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Contention and Corporate Sustainability
Practice in the Cambodian Agricultural Sector

Working Paper Series

No. 166
February 2015
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February 2015
Disclaimer and Acknowledgement

This study’s report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the author and do not necessarily reflect the views of USAID or the United States Government.

Author would like to thank Andrew Boname, Kim Sean Sin, Nikita Umnov, Nicolas Mansfield, Terry Parnell and Leakhena Houy of East-West Management Institute-Program on Rights and Justice (EWMI-PRAJ) for their kind support. Without their support, this report and study would not have been possible. Kristin O’Connell deserves special appreciation and gratitude for her kind assistance in proofreading and commenting on this report.

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Abstract

Past studies revealed only the different sustainability practices of foreign direct investors in developing countries, while the motives that influenced their sustainability practices remain underexplored. This study investigates how civil society organizations (CSOs) influence the sustainability practices of foreign investors in the Cambodian agricultural sector. It focuses in particular on interactions between civil society and government, drawing new links between existing theoretical debates concerning influencing strategies of civil society on companies, government strategies of regulatory enforcement and the political nexus between the government and corporations. Two cases of foreign joint venture investments (one rubber and one sugar plantation) in the agro-industry were selected for observation. Both qualitative and quantitative data were collected and analysed. This study used a process tracing method to analyse observable causes and outcomes within case causal mechanism processes through which CSOs influence corporate sustainability practices. The causal mechanism refers to CSO mobilisation and the outcome is company sustainability practices.

Results revealed that CSOs employed a variety of influencing strategies, incorporating institutional and non-institutional tactics, in an attempt to influence government and foreign joint venture companies. However, these tactics did not necessarily influence foreign joint venture companies to behave in a more sustainable way. Rather, whether or not CSOs were able to influence the government, companies or both, they relied heavily on the political nexus between the government and the two companies in the two cases. For instance, CSOs were more effective in influencing the rubber company to behave more sustainably than CSOs targeting the sugar company. The sustainability assessment unveiled that the rubber company went to great effort to ensure sustainability and long-term investment after facing contention with indigenous communities, whereas the sugar company was more likely to neglect the sophisticated mobilisation approaches of the CSOs. In so doing, the sugar company caused negative outcomes for the communities.

The different sustainability practices of the two joint venture companies were determined by the different intensities of the client-patron networks between the foreign companies and government officials. The different intensity of networking tends to induce different capture of government (regulatory) institutions. Strong relationships between the foreign companies and government officials tended to influence government institutions, whilst weak relationships resulted in less influence. While strong network restricts CSOs’ ability to ensure sustainable practices, the weak network avails the CSOs to influence the company to attain better sustainability impacts. In this instance, the rubber company, due to its weak network between the government and local partner, which resulted in weak influence on government institutions, strives to perform well to deal with the concerns of indigenous communities and to ensure sustainable development. Meanwhile, the sugar company, having possessed a strong network between the government and local partner constitutes strong capture of regulatory institution not to enforce sustainability related regulations, resists the CSOs’ strategic influence. In contrast, the strong network of the sugar company tended to suppress the CSOs’ tactics. With these, failure or success of the CSOs to influence the government and the foreign joint venture companies to ensure sustainability in or surrounding the investment area is more often than not mediated and undermined by the political nexus between the government and the foreign joint venture companies. Not only this, corporate relationships with government negate CSO influence. To a certain degree, CSOs’ mobilisation, however, leverages a certain influence not only on the government but also shapes the behaviour of the foreign joint
venture companies operating in a host country with lax regulatory enforcement and uncertain business environment.

**Abbreviations**

ASR  American Sugar Refinery  
CCs  Commune Councils  
CDC  Councils for Development of Cambodia  
CLEC  Community Legal Education Centre  
CoC  Codes of Conduct  
CoM  Councils of Minister  
CSOs  Civil Society Organisations  
CSR  Corporate Social Responsibility  
EBA  Everything But Arms  
EIA  Environmental Impact Assessment  
ELCs  Economic Land Concessions  
EU  European Union  
FDG  Focus Group Discussion  
FIDH  International Federation for Human Rights  
ICSO  Indigenous Communities Support Organisation  
IFC  International Financial Corporations  
JD  Jones Day  
KK  Koh Kong  
KSL  Khon Kaen Sugar Limited  
MAFF  Ministry of Agriculture, Forestry and Fisheries  
MDK  Mondulkiri  
MLMUPC  Ministry of Land Management Urban Planning and Construction  
MoI  Ministry of Interior  
MP  Member of Parliament  
NARLD  National Authorities for the Resolution of Land Disputes  
NGOs  Non-Governmental Organisations  
NHRC-T  National Human Right Commission of Thailand  
NTFPs  Non-Timber Forest Products  
OECD  Organisation for Economic Cooperation and Development  
PM  Prime Minister  
RAC  Rubber Affected Communities  
SAC  Sugar Affected Communities  
SEIA  Social and Environmental Impact Assessment  
SIA  Sustainability Impact Assessment  
SPSS  Statistic Package for Social Sciences  
SSI  Semi-Structured Interview  
T&L  Tate and Lyle  
UK  United Kingdom  
USAID  United States Agency for International Development  
WAI  Weight Average Indices
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Introduction

In the context of globalisation, an increasing flow of foreign direct investment, which is usually, but not always, made by companies, from one country to another is conspicuous. Although companies’ investments play a very significant role in the economic development of the receiving or developing countries, doubts have risen in the contemporary literatures as to whether the impacts made by the companies’ investment lead to sustainable development or sustainability\(^1\) in the receiving or developing countries. Scholars argue that the contributions of companies’ investment to sustainability are not uniform and vary from one place to another. This argument is made due to the fact that sustainability practices are not widely spread and social and environmental aspects are not a priority as financial objectives of the companies. Saliently, the political drivers, which have influenced the different sustainability practices\(^2\) of the companies, have been underexplored. Several studies conducted into the different drivers or factors that have influenced social, economic or environmental performance of the companies, but not many studies look at the political drivers. The political driver in this study is defined as any political factor that influences the companies to behave in a way that affects the social, economic or environmental (un)sustainability of local communities where the companies are operating. In this study, the political driver places more emphasis on the political nexus in terms of client-patron network and regulatory enforcement between the government and companies in the host country.

In Cambodia, for example, the inflow of foreign companies’ capital has been increasing rapidly because of the government’s policy of attracting foreign investment for its economic development. However, the companies’ investment activities have been accused of creating adverse impacts on the society and environment of local communities. The influence of civil society on the government to regulate the companies to comply with the related regulations and to ensure sustainability at the local level has drawn the attention of both development practitioners and academic circles. However, to what extent does the interaction between civil society and the government influence the sustainability practice of the companies remains unanswered, hitherto the focus of this study.

1.1 Literature Gaps and Context of the Research

While previous studies reveal different sustainability practices of companies’ investments, there has been limited exploration of the political drivers that have influenced sustainability practices. For example, Gohou and Soumaré (2012) indicate the positive impacts of companies’ investments on poverty reduction in Central and East Africa, but not in other

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\(^1\) The terms “sustainability” and “sustainable development” are treated as having the same meaning in this study.

\(^2\) Sustainability practice is defined as a process in which the companies take into account not only their financial or economic concerns, but also the social and environmental concerns of communities, in business operations.
regions like West Africa. Newell and Frynas (2007) argue that there are positive results for poverty and social issues arising from companies’ Corporate Social Responsibility (CSR) programs, but such positive behaviour towards community development has not been adopted by the majority of companies in most parts of the world. Andrew (2005) asserts that the effects of companies’ investments on poverty reduction, incomes, and other local economic benefits are far from clear. Titus (2001) claims that the contribution of companies to sustainable development is not uniform and sustainable business practices are not widespread because social and environmental aspects are sometimes not considered as important as the financial objective of the companies. Hence, the sustainability practices of companies investing, even for those with CSR programs, are different from one another. Doubts have arisen regarding the factors that have influenced these different practices. In response to this puzzle, several studies have been conducted into the driving forces or factors that have influenced social and environmental practice (responsibilities) of companies and investors alike (for example, Branzei, and Vertinsky (2002), Giunipero, Hooker, and Denslow (2012), Walker, Di Sisto, and McBain (2008) and Kolk and van Tulder (2010), but they fail to address the political drivers that influence the strategic influence of CSOs in their attempts to ensure sustainable practices by companies and governments.

In the contemporary studies of political sciences, business ethics, regulatory governance, enforcement, and compliance, several studies acknowledge the significant influence of civil society. For example, Ayres and Braithwaite (1992), in their seminal work, acknowledge the importance of third actors in regulatory enforcement and introduce a tripartism approach. They posit that the participation of third parties (public interest groups) solves the capture/corruption, which occurs in the process of regulatory enforcement between the regulator and the firm. This approach has been applied in republican (developed or industrial countries), where the third sectors are empowered to participate in the regulatory enforcement process. They may underestimate the regulatory enforcement in the context of developing countries where economic and political volatilities prevail. Thus, further praxis of this approach is needed.

In addition, Midttun (2005) examines the relationship between three actors (civil society organisations 3, state, and business). He claims political, regulatory, and commercial exchanges between the three actors. He contends that social and environmental responsibilities are the central exchange. However, he fails to explain clearly the interaction of the three actors in case of conflict or imbalance of roles among the three actors. For example, the extent to which civil society influences the state’s strategy to promote corporate responsibilities of business and the response of government and business to the civil society. Further to Midttun (2005), Albareda et al.’s (2008) focus on government as a driver of embedding CSR in industrial countries, such as the United Kingdom, Norway, and Italy. They argue that incorporating CSR into policy needs partnership with business and civil society to ensure a win-win situation. Similar to Midttun (2005), Albareda et al. (2008)

3 The terms “civil society” and “civil society organisations” (CSOs) are treated as having the same meaning throughout this study.
disregards the interactive process between the three actors and its outcome (corporate responsibility) and how civil society influences the outcome. They also fail to consider the triple win (all the actors win). Although they have successfully applied these concepts in the industrial countries, it is questionable as to how these concepts can be applied in developing countries, which have economic and political volatility, and lack of partnership between the three actors. To fulfil the shortcomings of Midttun (2005) and Albareda et al. (2008), Fairbrass and Zueva-Owens (2012), drawing on several political science and business ethics theories, challenge that embedding corporate responsibilities (sustainability) in public policy transcends the three exchange relationships. It is more about the power relation among the three actors. They contend that there is an imbalance in power among the three actors. The government possesses the strongest power followed by business, and lastly civil society, which has the least power in embedding corporate responsibility in policy. They also contend that the relationship among the three actors is rather about resources exchange (knowledge, expertise, and legitimacy). These relationships are characterised as much by conflicts as by cooperation. Although Fairbrass and Zueva-Owens (2012) strengthen the relationship among the three actors, they do not address the context of companies’ international investment in the (host) developing countries. They also have not addressed the context of civil society mobilisation against government to regulate companies to adapt (corporate) sustainability practice to fit into the specific situation of a host developing country.

In short, much research acknowledges the significance of civil society in enforcing or promoting the sustainability practice of the business or firms, but the research has not addressed how the interactions between civil society and government influence the sustainability practice of companies. Therefore, it is worthwhile investigating the new link between governments’ regulatory enforcement strategies and civil society strategies of corporate influence, how this interaction influences companies to adopt sustainability practices and what are the political drivers that mediate the interactions of the three actors: government, business, and civil society.

In Cambodia, investments made by foreign companies have been increasing since the late 2000s, (Ngov, 2011), although several international organisations, such as IFC (2007), have claimed that the investment climate in Cambodia is worse. The dramatic increase in investment is due to Cambodia’s policy of attracting foreign capital, besides aid, for developing its economy (Biedermann 2010). The majority of these investments focus on tourism, service, industry, and agriculture (CDC, 2010). To attract foreign investment in agriculture, the Royal Government of Cambodia (2005) released a sub-decree on Economic Land Concessions (ELCs). Through this sub-decree, foreign investors gain access to land leases for investment in agriculture. As of late 2012, at least 2,657,470 hectares of land were granted to private companies (both foreign and domestic investors, including joint ventures) under the ELCs schemes (ADHOC, 2013). These foreign investments in agriculture, however, have been accused by development practitioners and academic circles of exacerbating social, economic, and environmental aspects of local communities, where the investments operate. This is due to the fact that natural resources are extracted for commercial purposes only. Many scholars claim that related regulations, such as social and environmental impact studies, ELCs, and natural resources management, which are imperative to ensure sustainable investment, have not been enforced. These investments, especially Chinese investments, are
nevertheless secured in Cambodia through joint ventures between Chinese investors and Cambodian businesspeople (tycoons) (Un, 2009). More recently, the influence of civil society on regulatory enforcement of the government in order to ensure that companies adopt sustainability practices has attracted the attention of development practitioners and scholars. Notwithstanding this, how and to what extent civil society influences the government to regulate companies to behave in a more sustainable way remains yet to be explored, as well as the particular political drivers that mediate the strategic influence of CSOs.

1.2 Questions and Aims of the Research

As a contribution to the aforementioned gaps and puzzles, this research intends to answer a central question:

To what extent and how does the interaction between the civil society and the government influence the sustainability practice of the companies?

To answer this central research question, the following specific questions are set:

- How does the civil society influence sustainability practice of companies?
- What are the outcomes (impacts) of sustainability practice of the companies’ investment?
- How is the strategic influence of civil society organisations mediated by political economy relationships between the government and companies?

1.3 Theoretical and Analytical Frameworks

Conceptually, the study focuses in particular on interactions between civil society influence and state (government) regulation, drawing new links between existing theoretical debates concerning civil society strategies of corporate influence on the one hand and the government strategies of regulatory enforcement, corporate compliance and sustainability practice and political nexus between the government and corporation on the other. Overall, the study examines the causal mechanism of interaction between the government, CSOs, and the companies. Firstly, it examines the CSOs’ mobilisation against the government, as an intermediary, to regulate the companies to comply with regulations and to behave in a more sustainable way. This is based on the concept of social movement and transnational advocacy networks. Secondly, it analyses the different responses of the government and the companies pertaining to the mobilisation of the CSOs. Thirdly, it looks into how the mobilisation of CSOs influences the outcome (impacts on social, economic, and environment of local communities) of the sustainability practice of companies. Finally, it explores how the political nexus, in terms of client-patron networks, which constitute different level of capture of regulatory institution, between the government and the companies mediate the effectiveness of CSOs’ mobilisation. The overall concept of causal mechanism of this study can be depicted in Figure 1.1. These causal mechanisms can be interpreted according to the several theoretical concepts as follows.
1.3.1 Mobilisation of civil society organisations

In the context of globalisation, the inflow of foreign capital has created adverse impacts on the social, economic, and environment of local communities (Gray, 2002), especially the marginalised communities in developing countries. To remedy these adverse impacts, the CSOs play a significant role of interacting with the government to regulate companies to behave in a more sustainable way. To understand the dynamic interaction between civil society, government and companies, it is imperative to understand the theoretical concept behind CSOs, social movements, and transnational advocacy networks that underpin the strategic influence of CSOs.

a) Civil society organisations

There is no common definition of CSOs and their roles; it varies from a scholar to another. First and foremost, it is defined as “the realm of organised social life that is voluntary, self-generating, (largely) self-supporting, autonomous from the state and bound by a legal order or set of shared rules” (Diamond, 1994, p. 5). Gellner (1994) defines it as:

A set of diverse non-governmental institutions which is strong enough to counterbalance the state and, while not preventing the state from fulfilling its role as a keeper of the peace and arbitrator between major interests, can nevertheless prevent it from dominating and atomizing the rest of society. (p.1)
Others define it in terms of power relations between the three actors: state, business, and civil society. So, it stands between the government and the private sector to ensure the balance of power between these actors, but it does not aim to win the power of state (McIntosh and Thomas, 2002). It consists of non-governmental organisations (NGOs), national and international non-state, associations, advocacy groups, trusts, foundations, charities, non-state and not-for-profit schemes, and religious groups (Candler, 2000; Hutter and O’Mahony, 2004; Nugroho, 2011). In scope, CSOs range from individual, grass-roots, local, regional, national, transnational, and global (McIntosh and Thomas, 2002). Their activities are diverse such as academic research, market research, policy research, information provision, campaigns, protest and demonstration, and boycott co-ordination. In another circumstances, CSOs organise direct mobilisation of the population who are most directly affected by a given issue. In the last few decades, they have had significant influence on corporations (McIntosh and Thomas, 2002). In essence, the CSOs play significant roles in influencing the government and business to deal with a specific issue, which impacts on the society or a group of people. The influence and roles of CSOs are in line with the broad theoretical concept of social movements and the concept of transnational advocacy networks.

In this study, CSOs comprise of grassroots communities who have experienced the impacts and domestic NGOs whose works on environmental protection and social equity in particular...
and on sustainability of companies’ investment in agriculture in general. Thus, these CSOs play significant roles in ensuring sustainable investment of companies by engaging with the government as an intermediary.

1.3.2 Strategic influence of CSOs

There are two potential theories, which underline the influence of CSOs: social movement and transnational advocacy networks theories. For “social movement”, several definitions have been debated. Wilson (1973) perceives social movement as “a conscious, collective, organised attempt to bring about or resist large scale change in the social order by non-institutional means.” Tilly (1978, p. 9) defines it as “a group of people identified by their attachment to some particular set of beliefs”. While, MacCarthy, and Zald (1973) emphasise changing the structure of society and later they define it as “...a set of opinions and beliefs in a population which represents preferences for changing some elements of the social structure and/or reward distribution of a society” (McCarthy and Zald 1977). Thus, the concept of social movement is to affect change of particular things in society, which is usually conducted by a group of people with a particular interest and goal. This concept is more or less adopted by the civil society organisations, which are discussed above.

According to Hall (1995), there are four domains of social movement: classical, resource mobilisation, political process, and new social movement approach. Classical social movements focus on societal strain, which has a direct effect on an individual’s psyche. Resource mobilisation, which is a prominent domain of social movements, emphasises both societal support and constraints on social movement phenomena. It is believed that mobilisation is made based on resources (labour and money), which can be provided by external or internal agencies. Resource is crucial to ensure the success of movements (McCarthy and Zald, 1977). Political process focuses on the movements that are both political phenomena and processual developmental state, see Hall (1995). New social movement theory emphasises “why” rather than “how” social movements mobilise. Thus, the emphasis is on social structure. It is claimed that old social movements are based on class or class consciousness which are no longer applicable in a post-industrial society, while new social movements focus on environmental issues, feminist issues, gay rights, reproductive issues, and anti-nuclear class issues (Cohen, 1985). The movement can be made through several tactics including protest, boycotts, and legal actions against firms or targeting governments as intermediary bodies to regulate the firms (Soule, 2012). In this sense, new social movements have significant influence on the government and corporations. It is likely to confirm that the recent mobilisation of CSOs has adopted the concept of new social movement.

In line with social movement theories, the new emergent theory of the transnational advocacy networks of Keck and Sikkink (1998, 1999) has significantly contributed to the influence of CSOs. This concept focuses on the influence of transnational networks on policies, not limited to, human rights, environmental, and women’s right issues. This is often led by international and domestic NGOs that focus on international campaigns to influence governments, international organisations, and the public at large. This can be made through the networking of domestic partners (NGOs) in developing countries and international.
partners who share the same interests. Hence, transnational advocacy network is a broader term, which is used to highlight an activist network that transcends a country’s border and is comprised of members who share the same values. In general, this theoretical concept is the attempt of enrolling domestic NGOs with international NGOs or entities that share the same interest in order to ensure successful campaigns against the government’s policies or a particular issue. The process of enrolment is to empower or to give voice to the domestic ones with assistance from international entities.

Built on these theoretical concepts, this study situates within the combined theoretical concepts of new social movements and transnational advocacy networks. Firstly, it is based on the new social movement concept because the attempt of this study is to investigate the mobilisation of CSOs against governments to regulate, in terms of social, economic and environmental responsibilities of, companies. Hence, this study perceives mobilisation of CSOs as a collection of people or a group who act to change or resist change to their environment and improve conditions in order to achieve a collective goal. In particular, the attempt of mobilisation of CSOs is not only to foster the government to regulate companies, but also to put pressure on companies to comply with regulations or to behave more sustainably. Mobilisation is organised when the government fails to regulate companies and when companies fail to comply with regulations and fail to act in a corporate responsible way. Secondly, the mobilisation of CSOs also can be made in according to transnational advocacy network theory. For instance, the mobilisation of grassroots communities can be supported by domestic CSOs (NGOs) and simultaneously the domestic CSOs are also supported, in terms of resources (finance or knowledge), by international entities or organisations. In line with these broad theoretical perspectives, CSOs can interact with governments and companies through various tactics, which will be elaborated in the following section.

