

## The dilemma of a multi-million-baht EC project

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As part of the first Thai-EC Tapioca Agreement (1982-86) the EC provided a grant of 35 million European Currency Units, about 980 million Baht, to the Thai government in 1986 to plant 96,000 rai (15,360 hectares) of rubber in the Eastern Region provinces of Rayong and Chantaburi.

The project is administered by the Ministry of Agriculture and Cooperatives. Most of the grant was channelled through the government's Bank for Agriculture and Agricultural Cooperatives (BAAC) to be used as a source of credit to cover the farmers' investment costs for the period between planting their rubber and the start of tapping six years later.

The project supports training for farmers and officials, together with help in producing top quality rubber seedlings for farmers to plant.

All sides agree that the concept is good. The project aims at solving two of Thailand's most serious problems in the farm sector: illegal settlement and clearing of the forests; and over production of cassava, an annual crop that exhausts the soil, encourages soil erosion and relies too heavily on a single market in the EC.

By planting rubber, forests will be replaced and soils preserved. At the same time, the farmers involved will benefit through the stability associated with the legality of the programme and will acquire improved farming skills. Their incomes will rise substantially once production starts. A typical participant can expect his or her income to rise 50 percent during the first twenty years of the project, compared with what they would earn from their existing crops.

The concept could be extended to large areas of the country that are experiencing the same problems as Rayong and Chantaburi. Other tree crops could be promoted aside from rubber. Fruit trees like mango and tamarind would be suitable in large areas of the Northeast, for example.

The first year of rubber planting under the project was 1987. Since then a total of 24,000 rai (3,840 ha) of rubber has been planted. Though the farmers' performance has been technically good, the area planted in three years amounts to just 25 percent of



the area targeted under the programme.

Further progress is likely to be even slower. Until now most planting has been done in 'nikhoms' (settlements), former forest areas that have been organised for settlement by the Public Welfare Department or the Cooperatives Promotion Department and where the farmers are provided with proper land rights. But those areas are now full, and almost all the future planting will have to be in degraded forest reserve areas where only a small proportion of the settlers have legal land use rights.

Over 1,000 farmers from the Khun Song forest area in Chantaburi have applied to the project, expecting to get land documents when they join and to plant rubber in the 1990 season. They would plant a total of 40,000 rai (6,400 ha).

But prospects for accepting those farmers into the project in 1990, and for planting another 72,000 rai before the planned end of the project in 1991, are poor. The agencies involved have requested an extension to 1992 or 1993, but this would mean increased costs for the EC and the Thai agencies. And judging by recent progress it might not be possible to reach the target even if an extension is granted.

Progress is slow because the procedures for providing land use documents for farmers in the forest areas are inadequate. The land documents are needed because without them the farmers could be evicted at any time. This risk means they are not interested in planting trees for which they will have to wait six years for any income. And, for the same reason, the BAAC cannot extend loans to them.

The Royal Forestry Department has been aware of the problem for two years and has promised to survey the farmers and issue land documents 'soon'. Last July they promised to start in November.



There was no progress at all by January, with either surveying the farmers or speeding up the application procedures, which means no new documents will be ready for the 1990 planting season in May-July.

Forestry Department procedures allow squatters to apply for land documents, not for ownership but for the right to use the land. The documents are supposed to be transferred only by inheritance, and so are of limited use as, for example, security for bank loans. BAAC accepts them only as a guard against eviction, and uses its normal joint-liability system – in which groups of borrowers guarantee each others' debts – as loan security.

But the procedures for issuing documents are problematic for many reasons.

First, the basic STK (sitthi tham kin, so tho ko, or land use right) document that is normally the easiest to obtain is restricted to 15 rai (2.4 ha) per farmer. In most cases this is not enough to cover the area that the farmer claims, so the farmer, more than likely, will control undocumented land even when the procedures have been satisfied.

Second, although the Forestry Department has issued STKs covering apparently large areas, in numerous cases the documents are in practice no longer valid. This is because the original recipient has sold the land, so the name of the present 'owner' is different from the name on the STK document.

