they are registered and officially transferred suggests a great deal of money has been spent on them. This, in turn, implies that they are not normal agricultural lands under peasant forms of cultivation, since such small plots cannot yield returns commensurate to the expenditure incurred.

Table 4.7: Price of Agricultural Land by Province in Urban and Rural Areas

Location of land	Urban Areas			Rural Areas		
	Average price		N	Average price		N
	Riels/m²	$/ha*		Riels/m²	$/ha*	
Large-town provinces			*2,476*			*2,040*
Kandal	1,424	4,069	500	559	1,597	1,704
Siem Reap	4,209	12,026	78	3,508	10,023	57
Sihanoukville	8,744	24,983	1,817	..	..	..
Battambang	3,618	10,337	80	333	951	34
Kompong Cham	1,012	2,891	1	250	714	245
Small-town provinces			*382*			*1,983*
Banteay Meanchey	502	1,434	13	809	2,311	93
Kampong Chhnang	415	1,186	12	105	300	664
Kompong Speu	8,247	23,563	43	1,193	3,409	202
Kompong Thom	..	..	..	28	80	73
Kampot	1,153	3,294	24	782	2,234	186
Kep	1,372	3,920	67	..	..	..
Koh Kong	193	551	170	661	1,889	635
Kratie	128	366	1	134	383	4
Prey Veng	65	186	9	118	337	1
Pursat	261	746	11	142	406	5
Ratanakkiri	770	2,200	4	27	77	5
Svay Rieng	409	1,169	12	569	1,626	14
Takeo	893	2,551	16	304	869	101
Total			2,858			4,023

** Converted at the average exchange rate of 3,500 Riels/$ for the period between 1995 and 2001.*

Table 4.8: Price of Agricultural Land by Size (Riels/m²)

Size (m²)	Riels/m²				
	Mean	Standard deviation	Minimum	Maximum	Number of transactions
			URBAN		
>0 – 350	40,510	56,988	150	335,294	72
>350 – 1,000	26,297	40,427	60	540,000	391
>1,000 – 2,500	7,059	11,363	60	90,000	379
>2,500 – 30,000	1,807	4,031	16	51,722	902
>30,000 -	233	697	6	17,827	1,114
Total					2,858
			RURAL		
>0 – 350	7,642	10,184	118	38,000	45
>350 – 1,000	1,378	2,494	60	16,200	175
>1,000 - 2,500	1,237	3,186	25	39,500	389
>2,500 – 30,000	630	3,112	9	104,593	1,358
>30,000 -	144	320	6	3,962	2,056
Total					4,023

Chapter Five

Findings from Small Sample Field Inquiries Using Qualitative Methods of Inquiry

In an attempt to shed more light on the land market situation in Cambodia, a qualitative survey was undertaken in the five provinces of Kandal, Kompong Cham, Kompong Speu, Battambang, and Sihanoukville. In each province, two communes in two districts were selected as interview sites. The interviewees were the district cadastral office and commune chiefs, as well as various other knowledgeable persons. The main purpose of this research was to obtain information on the magnitude, characteristics and trends in informal land transactions. Another objective was to find out how the tax on land sales inhibits people from registering land transactions.

5.1. Land Transactions

The interviews revealed that a few, sporadic land transactions were initiated as early as in the mid-1980s, although private ownership of land was not formally promulgated until 1989. The land market did not really begin to emerge until the early 1990s, when speculative purchases rocketed amid a large influx of UN personnel and people in the international aid community. In the housing sector, there was direct demand for residences from these personnel, as well as associated spin-off effects. In the agricultural sector, there was increased demand from commercial interests and those who began to acquire new wealth.

As stated earlier, there is no benchmark survey of land in Cambodia. As a result, the task of studying the land market is not free from certain hazards. There is also little documentation regarding land market development in Cambodia, except for a few small sample studies, which conclude that land transactions have been brisk in recent years. In our interviews, we found that the interviewees had *records* only of those lands that were transacted with their consent or knowledge. Since many transactions, both formal and informal, by-passed them, – none had records of *all* land transactions. In an attempt to trace trends in *all* land transactions since 1989, we had to rely on their recall of land transactions that took place in their commune or district over the past 12 years. In order to help facilitate recall, the following question was first asked to the commune chiefs and district cadastral directors: "How well can you remember the number of transactions of land between 1990 and 1995 in your area?" Among the 28 respondents (i.e. 18 commune chiefs and 10 district cadastral directors), none claimed to have complete recall of all transactions, 11 said that they recalled about 75 percent of transactions, 15 said that they recalled about 50 percent, and two said that they recalled about 25 percent of the transactions.