1.3.3 Tactical influence of CSOs

Since the 1990s, in line with the new social movement and transnational advocacy network theories, some CSOs have worked on anti-globalisation, fair trade, anti-sweatshop campaigns against specific brands or companies (MacDonald, 2008). A number of CSOs have been involved in promoting corporate responsibilities using multiple tools and strategies. There is no one formula to assure success. In Western countries, companies’ social and environmental responsibilities and the extent of government involvement in setting standards for corporations is the by-product of CSOs (Oliviero and Simmons, 2002). Hence, there are several tactics to be adopted by CSOs to influence both governments and companies. Smith (1990) claims that CSOs can influence companies to adopt corporate responsibility through three tactics: indirect action (providing information pertaining to specific issue to concerned organisations), violent direction action (it is illegal, but their activities, for example, violent demonstrations, often attract the public attention and media), and non-violent direct action (including demonstrations, marches, protests, boycotts, occupations, non-violent sabotage and disruption, stunts, picketing, etc.). Similar to Smith (1990), Oliviero and Simmons (2002) introduce direct action, indirect action, and cooperative action. Direct action is made in terms of confrontation with companies, boycotting companies and lawsuits against companies. In short, they mobilise against companies. Indirect action is made in the form of media/public
awareness, lobbying governments and dialogue. Cooperative action is made through social responsibility investment, alliance and partnership with the companies to implement corporate responsibilities. So, CSOs cooperate with corporations to implement corporate responsibilities.

Built on the CSOs’ corporate influence strategies and the theoretical concepts of social movement and the transitional advocacy networks, this study groups the strategies of CSOs’ influence into two forms: direct and indirect mobilisation. Direct mobilisation is made through protest, non-violent demonstration, boycott, and filing complaints against the government (as an intermediary) to regulate companies to comply or adopt sustainability practices. Direct mobilisation can be made directly against companies. This can also be organised by grassroots communities that are directly affected by companies’ irresponsibility or the government’s policy and decisions. To a certain extent, grassroots’ mobilisation can be assisted, in terms of resources and knowledge, by the domestic NGOs, which work on the same issues. Indirect mobilisation can be made through reporting of companies’ irresponsibility, regulatory violations, creating adverse impacts on social, to the government or concerned agencies. In addition, it can be overt in forms of lobbying, dialogue etc., with the government and the companies. Both domestic NGOs and grassroots communities can orchestrate this.

1.3.4 Government’s response: regulatory enforcement strategies

As a part of the first research question’s answer and also as a positive causal pathway in response to the mobilisation of CSOs, governments have to regulate the companies to behave more sustainably. Although there are several strategies (see for example Bell, 2002), regulatory enforcement is an important strategy to foster corporations behave more sustainably. Scholars argue that the corporate responsibility is the result of interaction between the formal state regulation and informal social action including institution of civil society and corporate self-regulation (see also Garsten and Jacobsson, 2007; Parker, 2002). Government’s regulations play significant roles in fostering the companies’ self-regulation to meet the objective of governments’ regulations such as sustainable development. So, government regulatory enforcement has a pivotal contribution to the sustainability practice of corporations (Braithwaite, 2002).

To understand how governments enforce regulations to promote the sustainability practice of companies, this study draws on the theoretical concept of regulatory enforcement strategies. Prior to understanding these strategies, “responsive regulation” has to be defined. In regulatory theory, a distinctive approach of regulatory enforcement is responsive regulation (Ayres and Braithwaite, 1992). The main purpose of responsive regulation is to take into account the motivations and conduct of those being regulated, which might be guided by the regulator. Therefore, the regulator has to be responsive to the conduct of those they seek to regulate before the regulator’s intervention (Ayres and Braithwaite, 1992). In this context,

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4 The terms “interaction” and “mobilisation” are used interchangeably in this study.
responsive regulation is defined as the use of legal (prosecution, fines) and extra-legal sanctions to achieve compliance with the law (Djankov et al., 2002) and the use of (public) agents (inspectors, tax auditors, police, prosecutors) to detect and to punish violators of legal rules (Levi-Faur, 2011). Overall, the main goal of responsive regulatory enforcement is firstly to persuade or punish violators to adopt self-regulation (corporate responsibility) or to reduce violations against the government’s regulations. In this study, regulations are refers to social and environmental impact assessments, economic land concessions, and the natural resource management of Cambodia. Implementing these helps ensure corporate responsibility for achieving sustainable outcomes. The regulator in this case is the government.

To enforce these regulations, scholars introduce command and control (Ogus, 1994; Parker, 2002) and a pyramid of regulatory enforcement strategies (Ayres and Braithwaite, 1992). Due to several weaknesses of the command and control approach, this study draws on the pyramid of responsive regulatory enforcement strategies. According to Ayres and Braithwaite (1992), the pyramid ranks from persuasion to revocation of licence. At the bottom of pyramid is persuasion; if this does not work, a warning will be made. If the warning does not work, a monetary penalty will be given. If the monetary penalty does not encourage firms to comply with the regulations, a criminal penalty through the courts or prosecution will be charged against the firms. If the firms still contravene the regulations, the regulator will suspend the company’s licence, leading to revocation of the licence if the suspension does not motivate the firm to comply with the regulations. In the context of this study, the pyramid of responsive regulatory enforcement helps the government (as an intermediary) to enforce companies to behave more sustainably. This is a positive causal pathway in response to the mobilisation of CSOs. When there is mobilisation of CSOs against the malpractice of the companies, the government first persuades the companies to comply with regulations and to behave more sustainably. In so doing, the mobilisation of CSOs, both grassroots communities and domestic NGOs, can be considered effective. But, the mobilisation is deemed ineffective if the government does not enforce regulations. Then, there is no sustainable investment outcome.

1.3.5 Response and behaviours of the companies

In response to the mobilisation of CSOs and government regulatory enforcement, companies adopt self-regulation or comply with the government’s regulation. Self-regulation is adopted where the government’s regulation is absent (Vogel, 2008). Self-regulation is the attempts made by corporations to establish rules (a code of conduct) without the direction coercive intervention of the state or other external agencies (CSOs). A code of conduct can be issued by individual corporations or industry associations, or by other groups of stakeholders. Codes of conduct consist of, but not limited to, environmental and social standards of the investments (Graham and Woods, 2006). Yet, implementation of self-regulation of the firm is still contested (Ayres, 1995). On the one hand, scholars argue that self-regulation enforcement by companies to mitigate the social/environmental impacts is a solution to the weak public (state) regulation enforcement in developing countries (Grabosky, 2013; Graham and Woods, 2006). The effort of self-regulation made by the companies is more effective than public- or state-based regulation. When government-based regulation is absent, self-regulation is the only hope (Berglöf and Claessens, 2006). On the other hand, other scholars
claim that implementation of company self-regulation in developing countries is ineffective. This is due to unevenness of companies' responses to disclosure, a lack of transparency in these companies, since companies operating in developing countries are usually far from the eyes of their headquarters, regulators, and investors (Graham and Woods, 2006). In addition, the lack of motivation from political support (government) also deters effective self-regulatory enforcement. Enforcement tends to led to conflict between companies and regulators if it is not carried out properly. (Parker, 2006). To motivate effective self-regulation, regulators must have the capability to convince firms that violate the regulations (Simpson, 2002). However, self-regulation depends on the companies’ behaviours. Some companies incorporate corporate social and environmental responsibilities or business ethics in their business operation strategies, while other do not (cf. Aslan and Şendoğdu, 2012), especially companies in developing countries who seek to maximise their profits in the short term ( Newell, 2001). Effective self-regulation also depends on the intensity of CSOs’ mobilisation and of freedoms of mobilisation, speech and social pressure in the country.

As discussed earlier, the government may respond to the mobilisation of CSOs by regulating companies to adopt sustainability practices through regulatory compliance. In response to governments and CSOs, companies may adopt self-regulation (sustainability practice) to ensure sustainable outcome. Thus, the mobilisation of CSOs, including domestic NGOs and grassroots communities, lead to sustainable impacts (outcomes) because companies are regulated by the government to behave more sustainably. In reserve, the mobilisation of CSOs would not affect the sustainability outcome if the government did not regulate companies. So, there is no sustainable outcome. This may occur due to the political economy relationship between the government and companies, which can be explained in the following section.

1.3.6 Political nexus between the companies and the government

As elaborated in the beginning of the study’s conceptual framework, a negative causal pathway occurs when there is a good political relationship between governments and companies. The relationship drives governments to neglect strict regulatory enforcement to ensure sustainable practice and instead governments oppresses CSOs’ mobilisation.

Theoretically, there are several types of political economy relationships between the government and the companies in relation to corporate sustainability practice. According to Midttun (2005) and Albareda et al. (2008), regulatory exchange (government as regulator and the companies as a regulate) is a pivotal relationship between governments and companies. Transcending the regulatory exchange, Crane and Matten (2004), in the context of business ethics, claim three issues lie within the relationship between government and business: the influence of business on government through lobbying (persuading the government’s policy, warning of losing jobs or politically sensitive outcomes), party financing (business provides donation political party while negotiating for tax or policy), politicians as businessmen (politician has a position in or own the higher position in the business), the government is captured by business (private firms shape the formulation of regulation by payment to public officials and politicians), and deregulation and privatisation (selling public companies to privately owned companies, deregulation favouring private companies). In addition to these,
situated within a broad political economy theory, client-patron networking illustrates a strong connection between governments and the private sector.

According to Scott (1972), the patron-client relationship (an exchange relationship between roles), which can be understood as a dyadic ties involving a largely instrumental friendship in which an individual of higher socio-economic status (patron) uses his or her own influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his or her part, reciprocates by offering general support and assistance, including personal services, to the patron. With these concepts, it is an apparent that a client needs a patron for protection either to avoid something or to be assisted in gaining something which otherwise would not be obtainable. In short, developing a clientelist network is a means to gain protection and to achieve goals in a situation of societal uncertainty created by public institutions, which may behave in ways that are not calculable. Clientelism clearly contributes to the reproduction of the institutional uncertainty that it is designed to overcome. In other words, clientelism is to be understood as an answer to the institutional uncertainty created by neo-patrimonial rule (Erdmann and Engel, 2007).

Built on these relationships, this study investigates the political nexus between the government and the companies in terms of client-patron networking and regulatory capture. This study argues that the client-patron network fuels capture of regulatory institutions, thus capture mediates the effectiveness of CSO mobilisation.

a) Capture of Regulatory Institutions

As discussed in the regulatory enforcement strategies, there are two players in regulatory enforcement, the government as a regulator and the firms as regulatees (Ayres and Braithwaite, 1992). In essence, each player can choose between compliance and evading regulatory compliance with another player. If the firm chooses to evade regulations, the regulator punishes the firm. Yet, a problem occurs when both the regulator and the firm do worse. This means if both are captured or corrupted, regulations are not fully complied with by the firm but accepted by the regulator and the firm can benefit from lower standards (Ayres and Braithwaite, 1992). Capture is a pathology of regulatory enforcement in which the regulator may be sabotaged by pressure, influence, or bribery to protect the interest of the firm, or at least not to enforce regulation strictly. This might occur automatically when there is a close relationship between the regulator and the firm or it might occur through political influence (Ogus, 1994; Parker 2002). The capture rewards both parties: the regulator can collect recurring bribe payments and the firm can benefit from repeating purchases of lower standards (Ayres and Braithwaite, 1992). These can be seen in different contexts; for example, cost-benefit consideration goes before firms decide to pay out for improved environmental and social conduct. In cases where the penalty is less than the cost of compliance with social and environmental conducts, firms prefer to be fined or pay a bribe to preclude them from social and environmental safeguard implementation (Kolstad and Wiig, 2009).

As discussed earlier, there are two potential causal pathways (negative and positive) in the interaction between CSOs and governments. The negative occurs when governments do not
regulate companies to behave in a more sustainable way in response to CSOs mobilisation and in reverse CSOs face government’s coercion. This happens because of the regulatory capture between governments and companies. As the above, the government is captured by the companies and the companies were able to evade regulatory compliance, self-regulation or from implementing sustainability practice. As a consequence, there is no sustainable impacts (outcomes) generated by companies and there is no affective CSOs’ mobilisation. Thus, the study examines the cause of an ineffective CSOs’ mobilisation by focusing on the capture, which derived from the influence of a client-patron network. As the government regulatory institutions are influenced by the client-patron network, the government tends to suppress the mobilisation of CSOs.

1.3.7 Repression

As discussed earlier, there are two potential causal pathways of interaction between CSOs and governments. The negative causal pathway occurs when CSOs face coercion or repression by governments. Repression “involves the actual or threatened use of physical sanction against an individual or organisation...for the purpose of imposing a cost on the target as well as deterring specific activities and/or beliefs perceived to be challenging to government personnel, practices or institution”, (Goldstein, 1978, p. xxvii; Davenport, 2007). Repression can be overt in form of the states’ deployment of the national guard or the military to control protesters or when police “crack down” on a protest event and arrest participants, as well as when the state infiltrates social movement organisations (Soule, 2012). This can be done by the state and the firms. The state deploys the police or military to control protestors to crack down on the protest event. This repression affects the activities of protestors or mobilisation (Wood, 2007). The firm reacts against activists who mobilise against them. In essence, firms maintain their own private security, which can deal with any kind of direct challenge, whether the challenge is from within the organisation or external to it (King and Soule, 2007; Soule, 2012).

Built on these theoretical concepts and in line with the political nexus between the government and companies, the study analyses the negative response of the government and the companies to the mobilisation of the CSOs. In this instance, the government regulates or represses CSOs instead of regulating the companies to deliver sustainable outcome. The repression can be overt in terms of government’s coercion through deploying military and polices force to crack down the mobilisation of CSOs, especially those from grassroots communities, who directly confront companies and the government, warning domestic NGOs, detaining activists and using the judiciary system to against the mobilisations or activists of the NGOs and the grassroots communities. Repression in this context is also organised by companies in collaboration with the government, if they both have good relationship. In essence, the mobilisation of CSOs therefore puts no pressure on the government as well as on the companies to behave in a more sustainable way. As a result, there is no sustainable impact delivered by companies.
1.3.8 Sustainability outcome of the companies’ sustainability practice

To answer the third question, the research employs the Sustainability Impact Assessment (SIA). SIA as a third generation of impact assessment after environmental impact assessment, strategies environmental impact assessment (Sadler, 1999). It is an approach which shifts towards a more sustainable society (Pope, Annandale and Morrison-Saunders, 2004). Several scholars define SIA similarly. For example, SIA is a method of integrated policy appraisal which is made in accordance to economic, social and environmental impacts and it is also a means of assessing the potential impact of policy measure on sustainable development (George, Clive and Kirkpatrick, 2004, p. 444; Lee and Kirkpatrick, 2000). SIA is a systematic process for the ex-ante assessment of the potential economic, social and environmental impacts of policy proposals. It is carried out in parallel with policy development and approval. Devuyst (2001) and George (2002) perceive it as a tool that helps decision-makers and policy-makers decide what actions they should (not) take to make a more sustainable impact on society.

Thus, SIA is a method used to assess the impacts of policy proposal on social, economic and environmental spheres to ensure the sustainable society. In addition, according to Bond, Morrison-Saunders and Pope (2012), the concept of SIA has been used for evaluation of international trade agreements and policies (Franz and Kirkpatrick, 2008; George and Kirkpatrick, 2008; Kirkpatrick and George, 2006; Lee and Kirkpatrick, 2001), existing project (Gaudreau and Gibson, 2010), project planning activities (Pope, 2006) and regional development (Wood and Garnett, 2010). Overall, the concept of SIA is in line with sustainable development, which is the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987, p. 40). This concept places more emphasis on integrative social, economic, and environmental aspects. In this study, SIA is used to ex-post assessment of the impacts of investments operation on the social, economic and environmental aspects of local communities. Thus ex-ante is not covered in this study, but the situation before investment operation was documented based on the perception of households who experienced the impact of the companies’ activities.

This assessment was conducted in order to confirm the extent to which the mobilisation of CSOs influenced the sustainable outcome (impacts) of the sustainability practices of companies, which is a consequence of regulatory enforcement and compliance (including self-regulation). In this assessment, the study covers three aspects of sustainability domains: social, economic, and environmental. Each domain comprises of sub-indicators to be assessed (see Chapter Two).

1.4 Significance of the Research

The empirical evidences of this research contributes to the understanding of the foreign investment’s sustainability practices in Cambodia on one hand and it contributes to the neglect within the existing literature of how interactions between CSOs, companies and the government mediate the effectiveness of civil society mobilisation to promote sustainability practices on the other.
In particular, it contributes to the works of Midttun (2005) and Albareda et al. (2008), who examine the exchange relationship in terms of regulatory exchange between governments and firms, commercial exchange between the society and the firm and political exchange between the society and the government. But they fail to address the interaction between the three actors in the context of globalisation and developing countries, especially, the extent to which CSOs influence the government’s strategy to promote corporate responsibilities and the response of the government and the business to the CSOs’ mobilisation. Moreover, how political nexus between the government and the business mediates the effectiveness of CSOs’ mobilisation. This research also contributes to the work of Fairbrass and Zueva-Owens (2012), who build on the work of Midttun (2005) and Albareda et al. (2008), challenge that the relationship between the three actors is difficult to define. It is not about the commercial, regulatory, and political exchanges, but the power relations between the three actors. In their critiques, they challenge that the power between the three actors is imbalanced. The government possesses the strongest power to enforce CSR in the policy. This may apply to only the domestic business in a country, but it may not apply to the context of transnational business or investment in a host country. So, the empirical evidence of this study contributes to the debate between Midttun (2005), Albareda et al. (2008), and Fairbrass and Zueva-Owens (2012) and to how interactions between the CSOs, the government and the companies mediate the effectiveness of CSOs’ mobilisation to promote sustainability practices.

1.5 Delimitation and Scope of the Research

To answer the first question, the study is limited to the mobilisation of CSOs at grassroots and domestic NGOs. Although there are several tactics used by the CSOs to influence corporations, the study focuses on the direction and indirect (mobilisation) interaction through institutional and non-institutional tactics. As defined in the conceptual framework, direct mobilisation is made through protests, non-violent demonstrations, boycotts and filing complaints against the government (as the intermediary) to regulate the companies to comply regulation or adopt the sustainability practice (including self-regulation). Also, it can be made directly against the companies. Indirect interaction can be made through reporting the issues about the companies’ violation, adverse impacts or acting irresponsibly towards local communities to the government and concerned agencies and through lobbying and dialogue etc. This can be made by both the domestic NGOs and the grassroots communities. Thus, other strategies of CSOs influence (including partnership, violent mobilisation) are beyond the scope of this study. Moreover, the responses the government and the companies to the mobilisation of the CSOs are limited to the regulatory enforcement strategies and self-regulation (sustainability practice) to ensure sustainable outcome.

To answer the second question and to identify the outcome of the sustainability practices, the study conducted a sustainability impact assessment. The assessment focuses on the ex-post (though the investments of the project have not finished, but they at least create impacts on local communities). The assessment places more emphasis on sub-indicators of social (land rights, infrastructure, cultural and worship sites, indigenous, communities and association), economic (income, poverty, job creation, non-timber forest products), and environmental (forest, water source, water quality, change in land use, soil quality) dimensions of sustainability. About 250 households of six villages, which are located in or surrounding the
two investment areas (Koh Kong, Mondulkiri provinces) were interviewed. Due to time constraints, the sustainability assessment was based preliminarily on the perception of the affected families. Fieldwork began in August 2013 and was finished in January 2014. While writing the report, follow up fieldwork was conducted in July 2014.

As an answer to the third question, the study defined political nexus between the government and the companies in terms of client-patron network and regulatory capture. It explores how this political nexus mediates or constrains the effectiveness of mobilisation of CSOs. Other types of political nexus, including but not limited to legitimacy, accountability, influence of business on the government, ethical issues, are out of the scope of this study. As discussed in transnational advocacy networks theory, this study is limited to the effort and mobilisation of domestic CSOs. The enrolment of international network is available but out of scope of this study. Yet, particular assistance in terms of financial resources and knowledge from international network was also discussed where relevant.

There are several controversial drivers. For example, firm size, shareholders, stakeholders, relationship with the headquarters of the companies, and company brands, have been considered factors that influence the sustainability practices of companies. These are however out of scope of this study.

1.6 Organisation of the Paper

The paper begins, as in this chapter, by reviewing the extant literature and theoretical gaps. Based on the review, research puzzles and questions are set to explore answers. To answer the research questions, the theoretical and analytical framework developed by drawing on different overlapping mid-ranged theories of interactions between the government, business and civil society in the era of globalisation.

To observe the theoretical framework at the empirical level, Chapter Two presents the employment of both mixed research methods. The qualitative method was used to address the first and third question. Somehow, it also provided insight into explaining of the second research question (especially the focus group discussions). Qualitative methods, especially survey approach, were used to document the perception of the affected communities pertaining to whether the investment produces sustainable or unsustainable results. As this research is driven by process tracing method, the research traces the observable cause (mobilisation of the CSOs) and outcome (sustainability impacts practice of the company) and the mechanism of mediation, which is the relationship between the government and business.