Once an STK has been issued for a plot, the Forestry Department is reluctant to issue another one in a different name. Moreover, the process of issuing documents is cumbersome. The few farmers who understand the Forestry Department's working methods can choose between a number of different channels depending on their particular situation. For example, there are ways of getting 'leasing rights' for more than the 15 rai STK limit, though this

involves a longer bureaucratic process.

The requirement that the plots must be surveyed is a major bottleneck for all these channels. The Forestry Department has limited staff available to carry out the surveys. And even when they are carried out, the surveys require that the farmer-applicant must be contacted together with all the farmers in adjoining plots. Assembling these groups is inevitably a time-consuming matter.

The survey is intended to consider not only the boundaries of the plots but also their plant cover. In principle documents cannot be issued for plots that can still be considered forest, according to some precise criteria covering numbers of trees per rai classified by the diameter of their trunks.

There is a nice catch-22 here: if a farmer were to go ahead and plant trees before getting a land document, he could not subsequently get a document because his land would be classified as forest.

The steps that have to be followed both before and after the survey are more or less cumbersome, depending on the particular type of document involved. Approval must be sought from some or all of the district Forestry Department office, the provincial Forestry Department Office, the district officer, the provincial governor, the Regional Forestry Department Office, the Director General of the Forestry Department in Bangkok and the Minister of Agriculture and Cooperatives. All this can take one or two years after the completion of the survey.

In the case of the EC project most new applicants have no STK document, so their applications for leasing certificates would have to follow the most tortuous route of all through the Forestry Department, including getting the signature of the Minister in each individual case.





Because of the recent controversy surrounding the use of forest land, particularly for planting eucalyptus, there has been an increasing tendency to centralise decision-making for every request for a new document. In practice this has meant that the documents for even a small-scale farmer requesting the right to use 20 rai (3.2 ha) of land must cross the Minister's desk. The Forestry Department has become so discouraged by the time it takes to complete this process that officials have carted many of the unsigned applications back from the Ministry to the limbo of some Bang Khen office store cupboard.

In view of the difficulties of understanding these procedures and the delays and uncertainties involved, it is not surprising that few farmers want to get involved at all.

The problems are accentuated by their present illegal situation: the last thing they want is to inform the Forestry Department of their existence in the forest areas, for fear that once identified they will swiftly be evicted. They distrust the Forestry Department and resent the fact that if they do get land documents they will have to pay a nominal rent to the Forestry Department each year for land that they consider they own.

The recent upsurge of applications occurred when farmers were informed, wrongly as it turned out, that the Forestry Department procedures had finally been streamlined. It was the BAAC who gave that



assurance, and BAAC is now nervously waiting for a backlash when the farmers realise that nothing has changed. A further loss of confidence at this stage might well end all hope for completing the project.

An unfortunate side effect of the complexity of the present procedures is that they discourage small-scale farmers in particular. Large-scale farmers, urban dwellers who want land to lease to tenants, and companies who have large-scale farming projects in mind, can usually find a way through the maze. Small-scale farmers cannot, even though they are the ones actually using the land.

Perhaps this gives a clue as to why the Forestry Department has been so slow to act. The Shell company has applied for rights to use 300,000 rai of land for a eucalyptus estate in the area ear-marked for the EC rubber project. Some observers believe the farmers now using the land cannot get land documents because the Forestry Department would prefer to support the more lucrative Shell project. Is this the real reason for the delays?

It might be unfair to blame the Forestry Department

for these problems. It could be argued that they are following what they understand to be their

mandate, which is to preserve Thailand's forests, not develop them. But the underlying problem remains: the relevant policies and procedures have not kept pace with the real situation on the ground in the areas concerned. Most of the 'forests' that the regulations are designed to protect no longer exist. The pretence that they do achieves nothing more than to discourage investment in environmentally sound agriculture, and to leave millions of small farmers on the wrong side of the law.