They said that in recent history, the number of land transactions was highest in 1996 in most communes and districts. This coincides with the findings from the data set of formal land transfers maintained at the General Department of Cadastre and Geography, discussed in previous sections. The trends suggested by the interviewees here are no different from those indicated by the formal data: both formal and informal land sales were rising sharply in the first half of 1990s, with outside buyers beginning to purchase local land by 1993-4. It was reported that purchases of land by outsiders in 1995, mainly Phnom Penh residents and foreign businesses, led to a considerable "multiplier effect" in the land markets, as those who sold their lands also spent money buying other people's lands. This process appears to have reached a peak in 1996. It must also be recalled that the economy grew at a very brisk pace between 1995 and July 1997. Large amounts of capital from various sources, including foreign direct investment and illegal logging, were injected into the economy during this period. The political uncertainty of 1997 and consequent economic slowdown was responsible for the decreased transactions in subsequent years. In this regard, land markets in Cambodia seem to be closely correlated to both the performance of the economy and the political situation.

5.2. Kinds of Land Transactions

One of the obvious reasons why land transactions are or are not carried out according to the law concerns whether or not, the land is registered in the first place. In general, there are two types of official documents with which to claim ownership of land: receipts and certificates. As mentioned in Section 2, only about 518,000 certificates, or a little over 10 percent of the total number of applications made in 1989, have been issued. Accordingly, land transactions involving certificates may constitute only a small proportion of the total number of land transactions in Cambodia. The field interviews revealed that a significant number of households in certain areas do not even possess the application receipts for their land. Some landholders have simply lost them, while others have not applied due to a lack of information or confusion, or a failure of authorities to remind them to apply. In a few cases, the local authorities have not delivered the receipts to the people. Finally, many land plots have now been sub-divided, and as a result the original receipts have been rendered superfluous.

In this paper, land transactions are divided into two kinds: *formal transactions* and *informal transactions.* Each type of transaction is discussed below.

5.3. Formal Transactions

"Formal transactions" refer to those transactions that follow procedures officially established by the government. Such transactions can take place only for lands that have authentic certificates. A formal land transfer must begin with the District Cadastral Office, which reports to the Ministry of Land Management, Urban Planning and Construction. The procedure bypasses the village and commune authorities, although these authorities may be invited to help clarify such matters as boundaries, if and when required. The information that must be completed on the transfer registration form, referred to as *Vente Definitive* in French, includes the addresses of the seller and buyer, the size of land and its price. The form has to be approved by the District Chief as well. At the next step, a land sale, or turnover, a tax of 4 percent must be paid at the Provincial Tax Department. With a transaction agreement authenticated by the Provincial Department of the Ministry of Land Management, Urban Planning and Construction, the transfer form along with the attached certificate is submitted to the General Department of Cadastre and Geography (GDCG) for final approval. One copy of the form is retained at the Department, while the other is issued to the buyer. As discussed below, the interviewees view this process as complicated and expensive, which discourages many people from complying with the formal procedures. All formal land ownership transfers must be approved by the GDCG in Phnom Penh, except in Phnom Penh City and Kandal Province, where provincial autonomy has been granted since January 2001. Excluding these two areas, only about 16,000 land transactions were formally processed between 1995 and mid-2001 in the whole of Cambodia, as reported in Sections 3 and 4 of this paper.

According to our field inquiries, Phnom Penh residents who bought land were the ones who mostly opted for this formal procedure.[1] The reasons are understandable. Phnom Penh residents usually reside away from the land they buy, so they need more secure tenurial arrangements. As a result, they are more likely to incur the costs. This explains why most of the buyers of land transacted in this formal procedure, as shown in the data set discussed earlier, reside in Phnom Penh. There is a self-selection bias.

5.4. Informal Transactions

Any transaction that does not follow the above mentioned procedure is referred to as an "informal transaction." Informal transactions of land include:

i) Transactions with or without contractual agreement between the parties, in that the transaction is made without informing any local authorities at all;

ii) Transactions with agreement of the village level authority;

iii) Transactions with agreement up to the commune level; and

iv) Transactions with agreement up to the district or provincial level. (This, however, is a rare case, as transactions that reach this level involve lands with certificates and are formally processed up to the GDCG in Phnom Penh).