Chapter Three addresses the causal mechanism of interactions between the government, business and civil society for the sustainability practices of the foreign joint company’s investment in the rubber plantation in Mondulkiri province. It highlights the mobilisation of civil society, the outcome of mobilisation and factors are that mediate the outcomes of the mobilisation in the rubber investment. This chapter argues that the mobilisation of civil society, especially the affected indigenous communities, yielded significant results for sustainability impacts were found to be moderately satisfied by the affected communities.
Chapter Four presents the causal mechanism of interactions between the government, business, and civil society for sustainability impacts practice of the foreign joint company’s investment in the sugarcane plantation in Koh Kong province. Unlike the case in Mondulkiri, this chapter underlines the negative causal mechanism of the interactions between the government, business and civil society, since civil society failed to influence the government and the business to deliver sustainable outcomes in or surrounding the investment areas. This was due to the good political nexus between the government and the company, which undermined the mobilisation of civil society.

Last but not least, Chapter Five recapitulates all chapters by comparing the causal mechanism of interaction between the government, business, and civil society in the two cases. It argues that, good political nexus, in terms of client-patron networks, which constitutes capture of regulatory institutions, tends to undermine the influence of the civil society to ensure sustainability practice, whereas a limited political nexus between the government and the business avails civil society to significantly influence the company to behave in a more sustainable way. Hence, the extent to which civil society can influence the government to regulate the business to ensure sustainability practices relies substantially on the present and absence of the political nexus between the government and the business in the host country with lax regulatory enforcement and a uncertain business environment.
Research Design and Methods

This research is situated within case study design and employs both qualitative and quantitative data collection methods. Qualitative data collection methods, including interviews, observation, and group discussions, were used to collect data related to the influence of civil society’s mobilisation on the sustainability practice of companies’ investment, the response of the government and the companies and the political nexus between the government and the companies on the mobilisation of civil society. A questionnaire survey is the only quantitative data collection method employed in order to document the perception of households on the sustainability impacts made by the companies. Analysis of the causal process, for example, the influence of civil society’s mobilisation on the sustainability practices of companies, the response of the government and the companies, and the influence of political nexus between the government and companies on civil society, was based on the qualitative technique.

2.1 Research Design

In order to answer the research questions, this research relies on the case study approach. The case study approach involves “the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events” (George and Bennett, 2005, p. 05). The case study approach is chosen for this study because the study attempts to explore the historical phenomena within each case of foreign investment in agriculture; for example, what are the sustainable outcomes (impacts) made by the companies’ investment in each case; how CSOs mobilise to influence government to regulate the companies to deliver sustainable outcomes; responses of government and the two companies; and how the political economy relationships between the government and the two companies influence or mediate CSOs’ mobilisation in each case. So, these are casual phenomena in each case to be investigated. To analyse the causal mechanism within each case, the study employs a process-tracing approach. This approach is used to trace the linkage between the cause and observable outcomes within individual cases (George and Bennett, 2005). The outcome refers to the sustainable impacts to be made by the companies’ investment and the cause is the mobilisation of CSOs targeting both the government and the companies. Hence, process tracing is appropriate to analyse the causal mechanism within each case.

2.1.1 Case selection

There are two kinds of cases, intrinsic and instrumental studies. An intrinsic case study is a kind of study when a researcher has an intrinsic interest in the case, not because it will solve a general problem but because that particular case interests the researcher. An instrumental case study is a study to address a particular problem and to gain general understanding; hence, it is instrumental in addressing a specific research question with ramifications beyond the case itself (Stake, 1995). This study applies the intrinsic approach to select the cases. Thus, two companies’ investment projects are selected purposely. The two investments (ELCs) are located in Mondulkiri and Koh Kong provinces are selected for this study. These
two cases are selected based on purposive (intrinsic) and similarity of approach. There are eight reasons that motivated research to choose these two cases.

2.1.2 Why these two cases

- The study selects only large-scale concessions as they are likely to have huge impacts.
- The cases were granted after the government passed Sub-decree on Economic Land Concessions in 2005. Thereby, these are subject to abiding the Sub-decree’s objective; this ensures sustainability impacts in or surrounding the investment areas.
- NGOs conducted studies into the impacts of these two cases, in 2010 and 2012 for the sugarcane case and in 2011 for rubber case. The studies focused on the impacts of the ELCs on livelihood of the affected villages but they failed to focus on how mobilisation of the villagers and the local NGOs influence the sustainable impacts to be delivered by the companies. Thus, these studies could be used as baselines for this research.
- According to local news and local NGOs, the two cases experienced mobilisation (protest, campaign, and filling complaints) of local communities with the assistance of local NGOs. So, these two cases match well with the objectives of the study. There are several other cases (ELCs) experienced the protests, but this study cannot afford to cover all cases due to time and budget constraints and moreover those cases belong to domestic companies and or foreign companies which have just operated recently 2010-12. Thus, these cases have not produced any impacts according to this study’s objectives. The selected cases are plausible for this research as they operated at the similar period (2006/2008) and experienced the mobilisation of local communities and the NGOs.
- These two cases were selected because local and international NGOs were operating in Cambodia. These NGOs facilitated and assisted the mobilisation of local communities. So, these cases match well with the objectives of this study.
- The two cases were selected because they have similar characteristics (in terms of size of investment, date of starting operations or plantation). Therefore, most variables are constant, controlled, and cannot be adduced as the cause of the difference between these two cases. Mobilisation of civil society organisations is considered as the only cause, which influences sustainable outcome of the investment in each case. This can be mediated by other mechanisms including the government’s intervention (regulatory enforcement, etc.).
- Though these cases were located in the different locations, they provide a unique characteristic for comparison in terms of mechanisms or tactics employed by the civil society organisations (NGOs and local communities) to encourage the government to regulate the company to behave more sustainably. Regardless of the geographical condition, the comparison of the mechanism between these two cases could be generalised and be replicated or implicated to other cases with similar context.
- These two cases were selected because the researcher is familiar with their geographical conditions and situation. The researcher used to conduct study in these areas and had already met several key informants, experts, and government officials. It is more convenient for the researcher to interview these respondents and to collect empirical data/views to address the research objectives. See the list of respondents in the attachment.
The study was conducted in two different locations of the companies. Each location represents one project of the companies. The first location is in Busra commune, Pichrea district, Mondolkiri province and another location is in Chi Kha Leu commune, Sre Ambel district, Koh Kong province, Cambodia. The locations of investment projects are shown in Map 2.1.

![Map 2.1: Location of Study Area and the Cases](source: www.opendevelopmentcambodia.net (accessed 15 July 2013)

### 2.2 Selection of Households

To answer the third research question, households who experienced the impacts were selected for interview by using a standardised questionnaire. Sampled households were needed due to the large number of households, who experienced the impacts, in the study areas and due to time constraint of the research. To select households, this research applies Yamane’s (1967) formula, as presented below. This formula is appropriate for this research since it involves a selection of samples from large-sized population (Yamane, 1967).

\[
n = \frac{N}{1 + Ne^2}
\]

Where:
- \(n\): Sampled households
- \(N\): Total household of 6 villages (929)
- \(e^2\): Level of precision (0.00285) at 95% of confident level
Based on calculation, the total sampled households of 250 (n) were selected for questionnaire interviews. Households were selected from each village according to its proportion (percentage) to the total households, which can be summarised in Table 2.1.

Based on this calculation, the systematic sampling method was employed to select individual households in each village for interviews. To do so, total households in each village (N) was divided by sampled households (n) in each village to identify the fraction (k); thus, \( k = \frac{N}{n} \) (Sarantakos, 1998). For example, Pu Laes village: 96/26=4. Every household in the 4th, 8th, 12th... until the end of the list of 96 households was selected for interview. The list of households in each village was obtained from each village head.

Table 2.1: Sampled Households

<table>
<thead>
<tr>
<th>Investment (Case)</th>
<th>Province/District/Commune</th>
<th>Village</th>
<th>Total Household</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber Investment</td>
<td>Mondolkiri, Pichreada, Busra commune</td>
<td>Pu Toeut</td>
<td>200</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>La mesh</td>
<td>167</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Busra</td>
<td>114</td>
<td>10</td>
</tr>
<tr>
<td>Sugarcane Investment</td>
<td>Koh Kong, Sre Ambel district, Chi Kha Leu commune</td>
<td>Chi Kha leu</td>
<td>291</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chhouk</td>
<td>301</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trapaing Kandoal</td>
<td>106</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>2 Communes</td>
<td>6 Villages</td>
<td>1179</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author’s calculation from Commune Councils’ Data (2013)

2.3 Data Sources and Data Collection Methods

This study relies heavily on primary data, while secondary data is supplementary, but also important, to address the research questions.

2.3.1 Primary data

Primary data were collected through reconnaissance, interviews (including Semi-Structured Interview [SSI]), questionnaire and Focus Group Discussions (FGD). As each technique has its limitations and weaknesses, this research employed the “triangulation method” to collect insightful and valid data. There are two types of triangulations, inter-method and intra-method, see Sarantakos (1998). This research employed the intra-method (using two or more techniques of data collection) to collect particular data and in order to overcome weaknesses of each technique. Thus, these five techniques were used to obtain answers to the research questions.

a) Reconnaissance survey

A reconnaissance survey was conducted to gather data and information of the selected cases and villages between July and August 2013. Then, the details of sampling design was finalised, key informants, key experts, and households were identified and selected. In addition, basic information about each case was garnered as preliminary thoughts.
b) Key informants interview

In the first instance, key informants (including community leaders, activists, and others actively involved in protesting, petitioning, and filing complaints against the project at the village level) were interviewed using SSI to document the process of local communities’ mobilisation to demand the government regulate the companies to behave in a more sustainable way. The interviews also traced the response or reaction of the government and the companies to the (indirect and direct) mobilisation of CSOs. This provided partial empirical evidence to answer the first research question.

Key informants, including four commune councillors, six village heads, were also interviewed to gain insight into how the companies’ investments generate impacts (negative or positive) on local communities, and how local communities mobilise or react against the impacts and how the local government (the respondents) responded to the mobilisation. These interviews provided supplementary information to the questionnaire survey and group discussions.

In addition, intensive interviews with the staff of the two companies were done by using SSI in order to understand companies’ sustainability practices. It focused on how the projects remedy the impacts, how the projects benefit local communities, and how they (companies) responded to the mobilisation of grassroots communities or domestic NGOs as well as the government regulatory enforcement.

c) Experts interview

To answer the first and the third research questions, the research interviewed key experts who have had experience with civil society’s mobilisation, government’s regulation enforcement, and companies’ sustainability practices. In so doing, they were asked to provide insightful opinion and comments on the influence of CSOs’ mobilisation on sustainability outcome made by the companies and response of the government and the companies. The interviews also provided information about how the political economy relationships in terms of client-patron networks and regulatory capture between the government and the companies mediates CSO mobilisation.

Key experts were identified based on publicly available contacts and the snowball technique. Approximately 21 key experts (at the provincial and central level) were interviewed. Based on their experience (up to 5 years) and direct involvement, these key experts provided direct evidence especially on the causes that have influenced the sustainable outcomes at local level. For example:

i. Experts from CSOs (NGOs, grassroots communities) commented how the companies addressed the impacts after their mobilisation as they used to facilitate community mobilisation or negotiate with companies or government.

ii. Experts from consulting firms who facilitated investors to invest in agriculture helped provide empirical evidence: regulatory enforcement of the government, how companies comply with (evade) regulation and the process to request for investment in agriculture. To collect this information, the interviews were conducted informally.
(out of working hour and office) in order to comfort the experts to disclose or provide reliable information.

iii. Experts from academic and research institutes (only those with similar research interests to this topic were interviewed) were requested to comment on how grassroots and NGOs mobilisations influence the government to regulate the companies, response of the government and the companies, and how regulatory capture and deregulation mediate CSOs in reverse.

iv. Government officials (provincial department of agriculture, provincial offices (under the ministry of interior), ministry of agriculture, councils of minister, council for development of Cambodia) were requested to comment on how their regulations are (not) enforced (by punishing or persuading) to regulate the companies to behave more sustainably and how the government responds to the mobilisation of CSOs. To get this information, the informal interviews (not during working hours or in their offices) were organised in order to encourage the government official to disclose reliable information.

d) Survey (questionnaires)

To answer the second question, a standardised questionnaire that incorporated some key open-ended questions was used to interview members of sampled households affected by the companies’ activities. Interviewees were asked to assess the relevant investment based on their perceptions before and after the investment was made. For example, participants were asked whether they perceived that the investment produced very unsustainable, unsustainable, neutral, sustainable or more sustainable results. Household representatives were asked to assess the following indicators:

- Social: infrastructure, land rights, indigenous, communities, and association and cultural and worship sites
- Environment: forest cover, water resource, water quality, change in land use and soil quality
- Economic: income, poverty, employment, working condition and wage labour, and non-timber forest products.

Prior to the formal survey, initial questionnaire testing was conducted and a substantial revision was made in order to increase the effectiveness of the questionnaire.

e) Focus group discussion (FGD)

FGD can serve several purposes (Sarantakos, 1998). The most important of FGD is the use of group’s interaction to produce data and insights. Discussion on specific topics produce insightful information that cannot be collected through other approaches, such as interviews, questionnaires or observation (Van Willigen, 2002; see also Vromen, 2010). To add more insightful and substantive answers to the first question, FGD was used to collect insightful qualitative data such as the impacts (negative and positive) and how the negative impacts were remedied by investments. These could not be collected through questionnaires, which are based on the quantitative perception of individual households. Moreover, the group discussion also focused on how communities mobilise against the government to regulate the companies, the success and failure of mobilisation and reaction/response from the
government and the companies at local level. Thus, FGD helped answer the first research question as well as part of the second and third questions. Four FGDs were organised, one per village. About ten villagers were invited to each discussion, which were facilitated by the researcher, who was assisted by a research assistant.

2.3.2 Secondary data

As a part of the literature review, secondary data, both qualitative and quantitative, were collected from various sources from international peer-reviewed and referred journals related to sustainability practice of foreign investment in agriculture and political economy drivers influencing the practice. During the fieldwork, related regulations (decrees, sub-decrees, and other proclamations) on social, environmental impacts assessment, economic land concessions, reliable academic research publications, reports and data related to investment in Cambodia were also reviewed and scrutinised.

2.4 Data Analysis Techniques

The collected data were analysed based on the quantitative and qualitative techniques as shown below.

2.4.1 Qualitative Analysis

To analyse the qualitative data, this research employs the process-tracing method for within-case analysis and cross-case comparison. To assist with data management and analysis, the NVivo application was used.

a) Within case analysis: process tracing

To carry out within-case analysis, this research applies process tracing. This is used to “identify the intervening causal process—the causal chain and causal mechanism—between an independent variable (or variables) and the outcome of the dependent variable” (George, and Bennett, 2005; see also Mahoney, 2007). Hence, the process tracing aims to trace the link between possible causes and observable outcomes (George and Bennett, 2005). In this study, the mobilisation of civil society is defined as a cause (independent variable) and sustainability practice of companies is defined as an outcome (dependent variable).

Firstly, the study identifies the sustainability outcomes (dependent variable), which is the result of sustainability practice of and regulatory enforcement of the companies. The outcomes are the impacts on social, economic, and environmental aspects of local communities. Thus, the impacts caused by each company were analysed based on qualitative data obtained from FGD, observation, key informant interviews, and the result of quantitative perception survey (see quantitative analysis). The impacts (either positive or negative) depend on sustainability practice of companies.

Following the result of the sustainability analysis, causal process observation was carried out within each case. It began by analysing the extent to mobilisation of civil society influences the sustainability outcome (impacts) made by company in each case. If the local communities were satisfied with the sustainability outcome, the mobilisation of CSOs was effective, for both the government and company positively responded to the mobilisation CSOs.
Alternatively, if the local communities did not satisfy the sustainability outcome, the mobilisation of CSOs was not effective because government did not regulate companies to behave in a more sustainable way. This might happen because of political nexus, in term of client-patron networks that creates regulatory capture, between the government and the companies.

Based on individual and within case analysis, the study compared the cases together in order to find out the similarities and the differences.

2.4.2 Quantitative analysis

For quantitative data, the Statistic Package for Social Sciences (SPSS) and the EXCEL program were used to manage the collected data, especially the primary data from the survey. Qualitative data was coded by using NVivo software.

2.5 Chapter Summary

This chapter has introduced the overall research design and claimed that the research situates within a case study design. Both qualitative and qualitative data collection methods were employed. Qualitative data collection methods consist of interviews, observation and group discussions, are used. These methods were used to collect data related to the influence of civil society’s mobilisation against government to regulate companies to adopt sustainability practice and how political economy relationship between government and companies mediate mobilisation of civil society. Interviews comprised of key informants interviews (local authorities, leaders of communities or activists, etc.), which focuses on the impacts of the companies’ investment, mobilisation of grassroots and response of government and or companies. Key expert interviews (including NGOs, research and academic institutions, business consulting firms, government agencies) were used to explore the process of CSOs’ mobilisation and their influence on government to regulate companies and response of government and companies to the mobilisation. In addition, the key expert interviews also focus on how political economy relationships in terms of regulatory capture between government and companies mediate CSOs’ mobilisation. Besides, questionnaire survey is the only quantitative data collection method employed in order to document perception of households on outcomes (impacts) made by companies’ operations. To analyse the causal process; for example, the influence of civil society’s mobilisation on the outcomes (impacts) of sustainability practice of companies and influence of political economy relationships between government and companies on civil society, the study used process tracing, tracing the causes (mobilisation of CSOs) and the observable outcomes (sustainable outcome to be delivered by government and companies).
Interaction of Civil Society, Government and Business for Sustainability in the Rubber Agro-industry

This chapter presents and discusses causal mechanism of interactions among government, rubber plantation company (the rubber company hereafter) and CSOs, in Mondulkiri province. The chapter argues that mobilisation of CSOs has had a significant influence on the government and the rubber company to address most of CSOs’ expectations, which would lead sustainability in the communities. However, the sustainable outcome attained is not due to the influential disruptive tactics commissioned by the Rubber Affected Communities (RAC hereafter), rather it is mediated by weak client-patron networks, which constitute weak capture of regulatory institutions. As a result, government is inclined to concede to address CSOs’ demands. In accordance with the government response, the rubber company not only complies with the regulations to address the demands of CSOs, but also self-regulates by introducing codes of conduct to ensure long-term and sustainable business in the indigenous communities.

The first section of this chapter begins by presenting an overview of the rubber plantation in Mondulkiri and how this rubber plantation has had a detrimental affect on indigenous communities in the Busra commune of Pech Chreada district. In reaction to these adverse effects, RAC mobilised against the rubber company’s operations, which were endorsed by government. The second section features the expected outcomes/demands of RAC and their alliance with local NGOs. The third section discusses influential tactics, including non-institutional and institutional tools, employed by RAC with the assistance of local NGOs to leverage pressure on the government and rubber company. The fourth section analyses both concessions and repression as mechanisms of government and rubber company responses. The fifth section features the outcomes of RAC’s influential tactics. The sixth section explains why and in what circumstance the mobilisation of RAC and local NGOs achieves better outcomes. Then, the political nexus between the government and the rubber company, in terms of client-patron network and capture of institution, are analysed how this avails CSOs to achieve a more sustainable outcome. Finally and importantly, the chapter concludes by arguing that CSO mobilisation of achieve satisfactory outcome, which would contribute to sustainable development in the indigenous communities.

3.1 Overview of Foreign Investments in Rubber Plantation in Mondulkiri

Located in Northeastern Cambodia, Mondulkiri province borders Kratie province to the West, Stung Treng to the Northwest, Ratanakiri to the North, and with Vietnam to the East. With a total area of 14,288 square kilometres, the province has five districts, 21 communes and 98 villages. As of 2008, it had a total population of 60,881 habitants, with population density of four persons per square Kilometre (Planning 2008), are residing in this mountainous and rich natural resources endowment province. Mondulkiri is also home to a number of indigenous communities: Bunong (Phnong), Kren, Jaray, Krorl, Steang, Khmon, Kouy, and Tumpoun.

In 2005, the government started granting ELCs to both domestic and foreign companies for agricultural plantations and agro-industries (rubber plantations or cash crops). As of May
2012, fifteen ELCs were granted under the authority of Ministry of Agriculture, Forestry and Fishery (MAFF). These ELCs extend the total area of approximately 94,731 hectares. Two of these ELCs, placed within the periphery of protected area, were granted by Ministry of Environment (MoE). Many of them were located in Busra and Krang Teh communes.

Busra commune consists of seven villages, and has a total population of 1,063 households, which is equivalent of 4,810 people. A majority of them are indigenous people (Bunong or Phnong). Their livelihoods are based on agricultural production, such as shifting or rotation cultivation, lowland rice; collecting NTFPs: resin, honey, bamboo or bamboos shoot, vine, rattan, wild fruits and vegetables, herbal; cash crop plantations including beans, cashew nuts, sesame, etc.; and livestock raising. According to Men (2011) and Hang, Socheth and Chandarany (2012), indigenous people generate about USD10.0-15.0 per week and approximately USD115 from collecting NTFPs, regardless their households consumption. This provides a sustainable solution to livelihood of the indigenous people.

In early 2007, two companies were granted two ELCs. Rubber I was granted an ELC of about 4,500 hectares by government through MoE, and Rubber II was awarded an ELC of 3,000 hectares by government through MAFF, for rubber plantation in Busra commune. Each ELC is leased for a period of 70 years concession. A Cambodian tycoon Ouknha (wealthy), who is the owner of Cambo, owned these two companies. After almost a year land preparation, a Belgium based company: Sophia took over the management and operation of the two ELCs, in terms of joint venture with Sophia. Sophia holds 70 per cent and Cambo owns 30 per cent of the total shares. Currently, these two ELCs are operating in the name of Sophia-Cambo. Registered in Luxembourg, Sophia is mainly owned by the French industrial group and Belgian families. The Frenh industrial group is a member of UN Global Compacts for Corporate Social Responsibility.

In early 2008, the indigenous communities in Busra commune were surprised when the rubber company cleared not only forestland for a rubber plantation, but also indigenous people’s properties: farmland, cottages and other crop plantations. As result of this, tension between the rubber company and indigenous communities erupted. According to FIDH (2011), about 850 families were affected by the rubber company’s operations. Because of these, RAC started to mobilise against the rubber company and the government’s decision. The aims of the mobilisation was to influence the government and the rubber company to operate in a more sustainable way in general, and in particular, RAC and NGOs demanded rubber company and government to mitigate adverse impacts on social, economic and environmental aspects of sustainability.

3.1.1 Social expectations

The affected indigenous communities demanded government and the rubber company to:

\[\text{5 All names are pseudonyms. These are used to comply with research ethics and consent made between researcher and participants. Size of each ELC is only estimated.}

\[\text{6 Officially launched in 2000 by the UN, the Global Compact is a voluntary corporate responsibility initiative now counting on over 8,700 corporate participants and other stakeholders from over 130 countries.} \]
i. Conserve the indigenous communities’ cultural sites: (burial sites) and worship forest. Bunong (Phnong) is one among indigenous communities in the Northern Plain of Cambodia who worship the forest and cemeteries. They believe that the spiritual forest protects them from having sickness, disaster or any tragedy or encroachment of evil. As concession areas of the rubber company overlap with the indigenous communities’ spiritual forest and their ancestors’ cemeteries, RAC claimed for conserving these spiritual forests and compensating the damaged spiritual forest by celebrating sacrificed ceremony.

ii. To respect rights of indigenous communities and to re-comply with relevant regulations. RAC claimed that the rubber plantation contravened the right to collective ownership of the indigenous communities, stated in Articles 23 to 28 of the 2001 Land Law and Article 37 of the 2002 Forestry Law and Sub-decree on Procedures of Registration of Land of Indigenous. According to Article 23 of the Land Law (2001), indigenous community is defined as:

a group of people that resides in the territory of the Kingdom of Cambodia whose members manifest ethnic, social and cultural and economic unity and who practice a traditional lifestyle and who cultivate the lands in their possessions according to customary rules of collective use.

iii. To respect land rights. Based on this, Bunong’s collective ownership, shifting cultivation, other forms of traditional agricultural activities and spiritual worship or practice were violated. These collective ownership properties are recognised by Article 25 of the 2001 Land and Article 6 of the Sub-decree on Procedures of Registration of Land of Indigenous Communities.

According to 2002 Forestry Law, indigenous people’s user and tenure rights of communities are stated. In Article 37, the law requires concessionaires to make sure their operations do not interfere with:

Customary user rights taking place on land property of an indigenous community that is registered with the state consistent with the Land law; and customary access and user rights practised by communities residing within or adjacent to forest concessions.

Other than the above, the concession areas granted to the rubber company contravened the ELCs sub-decree 2005 and EIA sub-decree 1999, which command concessionaires to comply with; for example, conducting proper public consultation, Environmental and Social Impact Assessments and developing a clear mitigation plan prior to investment operations. These were violated by the rubber company, which resulted in adverse impacts on the indigenous communities. The government nevertheless endorsed the rubber company’s proposal. Not to mention, the rubber company contravened other international conventions: the International Covenant on Economic, Social and Cultural Rights (ICESCR), The International Covenant

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7 ICESCR enshrines the right to self-determination (Article1), the right to an adequate standard of living (Article11), including the right to food and housing. Article 1, as interpreted by the Committee on Economic, Social and Cultural Rights (CESCR), as acknowledging the right of indigenous peoples to choose their own development, including the management of their own land and natural resources.
on Civil and Political Rights (ICCPR),\(^8\) and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)\(^9\) ratified by the Government of Cambodia.

3.1.2 **Economic expectations**

The rubber company was accused of not only causing detrimental impacts on social, but also on economy of the indigenous communities in Busra commune. The affected indigenous communities demanded the government and the rubber company to:

i. **Address the loss of income from NTFPs collection.** RAC claimed that the rubber company cleared the forestland where the communities used to collect Non-timber Forest Products (NTFPs) for their sustainable livelihood. This caused adverse long-term effects on communities’ livelihoods and income.

ii. **To return farmland or otherwise pay fair compensation** The rubber company was accused of clearing or damaging the indigenous communities’ traditional cultivation, such as shifting farming, farmland and other plantations. Approximately 800 indigenous families from seven villages of Busra commune were affected by the rubber company’s clearing. Around 1,500 hectares of their farmland or plantations lost to the rubber company, resulting in adverse effects on the livelihood of indigenous communities. RAC demands government and the rubber company either to return the land back or to provide fair compensation to the affected indigenous families.\(^10\)

3.1.3 **Environmental expectations**

Apart from accusation of exacerbating social and economic, RAC claimed that the rubber plantation caused harmful impacts on indigenous communities’ environment:

i. **To conserve forest.** With above explanation, the rubber company was granted two concession areas. These two ELCs are placed inside and in the periphery of the

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\(^8\) ICCPR protects freedom of expression and the right to access to information. (Article 19), equality before the law (Article 14), the right to an effective remedy (Article 2.3a) as well as special protection to national minorities, including indigenous peoples (Article 27). The Human Rights Committee has highlighted that Article 27 requires States to protect indigenous peoples’ rights to own, develop, control and use their communal lands, territories and resources and recognised their right to restitution (or, if not possible, a just, fair and prompt compensation) if deprived of their lands and territories traditionally owned.97

\(^9\) UNDRIP recognises the right of indigenous peoples to self-determination (i.e. article 1: to freely pursue their economic, social and cultural development), the right to be protected against forced evictions (article10), the right to be protected against forced assimilation or destruction of their culture (article10 and, interrelated, the right to maintain and protect their cultural traditions and customs (article 11), spiritual and religious traditions (article12) and to exercise their spiritual and traditional relationship with the land (article 25) ; and more explicitly their right to land (article 26). Articles 19 and 32 highlight the need for States to consult with indigenous peoples and to obtain their free, prior and informed consent prior to adopting legislative or administrative measures or projects which may affect the enjoyment of their rights, in particular “projects affecting their lands or territories and other resources”. Article 29 underscores indigenous peoples’ right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources. Finally, the Declaration also emphasises indigenous peoples’ right to obtain redress if they are deprived of their means of subsistence and development (art. 20, 28, 32, 40).

\(^10\) Participant 27
protected area of MoE. No doubt that this caused impact on the environment, especially forest cover depletion.

ii. To mitigate undesired water quality caused the company’s rubber plantation. Rubber plantation contaminated surface water quality in or surrounding investment areas where a number of indigenous communities rely on for household use, animal raising, and watering the vegetable and crop. This was due to the runoff chemical fertiliser from the rubber plantation areas into the stream and lakes. As reported by the indigenous communities, it harmed both animal and human health, such as poison, itchy and other diseases. Unlike before, the indigenous villagers had to carry a big bottle of water for drinking as they could not drink water directly from the lake and canal.

iii. To mitigate soil erosion. To plant rubber, the company had to clear the forestland; which resulted in soil erosion. Evidence shows that, soil filled up the lake or canal around and in the rubber plantation area.

3.2 Tactical Mobilisation of the Affected Indigenous Communities

To influence the government and rubber company to behave in a more sustainable way, RAC staged two steps of mobilisation. The indigenous communities initially staged institutional tactics, such as petitions, peaceful protests, and complaining to concerned institutions. As the first steps put no pressure on the government and rubber company, RAC staged non-institutional tactics, orchestrating violent protest against the rubber company directly.

In April 2008, as the rubber company started to raze the indigenous people’s plantation and worship sites, RAC consulted with the village heads and latter submitted petition to the commune and district offices. Several times, these local government and rubber company responded no significant result. In May 2008, about 100 representatives of the indigenous communities gathered and protested at the provincial office of Mondulkiri. The peaceful protest attempted to seek intervention from provincial governor as well as other sectoral departments to address their concerns. Though National Authorities for the Resolution of Land Disputes (NARLD) intervened, they just promised to the earth.

In October 2008, the representatives of indigenous communities filed complaints regarding adverse impacts of the rubber company’s activities to the Councils of Ministers, Ministry of Interior (MoI) and Ministry of Land Management Urban Planning and Construction (MLMUPC) in Phnom Penh. However, there was no immediate positive response or interventions undertaken by these concerned institutions (FIDH, 2011).

To assist RAC, a number of local NGOs, among the others to be named: Community Legal Education Centre (CLEC), ADHOC, Caritas, My Village, Indigenous Communities Support Organization (ICSO), involved in mediating and investigating the dispute. Based on their findings, a number of legal memorandums were submitted to both rubber company and the to call for mitigating and addressing the concerns of RAC. To empower RAC, these local NGOs

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11 To hold peaceful protest or gathering, approval from the competent authorities is needed (Royal Decree, 2009). Having approved by the competent authorities, the protest/collective action are rightful. This is so-called institutionalised tactic.

12 Participant 24
provided legal advices and legal trainings to them. As a result, a number of representatives of indigenous communities were selected to be outspoken persons in the seven villages.

As a result of having no positive response and responding to the constant delays, the RAC staged non-institutional tactics (a violent protest) to escalate pressure squarely on the rubber company and indirectly on government to address their concerns. On 20 December 2008, about 500 affected indigenous people marched with sticks, axes, bottles of gasoline, lighters, knives, etc., from the commune office to the concession areas, where a number of bulldozers were clearing the (spiritual) forest, indigenous people’s plantations and farmland. As the crowd arrived, bulldozers continued clearing the land. The RAC then burnt down three bulldozers and destroyed the fourth. About 50 rubber saplings were destroyed. RAC staged a violent protest because they intuitively perceived that, the rubber company would not address the demands/concerns without severe pressure.

The people thought that, this company, if we did not forcefully put pressure on it, it would not solve the problem. The people were then outraged. After violently throwing stone at the commune office’s brick roof, we organised our force to burn down the tractors and bulldozers because the rubber company did not listen to the suggestions of the villagers.

Though the violent protest was being observed by policemen and armed thugs, who hired by the rubber company to protect the company, they took no action to disperse the protest. They instead begged the protestors not to destroy the rubber company’s property.

Overall, the violent tactics employed by RAC put a certain pressure on the rubber company and government. According to the law on peaceful assembly (2009), violent protest is illegal in Cambodia. As if violent protest is orchestrated, the concerned authorities are authorised to crack down on or take suppressive measures. But RAC claimed that the rubber company violently destroyed their property without prior consent and or consultation. Thus, the indigenous communities were the victims not the rubber company.

3.3 Government Response: Concession and Repression

In response to RAC, the government employed two light repressive approaches, such as delay and harassment arrests, to suppress the mobilisation of RAC and the local NGOs. Initially the government either unintentionally or intentionally delayed to respond to RAC. This approach is similar to Boykoff’s (2006) resource depletion, which aims to delay the ability of the indigenous communities to cease mobilisation. The longer the government could delay, the better, in Khmer “Khan Te Yu, Khan Te Khmay.” To decay the long-term capability of mobilisation, the government (especially provincial office) just gave excuse: promise to the

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13 Participant 21
14 Participant 19
15 Participant 24
16 Participant 21
17 Participant 21
18 Participant 21
19 Participant 23
earth and tomorrow and tomorrow! When RAC approached them. 20 This would deter mobilisation when RAC have no more resources or ability to protest given their livelihoods were worsening. However, as mentioned above, this could not even deter the peaceful protest it instead provokes RAC to stage harmful disruptive approach-violent protest.

Another mechanism of suppressive tactic was retaliating against the violent protest. On 12 January 2009, the policemen and provincial court of Mondulkiri, as complained by the rubber company, arrested three representatives of the indigenous communities. In the mean time, the provincial court summoned the other three representatives. These representatives were about to charge of robbery, arson and destruction of the rubber company’s properties. As a result of a number indigenous people’s gathering and protesting in front the provincial court to call for release of the three representatives, the provincial court released the representatives, on the same day. This was made on bail bonds that if they (the representatives) spoke to journalists, human rights groups (NGOs) or organise violent protest again, they would be arrested and imprisoned. But the government claimed that, the representatives were just summoned to interrogate, if the government arrested them, they would had charged, for they destroyed the properties of the rubber company 21.

The level of concession varies from a regime to another, which can be either full concession or concession in combination with repression/discipline. In this rubber contention, after the violent protest, the government actively started to concede by re-enforcing existing regulations, such as sub-decree on ELCs and EIA and acknowledging its misconduct. To concede, the government acted as a mediator to re-enforce regulation. As an initial stage of enforcement in this case, government negotiated and persuaded the rubber company not only to fulfil the regulations, but also to mitigate adverse impacts claimed by RAC.

We have not done anything that was strict or forceful to the company, not at all... In practice, the provincial authorities, concerned provincial departments, village and commune heads, mediated the conflict. This mediation did not mean that we put pressure on the company to solve the problem at all… All in all, the protest of the villagers against the company was correct.... 22

In addition to the provincial government’s persuasion, the central government, Minister of LMPUC and NARLD, for instance, also intervened and mediated the contention. After several tripartite negotiation meetings, the rubber company eventually agreed to halt its activities for three months from December 2009. Meanwhile, the rubber company tried to address the concerns of the RAC and to fulfil the regulations, such as conducting Social and Environmental Impact Assessments and developing its master plan, in line with the agreement (contract) between the local partners and the MoE and MAFF. Arguably, the early stage of RAC’s mobilisation did not influence the government to re-enforce the regulations until the recent tactical escalation. The government then formulated a tripartite committee, which consisted of government (local, line department), rubber company and representatives of the RAC, to mitigate adverse impacts. The tripartite committee identified and demarcated the overlapping (shifting) farmland, paddy fields and other plantation of the indigenous

20 Participant 21
21 Participant 26
22 Participant 26
families. Having had the overlapping area identified, the committee introduced three options to address the claim of the indigenous landholders: cash compensation, land swap or joint-rubber plantation.\textsuperscript{23} The rubber company also agreed to mitigate/minimise the other adverse impacts claimed by RAC.

Another applicable concession made by the government was the Prime Minister’s (PM) sub-decree on ELCs moratorium. On 7 May 2012, a month and a year before commune council and national assembly elections in 2012 and 2013, respectively, the PM issued (as in circular No. 001) ELCs moratorium to temporarily suspend granting of new ELCs (Surya 2012). This moratorium affected most of the ELCs given to both domestic and foreign investors. The issuance aims at revoking inactive and exploitive ELCs, solving land dispute between RAC and the concessionaires by introducing the “leopard skin” policy\textsuperscript{24} and issuing private land titles for rightful claimants. So, farmland that overlapped with the concession had to be ceded out (like leopard skin) and be returned to the claimant with permanent land title. So, the ELCs moratorium proved that the government re-enforced its regulations and conceded according to not only the claims of RAC in rubber investment, but also other communities throughout the country. To implement the circular, numerous volunteer students from different universities were asked to help out.

3.4 Company Responses: Compliance and Self-regulation

To respond to the demands of indigenous communities and in line with government’s concession, the rubber company on the one hand complied with relevant regulations and adopted self-regulation on the other. To comply with government’s re-enforcement, a local EIA consulting company was hired to conduct full SEIA.\textsuperscript{25} SEIA was then concluded in September 2010. In this instance, not only the rubber company itself but also the government claimed that the company has done better in terms of regulatory compliance compared to the other ELCs companies in Cambodia. But local NGOs and RAC alleged that the quality of SEIA was insufficient and there were gaps between the mitigation plan and the practice.\textsuperscript{26}

We know that we are in the foreign country…. All the regulations and the laws exist. For example, here in Cambodia one company is allowed to have around 10,000 hectares of economic land concession. We know that we respect that… We just see other companies do not do the same because I see all the economic land concessions…. like company 1, 2, 3 and they have more than 40,000 hectares. I do not know how they did that, the rules that exist in the country.\textsuperscript{27}

In addition, the rubber company complied with the PM’s ELCs moratorium. As the students arrived at the concession area, they ceded about 300 hectares from the concession area to the

\textsuperscript{23} Participant 17, 21 and 26
\textsuperscript{24} The “leopard skin” policy attempts to demarcate the disputed land and carve out the land plot from the overlapping concession area for villagers who legally claim ownership. The villagers would receive a plan and land title directly after demarcation.
\textsuperscript{25} Participant 25
\textsuperscript{26} Focus Group Discussion (FDG) in Lamesh and Pu Toeut villages (November 2013)
\textsuperscript{27} Participant 25
The rubber company claimed that it was unfair to them because the villagers always wanted land in this or that area. More importantly, the distribution of students was not conducted in a more systematic way and with no prior consultation with the rubber company.

After the Prime Minister Hun Sen’s declaration, there suddenly were new people who said they have a piece of land there and they could not prove. The students did a lot of demarcation inside the concession area. In total, they cut out 300 hectares. But, not in the area that I planted but some are around the rivers.

To mitigate the adverse impacts claimed by RAC, the rubber company conserved (i) the worship forest and cemeteries of the indigenous people; (ii) the forest along the river rim to avoid soil erosion; and (iii) mitigated surface water contamination. To compensate some parts of the worship forest razed, the rubber company celebrated sacrificial ceremony by killing buffalo (which costs between USD300 to USD500), offering indigenous people’s wine (about USD 100 for few jars of indigenous wine) and other traditional dances, to console the spirit of the forest. To deal with the issue of soil erosion and surface water, the rubber company conserved forest on the river rim (about 50 to 100 metres from the river rim) to protect soil erosion and to maintain surface water quality. However, both the rubber company and the indigenous communities claimed that a proportion of the forest along the river rim used by indigenous families for farming. The rubber company reported to the government but there was no legal action undertaken against those families. The indigenous people reversely alleged that because the rubber company grabbed their land, they had to clear the forest along the river for cultivation to survive. Disregarding the rubber company and the communities, the provincial government kept insisting that the river rim forest had been maintained. Despite these, evidence showed that some parts of river rim forest, for the above reason, were encroached by indigenous families. While in other places, the concessionaires conserved no forest on river rim to protect it from landslides and soil erosion (see Hang, Socheth and Chandarany (2012)).

Followed by several rounds of negotiation meetings, the tripartite group come up with three solution options to compensate and to aid the livelihood of RAC. The first solution option is cash compensation or selling land to the rubber company. The rubber company agreed with the government and RAC to be compensated in cash of about USD 200-250.0 per hectare. Each indigenous household received different price based on the actual type of land. To compensate for fruit trees such as cashew, mango, or jackfruit, the rubber company paid USD 2.50 per fruit tree. However, a fruit tree was paid for only if it bore fruit by the time of the land clearing. Approximately 172 households had opted for cash compensation. However, some indigenous people complained that they were forced to accept cash compensation or sel

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28 Rightful claim is assessed in terms of having proved ownership of land with crop plantation and other cultivated crops.
29 Participant 25
30 FDG in Lamesh Village (November 2013)
31 Participant 25 and 21
32 Focus group discussions in Pu Toeut and Lasmesh Villages (November 2013)
33 Participant 22 and 26
Another solution option was a land swap; the rubber company reserved land in another location to exchange with the indigenous families who lost land to the concession. However, none of the affected families opted for this option, as the reserved land was located far from their villages and was not arable and outcrop land. But, the government and the rubber company claimed this was untrue. The reserved far because it was difficult to have indigenous families’ land mixed in with the rubber plantation, which would cause trouble such as fire and damage the rubber trees and give rise to security issues.