The field inquiries revealed that a significant number of land transactions, especially for small land plots, fall in categories i) and ii) above. Such cases take place mostly in rural areas where the land price is low and the expenses for registration/transfer are unaffordable for most people. There is also no felt need for land certificates and registration, since land markets in such locales have yet to evolve. In one commune for instance, the commune chief estimated that about 200 small parcels of rice land had been sold without a single certificate of proper transfer. Also, most of these transactions were carried out without informing the commune authority.

Among the many informal ways of transferring land ownership, transactions that involve the consent and approval of the commune chiefs are the most common. In certain communes, 90 percent of the total land transactions have followed this practice. The district cadastral authorities insist that the communes report all land transactions to them, despite the fact that only lands with certificates are transacted formally. However, such reporting does not often take place, as the commune chiefs normally sign and put their stamps on a written agreement, which is taken by many to be 'official enough' to certify the ownership transfer. People either do not understand the procedure, and simply accept the stamp and signature of the commune chiefs as final, or they feel there is no other alternative even though such procedures are insufficient. At times, land transactions that have formal certificates are also not always processed up to the GDCG. A significant number of such transactions are settled at the commune level, as buyers want to avoid paying the turnover tax as well as by-pass complicated procedures.

District cadastral officials blame the commune chiefs for granting improper approval and permitting such practices to perpetuate. For their part, the commune chiefs claimed that they did not grant approval, but rather merely took note of the transfer and reported it to the district. They maintained that it was up to the concerned parties, and not them, to go to the district or other higher-level officials.

[1] This is well documented in our previous study called "The Social Assessment of Land in Cambodia". See So *et al*. (2001).

5.5. Reasons for not Registering Land Transactions

One must first possess a certificate for the land in order to register land transactions formally. As discussed above, this means that the majority of landowners cannot transfer their lands formally up to the GDCG, and therefore seek alternative avenues. Additionally, according to our field inquiries, a number of people who actually possess land certificates also do not formally register their transfers. Moreover, most landowners, particularly those who do not possess certificates, as well as others, do not know or care about the formal procedures. Many try to establish legitimacy by securing stamps and signatures of commune chiefs, and believe that once they have done this much that all the requirements have been met. Others simply make contractual arrangements among themselves. For them, it is sufficient as long as the buyer and seller are satisfied.

The commune and district cadastral chiefs cited the following reasons why people avoid or do not follow the formal procedures governing land transfers:

- People do not know how much they would have to pay for formal land transfers. Some think it is too expensive and therefore avoid it. Others are simply afraid that they will be asked to make excessive and unaffordable payments to the authorities.
- For those who have certificates for their lands but did not transfer it properly, they think that the procedure is too complicated and the turnover tax is too high.
- People think it is not necessary to register the transfers because they are confident that nobody will claim ownership of their land as they *occupy* it, especially when the land is small or inexpensive.
- People do not believe that the administration can enforce the law, particularly in the event of a dispute, and therefore feel it would be waste of resources to pay for formal arrangements.
- In some cases, the buyers are government officials and they rely on their status to enforce their claim over land rather than official papers.

5.6. The 4 Percent Turnover Tax and its Effect on the Prices Officially Reported

By law, land transactions are subject to a sales, or turnover, tax of 4 percent. One objective of this study is to determine how, if at all, this tax inhibits people from reporting prices correctly, and using the formal land transaction channels.

The District Cadastral Office is responsible for evaluating land prices and the Provincial Tax Department calculates the amount to be paid. The money is deposited at the provincial treasury and the funds are used for provincial administration. In practice, a great deal of tax is evaded.

In the 18 communes covered, all formal transactions were taxed. However, the prices were at the same time understated in order to reduce the tax liability for the buyer. The extent of price concealment varies from one province to another, but on average, only about 40 percent of the actual price paid is recorded in the official documents. This suggests there is a tax leakage of about 60 percent. In Kompong Cham and Battambang, for instance, only about 20-30 percent of the actual price was recorded on the transfer papers, while in Kandal and Sihanoukville, 50-80 percent of the sale prices were recorded. In Kompong Speu Province, the amount leakage is reported to be 40-60 percent.