The third solution option was joint-rubber plantation and development. This option would contribute to improvement of RAC’s livelihood. The rubber company allocated plots of land to the affected families to plant and maintain rubber trees. The land size depended on the area that the affected families used to occupy. In addition to free technical assistance, the rubber company offered fertilisers and replacement rubber saplings as loans. The families who chose this option obligate to repay the loan upon tapping latex from the 9th to the 20th year. The latex could be sold at market price to the rubber company. Consequently, the rubber company allocated about 300 hectares to a number of indigenous families who opted for joint-rubber plantation and signed 60 years agreement with the rubber company. However, participant families complained that the rubber company and government confiscated their land and leased it to them for only 60 years. Thus, they are not the owner of the land as they claimed. The rubber company asserted that, it is beyond their capability since they were only awarded a 70-year concession period, not one in perpetuity. The land belongs to the government, not the rubber company. Because of maintaining the rubber trees needs intensive care and full-time labour, it worsened the livelihood of participant families. As of late 2013, a number of the participant families quit and secretly sold plots of rubber trees at about USD 1,500.0 to USD 2,000.0 per hectare to Khmer people, either from within the Busra commune or Phnom Penh.

Moreover, the company regulated itself to ensure long-term investment. According to FIDH (2011), the rubber company developed its own Codes of Conduct (CoC) in 2009, after facing RAC’ mobilisation. CoC are to be followed by employees, entities of the group, as well as suppliers and consultants. Thus, CoC are a resulted of the resistance of RAC in Busra commune. The CoC of the rubber company prohibits discrimination in the workplace, sexual harassment, as well as child and forced labour. The CoC also address the relationship with the government and corruption.

To comply with its CoC and its parent company, the rubber company constructed accommodation for employees and provided a health service to both employees and daily

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34 Participant 26
35 Participant 25
36 FDGs in Pu Toeut and Lamesh (November 2013)
37 Participant 25 and 26
38 Participant 25
39 Participant 25
workers. In addition, the rubber company’s social responsibilities, both government and RAC acknowledged that the rubber company had done a lot of community development work to improve the livelihood of the attached communities in Busra commune. Their focuses were on health, education and infrastructure, such as maintaining and improving roads inside Busra commune on an annual basis. For education and health, the rubber company renovated two primary schools’ classrooms, provided school materials, teachers’ salaries and equipment for the health centre. Like elsewhere, however, RAC complained these corporate social activities did not contribute to improvement in the livelihood of the communities. However it did seem to improve the relationship between the rubber company and the indigenous communities.

3.5 Does Mobilisation of CSOs Contribute to Sustainability?

As defined in the theoretical section, mobilisation of civil society organizations succeeds when the company and government mitigate the demands of communities and behave in a more sustainable way. This section seeks to assess the sustainability practice of the rubber company. Based on the sustainability impact assessment, the following domains of sustainability unveiled.

3.5.1 Social sustainability

Overall, the mobilisation of CSOs does to a lesser extent influence the company to ensure social sustainability in the Busra commune. First, to deal with the impacts with the cultural issues, such as destroying cemeteries and spiritual forest of the indigenous communities, the rubber company compensated by celebrating sacrificial ceremonies and conserving the remaining spiritual forest as expected by the indigenous communities. However, community members perceived that this caused unsustainability (WAI: -0.45) because their cultural sites, cemeteries, and worship forest were partially razed.

Second, in accordance to the government’s concession and allegations of the RAC and NGOs, the rubber company fulfilled regulations’ requirements by conducting social and environmental impact assessments. As a result, mitigation measures were developed and implemented. To cope either with business environment in Cambodia or maintaining its reputation in the international market, the rubber plantation regulates itself by developing codes of conduct. Third, community members perceived that the behaviour of the company in relation to indigenous communities’ land and other rights are heading towards unsustainability (WAI: -0.86). This reason was cited was that as the rubber company has encroached on the communities’ communal lands and created legal complexity at a time when the communities were attempting to register their communal (collective) land.

Fourth, for communities and related matters, the communities perceived that the investment has yielded significant impacts and thus would lead to sustainability (WAI: 0.22). A reason behind this was that, before the arrival of the rubber company, there was no community mobilisation, that is, there was no indigenous communities association. For the cause of collective interest, the community was established in order to protect the communal properties of the indigenous community. Though the company created adverse on some aspects, the adverse impacts compelled unity of the indigenous communities. Last, though the company claimed that they have done several projects related to infrastructure renovation and improvement, the communities perceived that these had not led to sustainability (WAI:-0.86).
This is due to the fact that the company had delivered several activities through its CSR. The company claimed that they built a new road, annually maintained the a number of road alignments in the commune, renovated classrooms in the primary school and provide financial support to school teachers and the health centre.

![Figure 3.1: Trends of Social Sustainability in Busra Communities](image)

**Note:** -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

### 3.5.2 Economic sustainability

To a certain degree the company contributed to some positive economic changes. First, the communities perceived that the arrival of the rubber company led to sustainability, for example, poverty reduction (WAI: 0.09) and income (WAI: 0.04). This signified the contribution of the company’s investment to local economic development in Busra commune. Second, the affected communities perceived that job creation did not contribute significantly to sustainability (WAI: -0.08), but not worse. The government and the rubber company claimed that they created job and employed thousands of indigenous people in Busra commune. The jobs to some extent compensated an equivalent amount of income they used to earn from collecting and selling NTFPs and from other occupational activities. Indigenous families with better education and skills were able to upgrade their livelihood much better than un-skilled workers.\(^40\)

Third, to compensate the loss of NTFPs, the government and rubber company on the one hand conserved the intact forest and they offered joint-rubber plantation scheme on the other. This is expected to leverage livelihoods of those affected indigenous people. Though RAC perceived that rubber company created negative impact trend towards unsustainability (WAI: -0.93) in income and daily household consumption (NTFPs), it signified a certain influence of CSOs mobilisation to avoid unsustainable impacts on NTFPs. Last, working conditions in

\(^{40}\) FGD in Pu Toeut village (November 2013)
the concession area is quite good compared to the other concession areas around Busra commune. The communities perceived almost no adverse impact (WAI: -0.04). The workers claimed they were paid extra if they worked on holidays, which was not the same as other companies. As mentioned above, permanent workers and officers were provided accommodation equipped with a healthy water supply and sanitary facilities inside the concession area. Moreover, the company has its own health centre with a doctor and nurses to educate and treat regular and irregular workers working for the rubber company. This signifies good working conditions though such a service is not available to all of indigenous people in the commune.

![Figure 3.2: Trend of Economic Sustainability in Busra Communities](image)

**Note:** -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

3.5.3 **Environmental sustainability**

Besides influencing the government and rubber company to address social and economic unsustainability, the RAC moderately influenced the government and the rubber company to address their environmental concerns, such as soil erosion, forest cover and quality. First, to deal with these issues, the company maintained the forest along the river rim to protect soil erosion and chemical fertilisers that ran off from the rubber plantation area. However, two concerns remained as some affected families encroached on forest located a the river for cultivation and thus it would cause soil erosion in the future. As a result, the communities perceived a negative trend towards unsustainability for forest (WAI:-0.91).

Second, to deal with the surface water quality, the company mitigated by regulating fertiliser applied for rubber maintenance. Notwithstanding, these have not fully mitigated the issues according to the expectation of the RAC. The communities understand that this is a negative trend towards unsustainability for water quality (WAI:-0.54) and water source (WAI:-0.48). This is due to the fact that the indigenous communities cannot access water

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41 FDG in Pu Toeut, Lamesh villages (November 2013)
sources as they had before the arrival of the company. The company’s concession areas overlap the water sources (lakes and streams). Thus, a considerable adverse impact on environmental aspect was unavoidable for investment in mountainous area, though planting rubber is considered as reforestation. It is likely that the rubber plantation is driving to unsustainable land use pattern (WAI: -0.26) and soil quality (WAI: -0.64). Third and last, to deal with EIA and ELCs sub-decree infringement, the rubber company conducted Social and Environmental Impact Assessments (SEIA) though the quality of the assessment are criticised by the local NGOs and academicians,\(^\text{42}\) it was accepted by the Ministry of Environment and MAFF.\(^\text{43}\) Based on the result of SEIA, the mitigation measures were developed and implemented to avoid adverse impacts in the near future.

![Figure 3.3: Trends of Environmental Sustainability in Busra Communities](image)

**Note:** -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

In summary, the efforts of RAC have significant influence on the rubber company and government to behave in a more sustainable way compared to the situation before the contention. The mobilisation of civil society has shaped behaviour of the rubber company in particular and government in general. Based on sustainability impact assessment, the rubber company performed well pertaining to social and economic sustainability domains, even though a considerable adverse effect on environmental sustainability observed. This is deemed as a moderate achievement of RAC and its alliance NGOs. As explained above, the achievement is not due to the influence of the NGOs and RAC’s mobilisation strategies, it is rather about the absence of strong political nexus between the rubber company and government, which manifests in terms of client-patron network in the contemporary Cambodian politico-commercial life.

\(^{42}\) Participant 45 and 47  
\(^{43}\) Participant 34 and 33
3.6 Political Nexus between the Government and the Company

This section explores how the political nexus between the government and rubber company mediates the expected sustainability outcome of CSOs. The study argues that the client-patron network in rubber plantation does exist, but relatively weak. This avails mobilisation of CSOs to achieve a considerable sustainability outcome.

3.6.1 Client-patron networks in the rubber investment

The relationship between the client and patron in this rubber plantation investment does exist but is relatively weak, for two reasons. First, to invest in Cambodia, a foreign investor inevitably needs to network with a local broker or to join venture with a local partner to get access to agricultural land. Though the relationship of the local partner with the top patron in Cambodia is considerably weak, it at least facilitates and secures long-term investment. As a Cambodian shareholder does not hold a dual position in the party or in the government office, the connection between the local partner and the top government is rather weak. As in the beginning of this chapter, to access to land for rubber plantation, the rubber company had to seek joint venture with the Cambodian local partner, which was granted ELCs. In late 2008, foreign companies formed a joint venture with the local company (the local partner owns 30 percent, while the foreign investor owns 70 percent of the total shares). This is the process of securing long-term business in Cambodia, regardless the investment law’s requirements.

Second, due to the laxity in proper regulatory enforcement in Cambodia, foreign investors also brings along their own codes of conduct to protect themselves in an uncertain environment where there is a blurred line between public and private institution. Before the arrival of the foreign company, it was observed that the local partner, without proper consultation and environment and social impact studies, cleared the granted land. Consequently, it caused tension between the RAC and the local partner. It was explicit that the local partner more often than not used power of client-patron network to grab the land of the indigenous communities. In most cases, the concessionaires were conditionally granted ELCs licences. For instance, full social and environmental impact assessment, master plan and mitigation plan must be fulfilled by the concessionaires during land preparation. Nevertheless, either the concessionaires or the regulatory enforcement institutions (Ministry of Environment and Technical Secretariat of ELC at MAFF) neglected these.

Upon the arrival and taking over the investment of the local company, the foreign company started to enforce its codes of conduct and conducted social and environmental impact assessments in accordance to ELC sub-decree 2005’s requirements. In so doing, the relationship between the client (the local partner) and the patron (top government official) reduced but not necessarily totally terminated, as the foreign company needs the relationship between the local partner and the government to maintain and secure its investment in the bureaucratic country and uncertainty business environment.

44 In most cases, licences (or in form of Notification from the Council of Minister, which signed by the PM or the secretary of state) have been manipulated and claimed as law or legal right granted by government. These have been used to threaten the local and provincial government and even the affected villagers.

45 Participant 32, 34 and 17
They [local partner] are looking at the opportunities that exist and they direct us in the good way... So it is good to have a local partner that can help you all for the necessary connection and relations. Who know how this country is working?46

With this evidence, it is apparent that the network between the client and the patron in this rubber investment does exist, but is relatively weak. Due to this weak network, it constitutes weak capture of institution.

a) Weak captures of government institutions

Capture of institutions is a process in which an institution is influenced by polity or bribed by another entity (Ogus, 1994; Parker, 2002). In a patron-client network, capture is made in form of reciprocal benefits between the client and patron. To understand capture of an institution, it is necessary to trace the regulatory or policy enforcement institutions from the central to the local level. Two levels of institutional capture were apparently observed in this study. At local level, the local government (Busra commune) is influenced by upper-political institutions, especially the provincial government and to some extent influenced by the rubber company. At the sub-national or provincial level, the provincial government is relatively influenced by the central government, but moderately influenced by the rubber company. Having proved that networking between the client and the patron was weak, this research argues that capture of institutions likewise does exist but is apparently weak in this instance.

i) Capture of the local government

Local government,47 especially Busra commune and Pichreada district, were influenced by the power of the sub-national (province) and central government (ministries). Cambodia underwent decentralisation and de-concentration in 2002, when the first commune councils (CCs) election was held. Authorities, decisions and responsibilities of the CCs are clearly designated and delegated according the Commune/Sangkat Administration Law in 2002 (KC, 2002). As the country is being ruled by a hybrid-democracy regime, the designated responsibilities and decisions have been influenced by the sub-national and central governments. Hence, decentralisation and de-concentration are designed as an interest and power consolidation of the ruling party (Blunt and Turner, 2005). Like elsewhere in the country, the CCs of Busra commune always admitted that they have no authorities or capability to remedy the concerns of RAC. The CCs nevertheless did report and mediate the contention between RAC and the rubber company.

They come to protest at commune, but we do not have authority or capacity to solve the large-scale investment issue. We just facilitated the protest not to employ violence on the company.... They [the provincial office and the company] argued that we against the

46 Participant 25
47 Local government in this study is refereed to both the commune councils and district councils. However, due to the fact that system of decentralisation in Cambodia is incomplete and heavily focused on commune councils, this study prefers to discuss only the role and power of the commune councils over the tripartite contention.
investment that approved by the central government. So, we cannot intervene much…. the company has law to invest from the top. So the commune cannot do anything.48

It is obvious that CCs were unable to timely solve conflict to the satisfaction of the RAC. This demonstrated that they were politically influenced by both the sub-national and the central governments. The former commune chief claimed that his great effort to solve the conflict between RAC and the rubber company resulted in withdrawal of his candidature from the 2012 CCs election. However, the former commune chief had withdrawn a Busra’s commune clerk, given his rough activities with the local company. Overall, though CCs of Busra were influenced by the upper government institutions, CCs had put considerable efforts to mediate the tripartite conflict and to assist RAC.

ii) Capture of the provincial government and court

Due to the weak client-patron network, capture of the provincial government and court does exist but relatively weak. The RAC often alleged the provincial office of delay in responding to their concerns, for they were influenced by the rubber company. For instance, the provincial office spoke for the rubber company and accused the paralleled provincial technical (sectoral) departments including forestry administration, provincial offices of environment, land and cadastral system and agriculture, of working carelessly.

The impact is not the company’s matter; it is because of the [government] technical officials who did not study sufficiently. This creates the gap [law and enforcement] and causes some problem. It does not mean that the company does not comply with the regulation.49

In addition, the rubber company through the provincial office also influenced the provincial court. The provincial court took measures against the violent protest of RAC, resulting in the detaining of six protestors on 12 January 2009.50 The detaining was made in accordance with the rubber company’s lawsuit against the protestors, accusing the protestors of destructing and incinerating the rubber company’s property. This showed that the court was not independent and was influenced by the rubber company and its provincial office allies. However, the rubber company claimed that, it was usual that policemen came to knock one’s door if he or she burned down and destroyed someone else’s property.51 Indeed, the measures were orchestrated to suppress and deter the mobilisation of RAC. This revealed that the court favoured those who have (financial) resource and power. This has been perceived by most of the Cambodian since the 2003 election (Greenerg 2003).

iii) Capture of the central government

Only limited evidence of how the rubber company influenced the central government was found. This is due to the fact that the network between the rubber company (the client) and central government (top patron) was weak and was not being severely politicised like

48 Participant 17
49 Participant 26
50 Earlier, the provincial court did not accept RAC’s lawsuit against the rubber company.
51 Participant 25
elsewhere. Though RAC sought for intervention from the central government, it yielded no significant result since a clear institutional mechanism to address grievance in Cambodia. Though National Authority for the Resolution of Land Dispute (NARLD) was established, it has not been functioning as expected (ADHOC 2013). In May 2008, NARLD used to mediating the conflict, but it produced nothing besides “promise to the earth.” In early 2009, though the Minister of Land Management, Planning, Urbanisation and Construction (LMPUC) visited RAC to mediate, there was no agreement reached, until late 2009 and early 2010. These efforts demonstrated the intention of the central government to address the RAC’s concerns.

With the above evidence, this study argues that, as a result of weak networking between the patron (the local partner) and client (the rubber company), which institutes weak institutional capture, it avails the RAC to attain a better-expected outcome. To certain degree, concerned institutions, such as provincial office, provincial sectoral offices and local authorities, had strived to re-enforce regulations and to solve the dispute. The provincial government institutions somehow negotiated with the rubber company to address RAC’s grievances. Consequently, in addition to addressing RAC’s concerns and abiding by the regulations (social and environmental impact assessments), the rubber company itself, in an attempt to avoid future conflict, introduced its own codes of conduct.

3.7 Summary and Conclusion

This chapter begins by presenting the interactions of government, the rubber company and CSOs in the rubber industry in Busra commune in Mondolkiri province. Having being endorsed by government, the rubber company without prior consultation and proper impact studies razed both forest and traditional agricultural land of the indigenous communities in the commune. In addition to violating the indigenous communities’ rights, the rubber company caused unfavourable social, economic and environmental impact on the indigenous communities.

To influence government and the rubber company to address their concerns, RAC initially employed institutional tactics, such as submitting petitions and complaining to Busra’s commune councils, the provincial governments and court and holding several peaceful protests. These nonetheless yielded neither significant result nor pressure on the government and the rubber company. To escalate pressure, RAC staged a non-institutional tactic (a violent protest) though NGOs had assisted in providing legal advice and in how to advocate and protest in a more peaceful way. They intuitively believed that, without forceful pressure on the rubber company and the government, land and other plantations clearing would not cease or be postponed. So, approximately 500 indigenous people orchestrated a violent protest; they burned down three bulldozers and damaged a fourth. In response, the government chose a combination of high concessions and light repression. Although there were no prompt measures undertaken by the government, a week later, the court detained three protestors and summoned the other three. The six protestors were accused of setting fire to the rubber company’s property, but later were later released on bail.

As a mechanism of concession, the government negotiated with the rubber company to concede through several mitigation measures. First, after several tripartite (RAC, local and provincial governments and the rubber company) negotiation meetings, the rubber company ceased clearing the land for about three months. As a concession, three solution options were
later proposed: a joint-rubber plantation, cash compensation, or a land swap. Due to the complexity of the land swap, most of the affected families opted for cash compensation, while less than one third accepted the option of a joint-rubber plantation. Second, other than these, the rubber company conserved the spiritual forest and celebrated a remedial compensation ceremony for the spiritual forest already razed. Other corporate social responsibilities, such as assisting in school renovation, road construction, and maintenance and supporting health centre were observed. Third, in response to RAC’s and local NGO’s complaints, the rubber company strived to comply with ELCs sub-decree 2006 and other laws. In so doing, social and environment impact assessments were conducted and master plan and mitigation plan were prepared according to ELCs sub-decree and other laws’ requirements. Fourth and last, to avoid further conflict, the rubber company self-regulated by developing its own codes of conduct, including but not limited to corruption, child labour, labour and work conditions, health, environment and social responsibilities. 

Based on the above evidence, RAC’s violent protest to a certain degree influenced the rubber company and the government to behave in a more sustainable way compared to before the mobilisation. The results of the sustainability impact assessment show that the company improved the social and economic sustainability of the project, whilst the environmental sustainability was not well addressed but did not become worse. This was due to the nature of the investment, which had unavoidable adverse effects on the environment.

All in all, this chapter concludes that the mobilisation of CSOs, RAC in particular, has had a moderate influence on the government and the rubber company to address their expected sustainability outcome (social, economic, and environmental expectations), which would contribute to sustainable development in the indigenous communities. To a certain degree the outcome was satisfied by most of the RAC. However, the outcome was not necessarily attained as a result of RAC’s disruptive action (non-institutional tactics), it was rather attained because weak political nexus, in terms of client-patron network, between the government and the company. Due to this weak network of client-patron, it constituted a weak capture of government institutions. In this instance, it avails CSOs to attain substantial social, economic, and environmental sustainability outcomes.
4 Interactions of Civil Society, Government and Business for Sustainability in Sugar Industry

This chapter presents the interactions of CSOs, the government, and a foreign joint-venture investment in sugarcane plantation (the sugar company hereafter) in Koh Kong province. First, the chapter argues that, though the strategic mobilisation of CSOs was strong, it failed to produce sustainability in the sugar-affected communities (SAC hereafter), since the mobilisation produced no significant influence on the government or the sugar company. In so doing, the government chose a combination of partial concession and stronger repression in response to the CSOs. Second, having been influenced by the government’s response, the sugar company addresses a few items demanded by the CSOs. Given this, the CSOs failed to achieve their expected outcome. Last, this study contends that the failure of CSOs to ensure sustainability practices of the sugar company is due to a strong political nexus, in terms of a strong client-patron network, which constitutes strong capture of regulatory institutions, between the government and the sugar company.

The first section of this chapter presents an overview of how sugarcane investment in Koh Kong caused detrimental impacts in Chi Kha Leu commune and how SAC mobilised against the government’s decision and the sugar company’s operations. The second section highlights the strategic mobilisation employed by the SAC to leverage pressure on the government and the sugar company to address their demands. The third section underlines the response of the government and the sugar company. The fourth section presents the sustainability impact practices of the sugar company. In this section, it is claimed that the mobilisation of CSOs failed to achieve ensure sustainability in the SAC. The fifth section and last identifies political nexus between the government and the sugar company that undermine SAC’s effort to ensure sustainability practice.

4.1 Overview of Agro-industrial Investments in the Sugarcane Plantation

In 2006, the government granted 90 years ELCs to two joint venture companies, between a Cambodian tycoon and senator and Thai investors, namely Koh Kong I (about 9,500 hectares) and Koh Kong II \(^{52}\) (about 10,000 hectares) in Botum’sakor and Sre Ambel districts of Koh Kong province, for planting sugarcane and constructing a sugar processing factory. Before 2012, the senator owned about 20 percent of the shares, 50 percent belonged to a Thai investor and the rest belonged to a Taiwanese company. Recently, it is believed that the senator sold the 20 percent of shares to the Thai investor (Pellechi, 2012) and the rest still belongs to the Taiwanese.

The sugar company’s operations caused detrimental impacts in all four communities \(^{53}\) of Chi Kha Leu commune, Sre Ambel district of Koh Kong. In total, the commune has about 751 families with 3,673 people (2,032 females) (Ngo and Chan, 2010). In May 2006, the sugar

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\(^{52}\) All names are given pseudonym. Size of each ELC is only approximate.

\(^{53}\) Trapaing Kandoal, Chi Kha Leu, Chhouk and Tanie villages
company’s bulldozers accompanied by armed forces, without prior consultation, began to clear not only villagers’ farmland and paddy fields but also forestland leading to endless protests. This attempt to put pressure on government and the company to address concerns and demands of SAC, which are classified into social, economic and environmental aspects of sustainability (see also boycotbloodsugar, 2014).

4.1.1 Social expectations

SAC and NGOs had three concerns that they wanted to address:

i. Breaching human rights: the company violated land and economic rights (right to proper occupation, income and shelter) of SAC and child labour.

ii. Contravening Cambodian regulations: the company violated sub-decrees on ELCs and Environmental Impact Assessment (EIA), land law 2001 and investment laws. In addition, it violated other international conventions ratified by the government of Cambodia; and

iii. Creating social issues: the sugar company grabbed villagers’ land and dragged villagers’ livelihood down. Consequently, children quit school to work with parents at the sugarcane farms to survive.

4.1.2 Economic expectations

Economically, the SAC and NGOs the government and the sugar company to:

i. Return about 5,000 hectares of land belonging to 456 families, which the sugar company confiscated (Ngo & Chan 2010). The communities understood that land is everything; losing land resulted in losing occupation and income;

ii. Offer fair cash compensation. While the villagers’ farmland and paddy field were confiscated and cleared, some villagers demanded for fair cash compensations if the land cannot be returned;

iii. Address the loss of Non-Timber Forest Products (NTFPs), which used to extra income for the poor villagers. These were destroyed as a result of the sugar company’s forestland clearing. Appropriate mitigation measures, such as conserving forests should be offered by the government and sugar company; and

iv. To stop kidnapping for ransom and shooting the communities’ cattle. All cattle entering the concession area was either kidnapped or shot by the security guards. This created an adverse impact on villagers’ livelihoods.

4.1.3 Environmental expectations

The SAC and NGOs demanded that the sugar company and the government address the following environmental concerns.

54 The concerns of the villagers were also condensed based on focus group discussions and also interviews with the villagers’ representatives. The concerns and demands were presented in the campaign website (http://boycotbloodsugar.net).

55 The term of sustainability and sustainable development is using interchangeable for this research. According to WCED (1987) sustainable development is defined as the development that meets the needs of the present without compromising the needs of the future generation.
i. *To conserve their worship forest and cultural sites.* To plant sugarcane, the company cleared not only the forestland but also worship forest and other cultural sites. This caused adverse effects on the communities’ beliefs and culture.

ii. *To remedy water quality contamination.* The company’s sugar processing factory discharged wastewater into canal and lakes. This caused adverse effects on villagers’ health living downstream from the factory. In addition, fish were found dead and some aquatic vegetation disappeared; and

iii. *To deal with soil quality and erosion.* As a result of forest clearing and land preparation, soil in the paddy field located downstream and inside the sugarcane farm became worse and did not yield as much as it had previously. Soil erosion from the sugarcane farm filled up the lakes and the paddy field, resulting in sandy paddy fields in some areas and the lakes becoming shallow. There was no longer an abundance of fish.

Generally, the concerns and demands of SAC and local NGOs were to ensure sustainable development in the concession area. To put pressure on the government and the sugar company so that their concerns would be met and to achieve overall sustainability, CSOs carried out mobilisation in two phases, in terms of protests, complaints, and petitions. The first phase was domestic mobilisation (2006-2010) and the second phase was international mobilisation (2010 to present).

### 4.2 Domestic Strategic Mobilisation

For about four years (2006-2010), SAC through various actions, such as protests, petitions, filing complaints to the provincial court and local NGOs through several campaign approaches, including launching a website,\(^{56}\) disseminating the adverse impacts via radio, newspapers, and networking with domestic victims and NGOs.

From 2006 to 2010, SAC organised peaceful protests and road blockages almost every year. Protests were held at several places, such as at the clearing site and office of the company in May, September 2006 respectively, National Assembly in 2007, at provincial court of Koh Kong in 2008. In 2008, villagers protested at Chi Kha Leu commune office by blocking National Road No. 48 from and to Phnom Penh. The protests of SAC were reported in both local and international media agencies, including but not limited to Radio Free Asia and Voice of America, Cambodian Television Network, BBC Asia Monitoring, Reuters News, *New York Times*, *The Guardian*, *The Nation*, *Bangkok* Post, Cambodia Daily and Phnom Penh Post, Financial Time and others. This has widely spread detrimental impacts and violation of sugarcane company (see also Andrew, RC 2011).

In addition, a number of petitions were submitted to all levels of government. Initially, in 2006, SAC submitted petitions to commune councils of Chi Kha Leu, Sre Ambel district councils and latter to Koh Kong provincial office. In 2007, the petitions were submitted to Senate and National Assembly of Cambodia, Ministry of Justice, Council of Ministers and Cabinet of the Prime Minister (PM). These institutions accepted SAC’s petitions and promised to solve the problem.

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\(^{56}\) Please refer to http://www.boycottbloodsugar.net.
In January 2007, approximately 2,879 people filed a lawsuit against the sugar company to the court of Koh Kong province. The process was facilitated by local NGOs (Community Legal Education Centre [CLEC] and ADHOC). The purposes of the complaint were to request the court to put pressure on the sugar company to address the concerns of SAC and NGOs. The court accepted the complaints, but took no further action (boycottbloodsugar, 2014).

A network of victims of sugarcane plantation was established in Cambodia. The network covered three provinces, Koh Kong, Kampong Speu, and Oddar Meanchey, where large-scale sugarcane plantations are operating. Through this network, representatives of villagers from Chi Kha Leu commune were invited to press conferences, meetings, forums, and trainings organised by NGOs. These allowed the victims and representatives to be outspoken about the adverse impacts caused by the sugar companies from their respective locations.

4.3 Response of the Government and Company to Domestic Mobilisations

SAC and NGOs attempted to put pressure on the government to regulate the company, yet several countervailing strategic responses were employed by the government and the sugar company. On the one hand, they repressed SAC and NGO mobilisation, and they lobbied the SAC to accept unfair cash compensation on the other.

4.3.1 Procrastination

As a suppressive tactic, procrastination is an approach employed to resist or tolerate protests, petitions and complaints that either targeted the government or the company. It aims to delay the response to SAC and to alienate SAC’s members from participating in protests, petitions, or complaints. Practically, though SAC approached all levels of government from the local to the central governments, national assembly and senate and even concerned ministries, but with no positive or effective response. These institutions accepted the petitions, but the only response that SAC received was promises to the earth. This attempted to delay a decision on the SAC’s demands and to force the affected villagers to accept unfair cash compensation from the sugar company. SAC believed that the provided cash compensation was unfair and insufficient to buy another plot of land for cultivation. Notwithstanding this, about 581 households eventually accepted the cash compensation as of late 2013.

4.3.2 Unfair cash compensation

Though the response was delayed, the protests, petitions, and complaints to provincial court had put pressure on the government as well as the sugar company to set up a tripartite conflict resolution committee (commune, representatives of communities, and the sugar company). The committee suggested three solution options: (1) cash compensation, (2) land exchange, and a (3) combination of option one and two. To get cash compensation, the villagers had to provide evidence, including land-holding records or land title and evidence of crop plantation. Those families who have no land titles, no evident documents and whose crop plantation was cleared were not recognised by the government and the sugar company. Most

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57 According to the interview with a former commune chief (2005-2008), which was replaced by the ruling party after intense conflict between sugar company and SAC in the commune.
of the families accepted cash compensation, while land swap and combination of option one and two were not successful due to a myriad of reasons.

In late 2006, the government and the sugar company negotiated with SAC. Ultimately, 48 families were successfully lobbied to accept the unfair cash compensation of about US$50.0 to US$150.0, regardless of the land lost. These families were forced to accept the cash compensation because of intimidating sentiment that: “whether or not the villagers accept the cash, the company and the government will confiscate the land, as it is state public land.” The rest of the families who resisted the unfair cash compensation were perpetually protesting and petitioning. To console these families, cash compensation was increased per household up to US$200.0 in 2007, US$880.0 in 2008 and up to US$2,000.0 in 2009. Consequently, 361, 112, and 39 households respectively accepted the compensation in 2007, 2008, and 2009. In total, 560 households accepted the cash compensation. From 2006 to 2009, the amount of cash compensation was increasingly paid to subdue the strength of SAC’s resistance. Two reasons for which these households were compelled to accept cash compensation: (i) they felt reluctance and hopeless as a result of procrastinated response; and (ii) their livelihoods were gradually worsening and were not able to survive without cash compensation. For those households who were able to survive and were not recognised by the government and the sugar company as of having land in the concession, continued resisting and demanding. It nevertheless signified that the efforts of SAC and NGOs have put pressure on government and the sugar company to increase cash compensation, even though all concerns of the SAC and NGOs were not fully addressed.

4.3.3 Suppression and intimidation

As repressive tactics, the government employed violent crackdown, intimidating and buy off approach. First, before cash compensation given, in September 2006, SAC’s peaceful protest of SAC confronted with armed security guards, resulting in shooting and injuring a woman and assaulting other four villagers. Second, another example of intimidation is that, in December 2006, a man who claimed to spokesman was murdered because he took photos of bulldozers clearing villagers’ farmland and plantations. A complaint was filed to the provincial court, but no action was taken. The commune chief claimed that it was possible that an outspoken person was murdered by his enemy or that he could have fallen victim to magic or sickness. But evidence showed that he was murdered by three chops of an axe to the back of the neck (CHRAC, 2009). After clash of violent dispersing in 2006, the representatives of the SAC were attempted to arrest; they escaped from home and hid in the forest for a period. After receiving training from NGOs on human rights, advocacy approaches, and related regulations in subsequent years, the representatives of the SAC

58 Participant 10 and FGDs in Chikor and Chouk villages (November 2013).
60 Participant 12. The accusation was not clear because the activist spoke out against the domestic investors who cleared the villagers’ plantation land near the sugarcane company’s clearing area. Once, a representative of the company claimed that the domestic investors used the sugarcane company name to threaten the villagers.
61 The intimidation is also reported in the campaign website: http://www.boycottbloodsugar.net/the-concessions-2/koh-kong/ accessed on 28 February 2014.
claimed that they have been empowered and confident to be representatives willing to speak out.

Third and last, to cope with outspoken representatives, the government and the sugar company employed a “buy off” approach. This aims at attracting the representatives to surrender. Few representatives were rent seekers; it is reported that some outspoken representatives received colluded higher amount of cash compensation—the amount is subject not to be disclosed—to cease the complaint and protests. One is working for the local government. So, to suppress SAC to accept unfair cash compensation, the government and the sugar company simultaneously lobby, repress, and buy off the representatives.

These modes of repression, however, did not hamper SAC and local NGOs to pursue their mobilisations against the government and the sugar company. SAC and local NGOs later shifted their strategic mobilisations to the international level by networking with several concerned international agencies and NGOs.

4.4 International Mobilisation

As the tactics of domestic mobilisation yielded no significant pressure on the government-company alliance to address the concerns of SAC, international mobilisation approaches were employed to directly target the sugar company by tracing its international supply chains and to call on international pressure on the government and sugar company.

In 2010, local NGOs found that unrefined sugar was exported from Cambodia to its parent company, namely Khon Kaen Sugar Industry (KSL), in Thailand. Later, after final refinery, the sugar was exported to the United Kingdom (UK) through the European Union’s Everything But Arms (EBA) scheme (Andrew, 2011; Finch, 2011). A UK company, namely Tate and Lyle (T&L), which had signed a five-year contract with KSL to buy sugar not only from Cambodia but also Thailand and Laos, bought the final refinery sugar. With this evidence, SAC and local NGOs, in collaboration with a Thai NGO, filed a complaint to National Human Rights Commission of Thailand (NHRC-T) to seek intervention. Meanwhile, local NGOs wrote letters to T&L to complain about adverse impacts of its sugar suppliers in Cambodia.

Having received no significant response from T&L, in May 2012, 200 families of the SAC through NGOs filed complaint against T&L to court of UK. The purpose of the complaint was to demand T&L and suppliers to address the concerns of the SAC in general. It is expected that the court will try in October 2014. The SAC and NGOs claimed this as a great leap to leverage pressure on the sugar producer via the buyer company.

EU’s EBA emerged in 2001 to give all least-developed countries full duty free and quota-free access to the EU for all their exports with the exception of arms and armaments. There are currently 49 beneficiaries, including Cambodia, under this (EU, 2014). The objectives of the EBA trade preferences include “the promotion of sustainable development and good

62 The complaint has been assisted by Jones Day (JD) lawyer in the UK and a Cambodian lawyer, see also Peter and Naren (2013).
63 Participant 2
governance in the developing countries”, according to EU regulations (Miller, 2011). To seek extra pressure and intervention, the SAC and the NGOs filed a complaint to the EU in Brussels adhered to the complaints to the county of origin in Thailand and the buyer company in the UK.

4.5 Responses of International Stakeholders

In response to the complaint of SAC and NGOs, in February 2010, NHRC-T invited the lawyer of SAC to clarify and explain the allegations. After investigation, NHRC-T confirmed that KSL’s subsidiary company infringed SAC’s rights, particularly right to life and self-determination (Peter and Pheap, 2013). As a result, NHRC-T invited KSL to clarify the allegations. As an excuse, KSL claimed that its Cambodian partner had already remedied the issues. KSL however inclined to solve the problem by compensating in cash. KSL would be happy to return land, if the government could replace another plot of land. Afterward, there was no action undertaken by NHRC-T.

From the buyer’s side, T&L was not responsible for the allegations. As T&L is a member of MonSugro, the NGOs latter complained to MonSugro about T&L’s purchasing sugar linked with violated human rights abuses and severe adverse impacts, however T&L rejected the allegations in response to MonSugro’ questions. MonSugro subsequently terminated T&L from the association in 2012.65 Amidst the complaints, T&L deferred the case by selling the sugar business to the American Sugar Refinery (ASR). To trace the supply chain, NGOs, in collaboration with Earth Rights International, wrote letters to ASR, yet no positive response. In addition, a complaint was also filed to OECD regarding the misconduct of ASR and their sugar suppliers in Cambodia. ASR responded by advising the NGOs not file two separated complaints (to the UK court and OECD) promptly, otherwise they would not participate. In response, OECD dropped the complaint from the investigation because ASR rejected not to involve. It is OECD’s procedure if any parties evade from the process.66

Although T&L claimed that it has sold the sugar industry to ASR, SAC still complained against the company to the court of UK. The UK courts will try the issue in October 2014. Yet, in 2013, T&L used to meet with SAC representatives in London negotiate. T&L nonetheless resisted the allegations, which was made by its former supplier and claimed the positive impacts made by its supplier’s corporate social responsibility’s activities, such as schools building, roads and hospitals.67 Anyhow, SAC rely on the UK courts and their complaint to EU. They believe that the court will give them justice. Hence, the remaining of 200 families did not accept cash compensation, though it keeps increasing.

Though complaints to the EU in Brussels took a long time to process, in 2011, a Member of Parliament (MP) of EU visited SAC in Kampong Speu and Kong Kong provinces. The MP promised to bring the issue to EU parliament to conduct further detailed investigation and

64 It is an association in UK that provide certificate to member companies to prove that their sugars are bought with no link to human rights abuse or adverse impacts.
65 Participant 6
66 According to its procedure, OECD might further take action until all parties agree to continue the case. Because ASR declined to continue with OECD, the case was finally dropped.
67 A representative of the SAC give had interview with the Cambodia Daily after returning from meeting with That and Lyle in London, UK see Peter and Naren (2013).
assessment. Cambodia could be temporarily withdrawn from being a beneficiary of EBA if serious and systematic violations of international conventions on human and labour rights, the environment or good governance were found (Miller, 2011). In January 2014, the EU’s parliament passed a resolution calling on the bloc’s executive body to urgently act on an EU preferential trade scheme found to have carried high risks of human rights violations in Cambodia. Given that, another EU MP officially visited Cambodia to conduct a preliminary investigation. The MP found serious impacts, including human rights abuses, forced evictions, and adverse impacts of sugar companies in Cambodia. With this evidence, it would be possible that the EU would suspend or end EBA schemes to Cambodia. This thus leverages extra pressure.

In response, led by the Senior Minister and Minister of Commerce, the government called for a roundtable meeting among the concerned ministries (agriculture, land, environment), deputy and provincial governors, sugar companies including the senator, court and the EU’s Ambassador to Cambodia. It marked the first time ever that the government has publicly agreed to address the concerns (Reaksmey and Petter, 2014). This has proven to be significant response from the government and it is explicit that the complaint to of the UK courts against the UK buyer companies had a significant influence on both the government and the sugarcane producer. However, SAC and NGOs would not be satisfied with this unless otherwise other concerns were fully addressed.

4.6 Government Responses

In reaction to the international mobilisation, several modes of response, which are more or less similar to the responses to the domestic mobilisations, was commissioned by the government in alliance with the sugar company. The government and the sugar company simultaneously delayed the case and lobbied the villagers to accept unfair cash compensation. This approach has been applied until 2013.

On 7 May 2012, a month and a year before the commune council and national assembly elections in 2012 and 2013, respectively, the Prime Minister (PM) announced, as in his circular No. 001, a ELCs moratorium (Subedia, 2012), but some ELCs were grating as they were on the pipeline. In addition, the circular aims at revoking inactive and exploitive ELCs, solving land dispute between the SAC and the concessionaires by introducing the "leopard skin policy" and issuing private land titles to villagers. Though different people argued different reasons behind the PM’s circular, NGOs claimed that it resulted from the national wide adverse impacts of ELCs and the campaign of the NGOs and huge communities’ protests. This might lead to potential social unrest and might threat to PM’s regime and legitimacy (see also Milne, 2013, p. 326; Subedia, 2012). Thus, action has to be undertaken to prevent this.

To enforce the circular, massive student volunteers were sent to all provinces to demarcate land and issue titles to the villagers. For this case, the students, influenced by the powerful senator and the provincial office, were not sent to demarcate and carve land for the SAC. The

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68 The tiger skin policy attempts to demarcate the dispute land and carve the land plot from the overlapping concession area for villagers who legally claim ownership. The villagers will receive a plan and land title directly after demarcation.
government nevertheless claimed that the students were not sent to Chi Kha Leu as the land involved dispute; students might otherwise worsen the situation.69 Another argument is that, because most the affected families are aligned with the pro-opposition party, the student volunteers were not sent to solve the problem. Although the voices of the opposition supporters increased compared to the previous election, the ruling party still won the election in Chi Kha Leu in the July 2013 election. Despite of this, a number of government officials repeatedly claimed that protestors or victims were opposition party activists.