Prices are understated with the active collusion of many parties involved. First of all, none of the parties involved in the transaction wants to pay any tax. It is therefore in their interest to conceal the true price. Cadastral officials also find it beneficial to record lower prices because they are the recipients of an informal fee. A similar fee is paid to tax officials as well. In certain districts, the negotiation of the tax between the *buyer/seller* and *tax officials* takes place in cafe shops or in the Provincial Tax Department itself. When an agreement is reached, the tax official deposits that amount of money in the treasury while the cadastral officials work backwards to *calculate* a price, of which the tax would equal 4 percent. The taxpayer then pays only a fraction of what s/he would otherwise have to pay according the actual prevailing prices. In light of this evidence, the prices reported on the official land transfer documents are far from accurate.

Some cadastral chiefs expressed resentment over the power of the tax officials, and claimed that they could provide the government 10 times more revenue if they were given the authority to collect the tax from land transactions. They said that prior to 1975, when the turnover tax was collected by the District Cadastral Office, the system worked much better despite the fact that the tax rate was 6 percent. They suggested this was because officials at the district level are closer to the field and know the land market and prices better than officials at the Provincial Tax Department. They also said that the cadastral officials and other district officials had an incentive to collect as much tax as they could because they were each given 1 percent of the total sale value.

Despite the fact that people do not actually pay as much tax as they should, interviewees reported that the turnover tax discouraged them from using formal channels to transfer land ownership. It was also widely acknowledged that many people do not want certificates for their lands because the resale of registered lands is difficult and involves tax liabilities.

Chapter Six

Conclusion

Despite a number of shortcomings in the data and information analysed here, some tentative conclusions are still permissible. First, land governance has been weak, and as a result, the number of land plots registered and officially transacted is a small proportion of the total land plots in the country. This has contributed to a lack of regulation of land markets, which is a necessary condition for markets to function efficiently in a free enterprise regime. Second, the land markets are very unevenly developed, and there are several forms of land control and transaction that co-exist. This lack of uniformity in the land markets has resulted in more than one 'legal order', and there is a lack of clarity about the correct procedures, rules and jurisdictions. Third, the formal procedures for registering land transactions are more complicated and expensive than informal procedures, which excludes the poor and under-privileged from the formal system. This is cause for concern.

Formal land transactions affect a small proportion of the total size of land. Also, since the transaction records are not representative of the total transactions that take place, few if any, conclusive statements can be made. Having said this, the data suggest that those lands that are of high commercial value are the ones that have been registered and traded. This mainly includes relatively larger sized land parcels, plots located at, or near, advantageous points (e.g. near markets, urban areas, aside main highways), and lands owned by those who can afford the costs of registration and transfers. Land transactions, like registrations, are concentrated in those provinces that are more commercially developed. Most buyers are from Phnom Penh, who have bought land in Sihanoukville, Kandal, Siem Reap and Kompong Cham, as well as other places. In many cases, sellers and buyers come from different provinces and districts, suggesting the possibility of some significant land speculation. Land transactions rose rapidly in the early 1990s and peaked in 1996, followed then by a decline. One reason for this trend is the economic slowdown that began in 1997 in the wake of political instability.

The principal reason that transactions do not involve the cadastral authorities is that the bulk of land parcels are not yet registered. There are also other reasons why land transactions have not officially involved the government. The fact that all *official* transactions require a tax payment is an impeding factor. For example, some people avoid the formal system because they do not have enough disposable cash to meet all the costs associated with formal land transactions.

Finally, the prices as reported in the official records appear to be significantly under-estimated in order to reduce the tax liability. The collusion between cadastral and tax officials on the one hand, and buyers and sellers on the other, to report incorrect prices in return for informal fees and reduced tax payments is an important concern in this regard.

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Appendix

Data Record Sheet from the Land Transaction Records Maintained at the General Department of Cadastre and Geography

Land's Information								Buyer's Information			Seller's Information		
Province	District	Commune	Date of Transaction	Land Size	Land Type	Price	Transaction Type	Province	District	Commune	Province	District	Commune

CDRI Working Papers

1) Kannan, K. P. (November 1995), Construction of a Consumer Price Index for Cambodia: A Review of Current Practices and Suggestions for Improvement (Working Paper No. 1) $5.00

2) McAndrew, John P. (January 1996), *Aid Infusions, Aid Illusions: Bilateral and Multilateral Emergency and Development Assistance in Cambodia, 1992–1995* (Working Paper No. 2) $5.00

3) Kannan, K. P. (January 1997), *Economic Reform, Structural Adjustment and Development in Cambodia* (Working Paper No. 3) $5.00