Last, the government promptly retaliated against the local NGOs. To empower and support the AC, since 2007, local NGOs have built the capacity of the AC and representatives to advocate with the government and the company. Series of training on land law, demonstration law, non-violent protest, human rights, advocacy strategies, and legal advice assistance were provided. In reaction to this, the government accused the NGOs of having received funding from the foreign countries to interfere in the internal affairs of ruling government and of being an opposition party’s activists. These NGOs incited and mobilised the SAC to against the government.70 In addition, some NGO staff were intimidated by policemen and soldiers employed by the company during their fieldwork. Leading NGOs that launched the campaign website were warned by the Ministry of Interior that they are where bypassing the Ministry’s bylaw. Hence, the NGOs were accused of involving themselves in political issues rather than being neutral and independent agencies.

4.7 Company Responses

In line with government’s mode of response, the sugar company increased (i) cash compensation, mitigated; (ii) some social and environmental impacts; and changed (iii) its corporate behaviour. First, the cash compensation increased dramatically up to US$3,120.0 per household as of late 2012. This was to lobby and persuade SAC to accept the cash in lure of ceasing the protests and complaints. Twenty-one households accepted the cash compensation and withdrew their complaint from the provincial court of Koh Kong and pledged no more complaints or protests. As of late 2013, the cash compensation was increased to above US$3,120.0 per household, but none of the families accepted the offer as SAC are now confident with the UK court.71

Second, as a result of SAC’ complaint, the sugar company stopped clearing and some areas of worship forest and cemeteries. Some of these areas were being conserved. In response to wastewater, the sugar company and the concerned environmental departments dug a new pond to store and regulate the wastewater before discharging. Pertaining to child labour, the sugar company eliminated child labour in the sugarcane farms after the complaints of SAC and NGOs.

Third and last, the behaviour of the sugar company gradually changed since SAC and NGOs had begun international mobilisation. In 2010, the company established a Corporate Social Responsibility (CSR) department to address all issues pertaining to business activities. The

69 Participant 5  
70 Participant 5  
71 Participant 10. The villagers have put all their hopes in the UK court, expecting that the court will bring more cash compensation and give them back their land.
department works closely with government at local and provincial levels to assist development activities, such as repairing school and school construction, rehabilitation of roads, and other activities proposed by the districts, communes, and villages. So, the behaviour of the sugar company was shaped, but this did address all concerns of SAC.

4.8 Does the mobilisation of CSOs contribute to sustainability?

Pressures of CSOs’ mobilisation resulted in mixed outcomes of social, economic, and environmental sustainability. Thereby, the likelihood of sustainability within affected communities is not satisfactory as the sugar company is behaving in a more unsustainable way. Based on the field survey, group discussion, and interviews, the following aspects of sustainability were assessed and perceived by the affected communities.

4.8.1 Social sustainability

The investment of the company had an adverse effect on social sustainability. First, the investment infringed land rights (WAI:-1.93), violating the right to land of the communities. The company also grabbed SAC farmland and other plantations. Loss of land is a sign of unsustainability in SAC, as having land is having hope for land is all kind of communities’ livelihoods. Second, although some areas of forest, cultural and worship sites in the investment were being conserved, this shows a negative trend towards unsustainability (WAI:-0.95). The reason is that, the conserved forest and worship sites would be depleted by the company’s plantation activities if the mobilisation of SAC ceased. Third, compared to other aspects of social sustainability, the contribution of the sugar company to infrastructure is relatively better. But, SAC claimed that, infrastructure has no much contribution to social sustainability (WAI:-0.5). Although the sugar company is conserving some areas of worship forest, forestland, which was previously conserved by an American NGO, was cleared by the sugar company. Not only was this, the community forest, which was processed and approved by the commune and district, was also cleared by the sugar company. This caused a serious impact on the community and associations formation (WAI:-1.65). In addition these, the sugar company severely ruined SAC groups, such as minority people (Cham people [Muslim community]). This is perceived as showing a negative trend towards unsustainability (WAI:-0.74). Overall, as a consequence of having no mitigation measures in place prior to the investment operation, it indicated unsustainable practice even though there was a strong effort of CSOs to shape sugar company behaviour to behave in a more sustainable way.

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72 Participant 13 and 14. There was evidence that the department has supported community by providing scholarships, road maintenance, repairing and building new schools, pagodas, as well as supporting other works in the districts, commune, and villages.

73 FGD in Chhouk village (November 2013)
Figure 6.1: Trends of Social Sustainability Practice of the Company

Note: -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

4.8.2 Economic sustainability

Generally, for three reasons, the investment caused unsustainable impacts on local communities’ economy. First, the sugar company and the government claimed that they created jobs for villagers but the jobs did not sustain the livelihoods of the whole communities. Only those villagers who have good connection with the sugar company and local government and who were well educated got permanent jobs in the sugar-processing factory. Rich villagers, including some village heads or middlemen, become sub-contractors of the sugar company. For workers, they could hardly earn more than US$3.0 to US$5.0 per day. Furthermore, jobs were only available for about 3-6 months per year. This is not enough to ensure the survival of a family of 5 to 9 dependants. The assessment revealed that job creation by sugar company induced almost no adverse impacts (WAI: -0.5). Some villagers migrated illegally to Thailand for employment and some also migrated to Phnom Penh for garment and other factory works.74 Hence, the project has not created significant contribution to the affected families’ income. Due to this, the income of the affected communities is showing a negative trend towards unsustainability (WAI: -1.42). Finally and as a result, the sugar company’s investment has negative contribution to sustainable poverty reduction in the communities (WAI: -0.94).

Second, during operation, child labour and hard working conditions were observed. Some villagers’ children quit school to work with their parents at the company’s sugarcane farm to earn just a survival income. Yet, the problem of child labour was eliminated according to complaints by the SAC and NGOs. Despite of this, the workers were still not satisfied with their working condition; some workers were accidently killed during working hours in the sugarcane farm. No precautions or safety measure was advised or implemented by the

74 FGD in Chi Kha Leu village (Nov 2013)
company to ensure a safe and sound work place. This signified unsustainable behaviour of the sugar company (WAI:-1.26) towards the communities.

Third, as a result of deforestation, the villagers lost their income from Non-timber Forest Products (NTFPs). Those poor SAC who used to collect NTFPs for survival cannot access to NTFPs anymore. This worsened the poor families’ livelihood. In so doing, the communities perceived unsustainable contribution to their communities’ (WAI:-2) contribution of the sugar company to NTFPs. Furthermore, kidnapping the cattle entering the sugarcane farm caused additional livelihood issue in SAC. As pastureland is now the company’s sugarcane farm, most villagers sold their cattle to prevent from being kidnapping and shooting when entering the concession area. Cattle raising, which used to be a main source of income, no longer existed in the SAC. Even though cash compensation was provided to the majority of the villagers, the amount of cash could not buy another plot of land for cultivation. To some extent, the compensated amount was used to pay for debt from past years, which was borrowed during 2006-2010. Out of 149 households, 78 households were in debt, which was due to in adequate income or impermanent occupation. This indicated un-sustainable impacts on the communities, though efforts were put to ensure sustainable development.

![Figure 2: Trends of Economic Sustainability Practice of the Sugar Company](image)

**Note:** -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

4.8.3 *Environmental sustainability*

Regarding environmental aspects, though the company and the government claimed that they employed several approaches to resolve problems, for example, by digging a new pond to store and treat the water before releasing it to the surface water and conserving some areas of the forest, community members perceived that the company’s actions produced an unsustainable environmental outcome.

75 Author’s households survey in November 2013
First, water quality continued to be affected. Chemical fertiliser, which ran off from the sugar plantation area, contaminated water quality in most streams and lakes in the area. As a result, fish and aquatic vegetables are not abundant anymore. Thus, the company was worsening the water quality and is showing unsustainable impact (WAI:-1.88). The company’s operations also damaged water sources by shallowing lakes and canals due to accumulated soil erosion in the sugar plantation area. This is evidence of unsustainable behaviour affecting the communities’ water sources (WAI:-1.49). Another issue was that the change in land use pattern caused problems with the SAC’s cultivation activities. For instance, as the forest on the river or canal bank was cleared, land erosion was observed and some paddy fields located downstream of the sugarcane filled up with sandy soil. This shows a negative trend towards unsustainability (WAI: -1.77) in land use pattern. As a result of soil erosion and overuse of chemical fertiliser, the soil quality was degraded. The chemical fertiliser used for sugarcane damages other plants, such as rice and vegetable without providing any benefit.

Finally, as mentioned earlier, previously the land was preserved by the NGOs, but later grabbed and cleared by the company. Though some areas of forest were not purposively conserved, almost 50 percent of the forest cover in the concession area was cleared and burnt down to plant sugarcane. This is an unsustainability (WAI:-1.92) behaviour of the company towards the forest in the investment area though the communities and NGOs put great effort to stop the forest clearing.

![Figure 03: Trends of Environmental Sustainability Practices of the Sugar Company](image)

**Figure 03: Trends of Environmental Sustainability Practices of the Sugar Company**

**Note:** -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

Given the result, CSOs’ mobilisation does not have significant influence on the sugar company and the government to behave in a more sustainable way towards local communities. Hence, the operation of the sugar company caused environmental, economic, and social unsustainability in the communities. This indicated the failure of CSOs, though sophisticated influential tactics were employed. Failure of CSOs to influence the sugar company and government was due to the political nexus between the government and the sugar company.
4.9 Political Nexus between Government and Company

With the above evidence, it is obvious that the mobilisation of SAC and NGOs has no significant influence on the government and the sugar company to ensure a sustainable outcome. The most important factor, which determines this, is the patron-client network between the government and the sugar company. This network constitutes capture of regulatory institutions not to enforce effective regulation to ensure sustainable investment.

4.9.1 Network of client and patron in the sugar industry investment

Client-patron network does strongly exist in this sugarcane investment. The network constructed when the foreign investors sought joint venture with the local investor to gain access to land and to secure long-term investment. As in the beginning of the chapter, the Thai and Taiwanese investors partnered with a powerful senator and a closest friend of the Prime Minister, to facilitate access to ELCs within a short period. It took only three months to get the licence from the Councils of Minister (CoM), which is quicker than other companies. With this connection, it is found that the this joint venture company has conducted no public consultation with the SAC and Social and Environmental Impact Assessment (SEIA), which is required by sub-decree of ELCs (2005) and EIA (1999), as perusals prior to the CoM’s approval with due diligence. As a result, this concession was accused of violating sub-decrees of ELCs and EIA and land law 2001. As stated in land law, no concession is granted to private company exceeding 10,000 hectares. This sugarcane investment was awarded up to 19,100 hectares, as it claims that they have two companies but under a single operation. Moreover, due to improper impact studies, it causes adverse impacts on the local communities living surrounding the investment areas.

However, the evidence showed that the operation of sugarcane investment has gone smoothly in spite of serious impacts and the communities’ resistance. This is due in part to the sugarcane company, which is a client, is being protected by a powerful shareholder. The powerful shareholder is a middle patron who plays an important role in mediating between the company and the central government (the central patron). This influenced the government regulatory enforcement institutions not to enforce strict regulation.

4.9.2 Capture of government institutions

According to theory, capture is the process in which regulatory institution is influenced by politics or bribed by those being regulated (Ayres and Braithwaite, 1992). In contrast, in this case, the regulator institution is captured by itself-the central regulator influences the local regulator and by the sugar company. This happened due to the interlocked patron-client networks, which require the leader (the patron) to influence its own regulatory institutions (from local to the central) to protect the sugarcane company (the client) for reciprocal benefit.

76 The licence is approved by the council of ministers in form of Notification (Sor Chor Nor in Khmer), which is usually exaggerated by the company and the local and provincial authorities as “Law” or Chbab in Khmer to intimidate the affected people or communities.
77 Participant13 confessed that this sugarcane company owns and operates 20,000 hectares of land.
78 Participant 06, lawyers and based on the AC’ complaint filed to UK court.
a) Capture of the local government

The Commune Councils (CCs) and district councils always complained and responded, as an excuse and in practice, that they have no powerful role in the process of mediating and mitigating the issues for SAC. These local government officials were either influenced by high ranking government official within the regulatory institutions and especially by the sugar company, which owned by the senator. They are did not have much power, so they could not confront with senior government officials at the provincial and central although the following tasks and decisions were decentralised to the local government (KC 2002):

...has duties to promote and support good governance by managing and using existing resources in a sustainable manner to meet the basic needs of its commune...” article 41. In addition, the CCs have duties to...promote social and economic development and upgrade the living standard of citizens; protect and conserve the environment, natural resources and national culture and heritage...79

It is clearly seen that local regulatory institutions, especially CCs, were influenced by the higher regulatory institution and an individual who possessed a powerful role in that institution. These elected commune councils could not exert their power according to the law. In particular, the elected commune chief cannot act against the higher ranking official and has to be accountable to senior members of the party rather than the public or electorate.

b) Capture of the provincial office and court

After summoning and interrogating representatives of SAC, the court took no further action. The court was aware that SAC was complaining against the powerful businessman-cum-senator in Cambodia. To postpone the case and give an excuse, the court transferred the case to other government institutions, such as land and provincial offices.80 It intended to make communities feel reluctant to use the court system and to eventually accept unfair cash compensation.

It is not much different from the provincial court; the provincial office took no immediate action to remedy the concerns of SAC since the powerful senator influenced the provincial office. A former provincial governor probably intended to intervene in the case by opposing the sugar company. Later, the provincial governor was withdrawn from the position. It was more likely possible that the senator influenced the withdrawal process.81 Hence, there was no critical remedy made by the provincial office due to this capturing process.

c) Capture of the central government

No significant response or mitigation provided to SAC because all concerned central institutions, such as the ministry of agriculture, councils of ministers, and national assembly, were frightened by the powerful senator. There was evidence that most senior government officials have to pay substantial amounts of money either as a contribution to the party or in

79 Article 43 of the Law of Commune Councils Administration of Cambodia
80 Participant 06
81 Participant 29
lure of receiving or securing position and their business activities (cf. Un, 2005). Without this, the party might not be survived. Those who possess power from this process threaten the other for their benefits and business. Eventually, these government institutions took no action to intervene in the serious impact made by the sugar company, which is owned by the powerful senator and a vital financial contributor to the party. Once, a secretary of state of the ministry of interior intervened in the case, but he withdrew from the mediation process due to the influential power of the politico-commercial senator.

Overall, the patron-client network creates a blurred line between the government and the business. This creates a complex line between regulatory enforcers and violators. It sequentially created an institutional capture when all levels of government institutions are influenced by a powerful politico-commercialised senator (the middle patron) and the sugar company (client). This signified a barrier for which mobilisation of CSOs failed to ensure sustainability.

4.10 Summary and conclusion

This chapter has unpacked interactions of CSOs (communities and NGOs), the government and the sugar company for sustainability impacts. Initially, the CSOs employed domestic mobilisations, including peaceful protests, petitions, local networking, and complaints to the local court. The attempts of domestic mobilisation were to directly pressure the government to regulate the sugar company to behave in a more sustainable way. As a result, the government chose a combination of partial concession and stronger suppression as a mechanism of response to CSOs. Partial concession was evidenced when the government failed to strictly regulate the sugar company to address the CSOs’ demands and concerns of sustainability. The government, instead of warnings, monetary fines, court complaining, suspending and revoking licence of the sugar company, just motivated the sugar company to pay, but with unfair cash compensation. This resulted in almost half of the SAC’s members accepting the cash compensation. Stronger repression was overt when the government and the sugar company allies lobbied and intimidated the SAC to accept unfair cash compensation. More importantly, the government employed other coercive suppression strategies, such as intimidations by cracking down on non-violent protest, fearing the representative of the SAC, procrastinating the complaint and etc. These intended to alienate and to force the SAC’s members to accept unfair cash compensation and finally to stop the mobilisation. Nevertheless, such a response did not hamper, but instead provoked the communities to mobilise even stronger as they resorted to NGOs’ assistances.

Given the failure of domestic mobilisation, CSOs staged international mobilisation approaches including complaining to the country of origin of investors (Thailand, the source of capital), international supply chain: complaining directly to buyer companies, court of UK and to EU’s Everything But Armes (EBA), which provides preferential trade access to sugar producer companies and buyer companies. This mobilisation resulted in increasing pressure on the company on the one hand and on the government of Cambodia on the other. Complaining to court in the buyer country (UK) and the human rights commission in Thailand, put extra pressure on the sugar company, but did not yield any positive results to

82 Participant 28
SAC. Meanwhile, complaining to EU’s EBA leveraged an extra pressure on both the government and the sugar company. The EU parliament intended to terminate Cambodia from beneficiaries of EBA and thus government took action to mitigate the concerns of SAC.

Though there was significant pressure from international stakeholders particularly the EU, there have been no significant results reported as the government and the sugar company remained choosing a combination of partial concession and stronger repression as a mode of response. Similar to the above, partial concession claimed since government and sugar company lobbied and procrastinated the case. To lobby, the government in colluding with the company delayed their response to diminish SAC’s confidence and hope. This led some members of SAC to accept unfair cash compensation. To suppress, the government and the company accused SAC and NGOs of being involved in a political movement. The international mobilisation of CSOs has however resulted in changing the sugar company’s corporate behaviour. For instance, the sugar company established its Corporate Social Responsibility (CRS) program, intending to address some issues, such as infrastructure (road, school, temple constructions, and maintenance), school supports (poor student supports, scholarship for outstanding students), eliminating child labour, and mitigating some environmental issues, including water pollution, conserving worship forest and cultural sites. Though, CSR is not stated in the Cambodian regulations, it signified company’s self-regulation to a certain degree. However, this has not addressed all social, economic, and environmental sustainability. Based on the result of sustainability impact assessment, the sugar company is behaving in a less sustainable way regarding social, economic, and environmental effects on communities.

In conclusion, it is apparent that mobilisation of CSOs is significantly strong, but it generates no significant influence on the government and the sugar company to behave in a more sustainable way. This is because of an inter-locked network of patron and client between the government and the sugar company, which led to captures of regulatory institutions. This capture attempts to protect both the client and the patron. This political nexus between the government and the sugar company undermines the work of CSOs to ensure sustainability in the communities. However, CSOs have to a certain extent shaped the behaviour of the sugar company to implement Corporate Social Responsibility (CSR), for instance. CSR is a by-product of CSOs’ efforts, though it contributes no significant impacts towards sustainability in the communities. It is arguable that CSO mobilisation does not necessarily influence the sugar company to behave towards sustainability in overall, but CSOs can influence the sugar company and the government to address particular issues in the three domains of sustainability.
5

Comparison, Discussion and Conclusion

This final and conclusion chapter discusses and compares the mechanism of interactions among CSOs, the government, and companies in joint venture investments in sugar and rubber plantations. The chapter argues that the two cases have different characteristics, mechanism of interactions, and outcomes. The rubber-affected communities (RAC) achieve better sustainability outcomes than did the sugar-affected communities (SAC). This result was due not only to the different influencing tactics employment, but also to the different political nexus between the government and the two companies. Because of the weak political nexus, in the form of client-patron networks, which constitutes weak capture of government institutions, RAC achieved a better sustainability outcome. In contrast, strong client-patron networks between the politico-commercial senator and sugar company impeded SAC’s mobilisation and resulting in unsustainable impacts.

This chapter begins by comparing causes and scope of demands of the two communities and their alliance NGOs. Second, it compares the influential tactical employment of the two cases, comparing institutional and non-institutional tactics targeting both the government and the companies. Third, the chapter explores the different mechanisms of response employed by the government and the two companies. Based on the mechanisms of response, the chapter furthermore delineates the different outcomes in terms of sustainability impacts. Followed by outcome comparison, the fifth section discusses why different mobilisation achieves different sustainability outcomes. Last but not least, the chapter concludes by recapping the whole study with recommendations.

5.1 Mobilisation of the Affected Communities and NGOs: Causes, Scope and Tactics

Mobilisation of the two communities erupted as a result of similar change in social, economic, and environmental aspects caused by the arrival of the foreign joint venture investments in agro-industry. These two foreign joint venture companies were granted ELCs in where land was being occupied by the affected communities. The granted ELCs overlap with the communities’ farmland, cash crop plantation, common property resources (water sources, conserved forest, forestland) and cultural sites (worship forest, cemeteries). Without prior consultation and proper impact studies, the two companies cleared these overlapping areas. In addition, the operation of the rubber and sugar plantations caused adverse impacts on water source and quality and other environmental concerns. Due to this, the two affected communities mobilised against the government who irresponsibly endorsed the agro-investment projects and also the companies who irresponsibly caused social, economic, and environmental unsustainability in the two communities.