4) Chim Charya, Srun Pithou, So Sovannarith, John McAndrew, Nguon Sokunthea, Pon Dorina & Robin Biddulph (June 1998), *Learning from Rural Development Programmes in Cambodia* (Working Paper No. 4) $7.50

5) Kato, Toshiyasu, Chan Sophal & Long Vou Piseth (September 1998), *Regional Economic Integration for Sustainable Development in Cambodia* (Working Paper No. 5) $6.00

6) Murshid, K. A. S. (December 1998), *Food Security in an Asian Transitional Economy: The Cambodian Experience* (Working Paper No. 6) $9.00

7) McAndrew, John P. (December 1998), *Interdependence in Household Livelihood Strategies in Two Cambodian Villages* (Working Paper No. 7) $9.00

8) Chan Sophal, Martin Godfrey, Toshiyasu Kato, Long Vou Piseth, Nina Orlova, Per Ronnås & Tia Savora (January 1999), *Cambodia: The Challenge of Productive Employment Creation* (Working Paper No. 8) $9.00

9) Teng You Ky, Pon Dorina, So Sovannarith & John McAndrew (April 1999), *The UNICEF/ Community Action for Social Development Experience—Learning from Rural Development Programmes in Cambodia* (Working Paper No. 9) $4.50

10) Gorman, Siobhan, with Pon Dorina & Sok Kheng (June 1999), *Gender and Development in Cambodia: An Overview* (Working Paper No. 10) $6.00

11) Chan Sophal & So Sovannarith (June 1999), *Cambodian Labour Migration to Thailand: A Preliminary Assessment* (Working Paper No. 11) $3.00

12) Chan Sophal, Toshiyasu Kato, Long Vou Piseth, So Sovannarith, Tia Savora, Hang Chuon Naron, Kao Kim Hourn & Chea Vuthna (September 1999), *Impact of the Asian Financial Crisis on the SEATEs: The Cambodian Perspective* (Working Paper No. 12) $4.50

13) Ung Bunleng, (January 2000), *Seasonality in the Cambodian Consumer Price Index* (Working Paper No. 13) $3.00

14) Toshiyasu Kato, Jeffrey A. Kaplan, Chan Sophal and Real Sopheap (May 2000), *Enhancing Governance for Sustainable Development* (Working Paper No. 14) $6.00

15) Martin Godfrey, Chan Sophal, Toshiyasu Kato, Long Vou Piseth, Pon Dorina, Tep Saravy, Tia Savara and So Sovannarith (August 2000), *Technical Assistance and Capacity Development in an Aid-dependent Economy: the Experience of Cambodia* (Working Paper No. 15) $10.00

16) Sik Boreak, (September 2000), *Land Ownership, Sales and Concentration in Cambodia* (Working Paper No. 16) $7.00

17) Chan Sophal, and So Sovannarith, with Pon Dorina (December 2000), *Technical Assistance and Capacity Development at the School of Agriculture Prek Leap* (Working Paper No. 17) $8.00

18) Martin Godfrey, So Sovannarith, Tep Saravy, Pon Dorina, Claude Katz, Sarthi Acharya, Sisowath D. Chanto and Hing Thoraxy (August 2001), *A Study of the Cambodian Labour Market: Reference to Poverty Reduction, Growth and Adjustment to Crisis* (Working Paper No. 18) $7.00

19) Chan Sophal, Tep Saravy and Sarthi Acharya (October 2001), Land Tenure in Cambodia: a Data Update (Working Paper No. 19) $10.00

20) So Sovannarith, Real Sopheap, Uch Utey, Sy Rathmony, Brett Ballard and Sarthi Acharya (November 2001), *Social Assessment of Land in Cambodia* (Working Paper No. 20) $10.00

21) Bhargavi Ramamurthy, Sik Boreak, Per Ronnås and Sok Hach (December 2001), *Cambodia 1999-2000: Land, Labour and Rural Livelihood in Focus* (Working Paper No. 21) $10.00

Land Transactions in Cambodia - An Analysis of Transfers and Transaction Records

Cambodia decollectivised lands in 1989, and plots were fairly evenly distributed among farmers and dwellers at that time. Through the 1990s, however, with the advent of a market system and rapid exposure of the country to the international economy, a number of land plots changed hands, causing both inequality and landlessness. This was possibly also partly responsible for poverty and food insecurity in the country. In the late 1990s and early 2000s, CDRI began to systematically analyse issues related to land and food security with a view to help effective policy formulation. This paper, which examines official records on land transactions, forms a part of the said larger research programme.

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