The two communities, though located in different locations, respectively demanded government and the two companies to address similar social, economic, and environmental concerns; the ultimate goal was to ensure sustainability in the communities. In this social aspect, the two communities demanded both the government and the two companies to address three similar concerns. While RAC focused on violating indigenous communities’ rights, land rights and cultural and worship sites, SAC paid more attention on child labour, livelihood disturbing (kidnapping cattle for ransom and shooting cattle), breaching human
rights, and Cambodian regulations. This manifested different context of demand, but within regulatory compliance and the human rights aspect.

From an economic perspective, the two affected communities demanded the government and companies provide similar but slightly different compensation. Both communities demanded either the return of their land or appropriate cash compensation. SAC demanded the return of about 5,000 hectares of land, whilst RAC demanded the return of about 1,500 hectares. In addition, the two communities demanded the government and companies address the loss of NTFPs, which were a second source of income. To mitigate adverse impacts on their livelihoods, SAC paid more attention on restricting animal raising, while RAC paid less attention on this concern. Overall, both RAC and SAC demanded the government and companies address livelihood disturbance caused by land grabbing and the loss of common resources such as forest.

For environmental concerns, likewise, the two communities shared three similar concerns: water quality, soil erosion, and forest cover. Empirical evidence, however, showed that, the sugarcane plantation caused more adverse impacts on soil and water quality than did the rubber plantation. To ensure sustainability, both communities furthermore demanded the companies to abide with regulations, such as EIA (1999) and ELCs sub-decree (2005), which prescribed all companies to conduct proper public consultation and social and environmental impact assessments and issues found in the studies have to be mitigated prior to investments’ operation. Evidence showed that, the sugar company had few supporting documents pertinent to public consultation and impact studies, while the rubber plantation demonstrated more detailed information about impacts in its initial EIA and feasibility study reports. In this regard, the two communities shared similar concerns, but SAC tended to demand more items than did RAC. This would be a result of the different size of the investment areas; huge investment tends to create huge impacts.

To recap the demands of CSOs, the affected communities in particular, they demanded both the government and the two companies to ensure sustainable development in the communities. Having addressed these expected outcomes, the two large-scale investments would contribute to sustainable development in or surrounding the investment areas. To achieve the expected outcomes, CSOs employed different strategic influence. SAC more likely employed institutional tactics, while RAC tended to employ a combination of non-violent and violent tactics. These two affected communities, however, similarly staged two phases of mobilisation. Apparently, SAC and NGOs initially staged domestic mobilisation by employing peaceful protests, petitions and filing complaint. Latter, they escalated to international mobilisation. This directly and indirectly targets the company and government, respectively. It traced its international supply chains, from the country of origin (Thailand), sugar producer in Cambodia, buyer company in the UK, consumer, and the European Union as trade facilitator. These were orchestrated to call upon international pressure on government and the sugar company to address the concerns of SAC and NGOs.

Unlike SAC, RAC shifted its mobilisation tactics from non-violent to violent tactics. Prior to using violent tactics, RAC petitioned and held peaceful a protest to seek a solution from both the government and the rubber company; but it yielded no positive results. RAC escalated to violent tactics, which squarely targeted the rubber company rather than the government. RAC burned down bulldozers and destroyed a number of rubber saplings. The primary attempt of
this tactic was to leverage pressure directly on the rubber company to address RAC’s concerns.

The two groups resorted to different tactical mobilisations because of two underpinning factors. First, SAC was more likely influenced by NGOs who have been engaged in the mobilisation. The NGOs offered several training sessions, including training on advocacy, laws, and other legal procedures, to empower SAC to hold peaceful mobilisations rather than violent acts. With least attention from NGOs, RAC seemingly did not believe in NGOs, though NGOs have provided a substantial but not intensive legal advice and training. RAC intuitively believed that harmful action would be an influential message to either the rubber company or the government to address their concerns. Given the different tactical employments, the two communities received different kinds of responses from the government and the companies.

5.2 Government Responses: A Combination of Concession and Repression

As defined in the conceptual framework, there are four possible mechanisms of government response: tolerance, concession, repression, and a combination of concession and repression. The intensity of concession and repression however varies from a regime to another. In these two cases, the government employed a combination of concession and repression as a mechanism of response to CSOs, and to the affected communities in particular. Yet, SAC tended to face strong repression and partial concession, while RAC tended to face partial repression but higher concession.

As a mechanism of strong repression, government in alliance with the sugar company violently cracked down and intimidated SAC and NGOs. As explained in Chapter Four, SAC’s peaceful protest encountered dispersal, shooting, injuring and assaulting protestors. In addition, activists and outspoken representatives lobbied and suppressed to accept unfair cash compensation. Meanwhile, the involved NGOs were also verbally or physically intimidated during their support and fieldwork to the affected communities. An active local NGO was threatened to close down its office, if it would pursue mobilisation against government, especially the sugar company. Given this evidence, the study asserts that SAC confronted severe repression compared to RAC. For instance, although there was violent protest orchestrated by RAC, they faced light repression. After the violent protest, six protestors were detained and later released on bail.

Simultaneously, the government partially concedes. However, SAC received lesser concession than did RAC. As a mechanism of concession to SAC, the government negotiated with the sugar company to offer, but unfair cash compensation in addition mitigation of some social and environmental impacts. Likewise, the government negotiated with the rubber company to offer cash compensation and to mitigate social and environmental concerns of RAC. In addition, the sub-decree on ELCs moratorium was seen as an applicable concession of the government. The level of enforcement of the sub-decree was not the same in the two cases. The sub-decree tended to be strictly enforced in rubber case, but not in the case of sugarcane. This was due to the different level of networks between the two companies and senior government officials.
5.3 Companies' Responses: Compliance and Self-regulation

Due to the different level of government concession, the two companies conceded differently. Compared to the rubber company, the sugar company conceded a lesser amount. To concede, the sugar company, in line with government’s partial concession offered unfair cash compensation and mitigated some adverse social and environmental impacts. Other than mitigating social and environmental impacts and offering cash compensation, the rubber company self-regulates to harmonise long-term investment.

As in Chapter Three and Four, the study found that the sugar company did not explicitly comply with relevant regulations, such as ELCs, EIA and ELCs moratorium. However, the sugar company started to implement its CSR. In contrast, the rubber company complied with the government re-regulations, such as conducting proper social and environmental impact studies, ELCs moratorium (carving the overlapping land from the concession area) and offered acceptable cash compensation. Furthermore, the rubber company re-regulated itself by developing codes of conduct and implementing CSR in order to avoid conflict with the indigenous communities in the future and also to ensure sustainable investment in the communities.

With this evidence, it shows that the two companies conceded according to the level of government concession. But the company (e.g., the sugar case) that possesses strong connection with a well politically connected person is more unlikely to comply with the demands of the affected communities and NGOs to ensure sustainable development or harmonious investment. Whereas, the company (e.g., the rubber case) that possesses weak connections with a well politically connected person more likely concedes than does the stronger company.

5.4 Different Outcomes: (Un)Sustainability

As a result of the different level of concession of the government and compliance of the companies, the two cases produced different sustainability impacts. Overall, RAC tended to receive better sustainable impacts than did SAC.
Note: -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

For social sustainability, rubber company induced a negative trend towards unsustainable impacts on infrastructure, land rights, indigenous communities and cultural and worship sites. However, the rubber company created a positive trend towards sustainability in communities and association. To reiterate chapter three, after encountering with land grabbed, RAC started to mobilise and established indigenous communities association to protect their communal land. Compared to the sugarcane case (see Figure 5.1), the sugar company caused adverse impacts on all social indicators of the communities. The worse indicator was land rights, for the rubber company tended to concede by providing three solution options (land swap, acceptable cash compensation, and joint-rubber plantation). These solutions indicated the respect of right to land of the indigenous communities. Meanwhile, the sugar company was able to provide only unfair cash compensation.

Figure 5.2: Economic Sustainability Impacts of the Two Cases

Note: -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)

For economic sustainability, the rubber company had more positive impact on communities compared to the sugar company. Figure 5.2 above illustrates that the rubber company contributed to more positive impacts on income and poverty reduction than did the sugar company. Though the rubber company created the least negative impacts on the rest of the indicators, such as job creation, working conditions, and non-timber forest products, these were far better than the sugar company. Three reasons impelled the rubber company to create better situations that would impact on income, poverty, job creation, working condition than the sugar company. First, the rubber company adopted self-regulation by developing codes of conduct and implementing CSR immediately after the confrontation with RAC. To reiterate, the rubber company provided a better daily wage and accommodation for long-term workers in the concession area. Second, the rubber company solved the problem through a holistic approach, such as joint-rubber plantation, which would lead to enhance the livelihood of RAC. Third and last, the arrival of the rubber company brought with other economic activities, such as small businesses and bartering between the indigenous communities and
the new villagers. In the sugarcane case, the communities claimed that they were living in an unsustainable way since the sugar company produced rather negative impacts on their livelihoods. To reiterate Chapter Five, daily wages were low, working conditions were not acceptable and their NTFPs were depleted. This had forced some of SAC to migrate to Thailand and to the capital, Phnom Penh. Hence, the rubber company induced better economic sustainability compared to the sugar company. This indicates that the mobilisation of SAC and the alliance NGOs had no significant influence on the sugar company to behave in a more sustainable way, but the mobilisation did shape the behaviour of the sugar company.

The rubber company induced better impacts not only in social and economic sustainability aspect, but also environmental sustainability. Figure 5.3 illustrates that the rubber company caused a negative trend towards unsustainability, whereas the sugar company caused absolute environmental unsustainability. Three reasons underline these different sustainability impacts. First, the sugar company caused more severe impacts on the water quality and surface water than the rubber company. The sugar company was lax in regulating their chemical fertilisers’ utilisation and wastewater from its sugar-processing factory was discharged to surface water without prior treatment. In contrast, the rubber company properly monitored and regulated fertiliser application in its rubber plantation area. Though water was found to be abnormal compared with previously, it was better than the case of sugar company. Second, the rubber company tended to conserve forest along the river rim, which would protect soil erosion and prevent landslides, whereas the sugar company paid less attention to this concern. SAC claimed that the sugar company razed forest and caused soil erosion; lakes and lower paddies field were filled up. Third and last, changing in land use pattern of the two cases are different; the rubber plantation is deemed to be reforestation and thus caused least soil erosion, while the sugar company caused severe soil erosion. These were not because of the nature of the investments; it was because of the least influence of the affected communities and the NGOs’ mobilisation. Elaborated in Chapters Three and Four, the two companies mitigated environmental impacts differently.

Figure 5.3: Environmental Sustainability Impacts of the Two Cases
Overall, it is arguable that mobilisation of the two communities produced different and mixed sustainability outcomes. Though the rubber company induced a negative trend towards unsustainability, it is not worse as compared to the sugar company. Hence, it is more likely that mobilisation of CSOs in rubber case tended to produce a better sustainability outcome compared to sugarcane case. This outcome was not due to the different tactical employment of different CSOs, it rather because of the political nexus between the two companies and the government.

5.5 How the Political Nexus between Government and Company Undermines and Unpins Sustainability Impacts

This study claims that the political nexus between government and the two companies, in terms of client-patron network, either undermines or underpins the mobilisation of CSOs to attain their demands. To reiterate chapter one, political nexus between government and the two companies manifests in terms of clientelism-patronage, which is understood as a dyadic and asymmetric relationship between patron and client, while patronage is referred to the relationship between an individual and a bigger group. This relationship is established based on reciprocal but not equal benefits, in which the client is protected by the patron and based on loyalty and support (Erdmann and , 2007; Scott, 1972). In this tripartite contention study, the foreign investors, either the rubber company or the sugar company, are clients, whereas local partners are either client or patron (middle patron). The local partner is the patron of the foreign investors and in the meantime it is also a client of the bigger patron, the central or most powerful government officials.

To cite previous chapters, the study argues that, client-patron networks do exist in both cases, but it is apparently weak in the rubber case. As a result of a weak network between the rubber company and government, it avails RAC, through its mobilisation, to attain a better sustainability outcome. As strong network was established between the sugar company and the government, especially the senior politician and a member of the ruling party, it retrained the SAC to attain a sustainability outcome, though innovative mobilisation approaches were employed. With this regard, the study furthermore argues that, a weak client-patron network tends to induce weak capture of regulatory institutions while a strong client-patron network tends to constitutes strong capture of regulatory institutions.

Drawing from the previous two chapters, sugarcane case constituted stronger capture of regulatory institutions form the local to the central level, while the rubber company created weaker capture. Empirical evidence pertaining to the capture of local government has seen everywhere in Cambodia. This was due to an incomplete decentralisation process, which was made to maintain and serve the hegemony of the ruling government. Decision-making was concentrated in the hands of the provincial and the central government. Likewise, each commune in each case was captured by both the provincial government and the companies. Though the commune was powerless to intervene, the contention between the rubber company and the RAC, Busra commune councils had strived to seek a solution for the aggrieved indigenous communities. Once the protestors were detained, the commune councils, along with the indigenous communities, collectively intervened and sought the release of the six protestors. Unlike the Busra commune, the Chi Kha Leu commune councils

Note: -2 to -1.1 (unsustainability), -1 to -0.1 (towards unsustainability), 0.0 (no impact), 0.1 to 1 (towards sustainability), 1.1 to 2.0 (sustainability)
always claimed that they are powerless, “light weight” to distance themselves from the conflict embroiled powerful politico-commercial senator.

The provincial government likewise was influenced either by the central government and the companies. Nevertheless, the rubber company had least influence on the provincial office and sectoral offices of Mundukiri province since there were interventions from the central government; whereas, the central government and sugar company influenced not only the provincial office also the sectoral offices of Koh Kong province. Explicit evidence, for example, showed that the Koh Kong provincial court did not act according to SAC’s complaint; the court instead diverted the case to other sectoral offices. Furthermore, the provincial office did not comply with the ELC’s moratorium of the Prime Minister (PM). These institutions were captured by the sugar company as well as the shareholder senator, who has close connection with the prime minister. Unlike the sugarcane case, the provincial office followed the prime minister’s sub-decree on the moratorium and carved the land from the concessionaires to RAC. These manifestations in the provincial and sectoral offices in the sugarcane case were more likely influenced by the sugar company as well as the central government (the senator), yet these institutions were lightly influenced by the rubber company.

Similar to the provincial level, captures of central government institutions are also different in the two cases. Due to the weak (client-patron) connection between the government and the rubber company, there several interventions of central regulatory institutions, such as the Ministry of Land, the national authority for land disputes, to remedy the impacts of rubber plantations on indigenous communities. Though there was intervention from the above in the sugarcane case, it was not affective as the secretary of state later withdrew from the process of mediation due to the influence of the powerful senator shareholder. Further evidence of different captures of the central regulatory institution was compliance with the prime ministers’ sub-decree on ELC’s moratorium. The rubber company complied with the moratorium and carved out land for the affected indigenous families, while the same sub-decree was not enforced in the sugarcane case.

Overall, the strong client-patron network created strong capture of regulatory institutions and as a result, it restrained the CSOs to achieve their sustainability outcome. Meanwhile, weak the client-patron network tended to create weak captures of regulatory institutions and thus, it availed CSOs to achieve a better sustainability outcome. This can be argued that, CSOs failed to influence the company, which has a well politically connected shareholder, to behave in a more sustainable way. But, it does not mean that, CSOs succeeded to influence the company, which had weak connection with the local (politically connected) shareholder, to ensure sustainability. This is because the regulatory enforcement environment in Cambodia has been lax since the time that the foreign company’s proposal was being vetted.

### 5.6 Conclusion

This research has discussed and compared the different mechanisms of interaction among government, business, and CSOs in agro-industry investments in two different cases. The two affected communities, in particular, shared similar concerns and demands over unfavourable changes in social, economic, and environmental aspects of the communities after the arrival of the two foreign joint venture companies. To influence government and the two companies
to address adverse changes, the two affected communities, in alliance with NGOs, employed different but similar strategies, namely non-institutional and institutional tactics.

Initially the two communities employed institutional tactics, such as peaceful protests, petitions, and filing complaints to the court, but these yielded no significant results. Unlike the communities in the rubber case, the communities in the sugar case encountered strong repression orchestrated by the government which was in alliance with the sugar company. The government did not offer appropriate solutions and even violently dispersed the protests of the sugar-affected communities. To leverage influence on the government and the two companies, the two affected communities resorted to different strategies. The rubber case resorted to non-institutional tactics while the sugar case persistently employed institutional tactics, but the tactics were more innovative.

Intuitively, the rubber-affected communities believed that harmful action would leverage fiercely influence directly on the rubber company to address their demands for sustainable development. They organised violent protests, incinerating tractors and bulldozers and destroying rubber saplings of the rubber company. Unlike this, the sugar-affected communities sought the assistance of NGOs’ and staged international mobilisation attempting to leverage influence from stakeholders in international supply chains of sugar production. Like previously, the two affected communities received different mechanism of response of government. The government tended to employ a combination of concession and repression, but repression tended to be light and concession tended to be high for the rubber case, whereas the sugar-affected communities encountered a combination of partial concession and strong repression.

The sugar affected communities and the alliance NGOs faced strong repression. The government intimidated outspoken representatives of the communities, procrastinated in responding to the case, harassed arrest, bought off, threatened and lobbied members of the affected communities to accept unfair cash compensation and to stop resistance. In contrast, rubber-affected communities, who organised violent protest, were not violently dispersed, but government suppressed them by detaining six protestors afterward. The protestors were later released on bail and pledged to protest no more or report to human rights NGOs or news media. Hence, these two communities experienced different intensities of repression.

As a concession, the government, on the one hand, negotiated with the rubber company to mitigate social, economic, and environmental concerns of rubber-affected communities and on the other hand, re-enforced relevant regulations, such as ELCs, ELCs moratorium and EIA sub-decrees. The intensity of government’s concession varies from a case to another. For instance, the government regulated the rubber company to comply with not only the sub-decree on ELCs and EIA, but also the ELCs moratorium. However, the government failed to regulate the sugar company. To address the demands of NGOs, and the affected communities in particular, the government successfully negotiated with the rubber company to offer three solution options in addition to mitigating social, economic, and environmental impacts, but the government failed to do so with the sugar company. These evidently featured different intensity of concession made by the government in each case.

As a result of different intensity of concessions made by government, the two companies behaved differently towards different communities’ social, economic, and environmental sustainability. To reiterate, the sugar company induced a negative trend towards
unsustainable social, economic, and environmental aspects within and surrounding the investment area, whereas the rubber company stimulated a positive trend towards sustainability in the economic aspect, thought it induced a trend towards unsustainable social and environmental aspects. Comparatively, the rubber company ended up having a better sustainability impact than the sugar company. These were driven by several factors, especially the level of concessions made by the government and the two companies. As the rubber company was inclined to concede by complying with the government’s regulatory re-enforcement, they addressed several aspects of social, economic, and environmental sustainability. Hence, the mobilisation of CSOs, especially in the affected communities, in the rubber case generated better sustainability outcome than did the sugar case. This is rather not because of significant influence of CSOs’ tactics, though they are necessary. For instance, though the sugar affected communities, which employed sophisticated influential tactics, failed to achieve sustainability outcome, while the rubber affected communities, which employed traditional and violent tactics, leveraged significant influence to achieve better sustainability outcome. This was due to weak political nexus between the government and rubber company.

Weak client-patron network between the foreign investor and government induced weak capture of government institutions, while strong network induced strong capture of government institutions. In essence, due to weak connection between the rubber company and the government, it avails CSOs to achieve a better sustainability outcome, while the strong connection between the sugar company and government, especially the senior powerful politician and member of the ruling party, restrained the lower and central government institutions not to address the demand of CSOs, especially the sugar affected communities. Hence, the strategic influence of CSOs targeting the company with well connection with politico-commercial person dooms to failure, while CSOs who targeted the company with weak connections tended to achieve a better outcome. To tackle a politically connected company, CSOs should politicise their problems in order to leverage influence not only from the affected communities, but also from the public at large, which might influence the politico-commercial person through the electoral process.
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### Annex

**List of Participants Consulted**

**Key Informants and Key Experts**

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<tr>
<th>Participant No.</th>
<th>Position</th>
<th>Date</th>
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<td>1</td>
<td>Village Head 1-KK</td>
<td>3-Nov-13</td>
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<td>Executive Director-NGO</td>
<td>6-Dec-13</td>
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<td>3</td>
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<td>23-Dec-13</td>
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<td>26</td>
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<td>Village Head 3-MDK</td>
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<td>CEO-Company 3</td>
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<td>17-Dec-13</td>
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<td>33</td>
<td>Academician/Researcher*</td>
<td>2-Dec-13</td>
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<td>34</td>
<td>Chief of EIA-MoE</td>
<td>5-Jan-13</td>
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(KK: Koh Kong, MDK: Mondulkiri) *Consulted during the second follow up visit (July 2014)

### Focus Group Discussions

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<th>Province</th>
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<td>02 Nov 2013</td>
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<td>Mondulkiri</td>
<td>Pu Toeut Village</td>
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