

## **Cambodia – Country Engagement Note and Land Allocation for Social and Economic Development (LASED) Project II**

### **U.S. Position**

**May 19, 2016**

Cambodia's track record in boosting economic growth and reducing poverty over the last decade is impressive. Cambodia's openness to trade and investment propelled annual growth to over 7 percent for the past decade. Policies designed to promote inclusive growth have helped reduce the proportion of the population living below the poverty line from 52 percent in 2004 to 17 percent in 2012.

Despite Cambodia's impressive economic growth and the strong decline in poverty rates, the country must still confront key challenges – reducing corruption, adopting a more open and transparent approach to governance, and reforming its land tenure system – in order to deliver equitable and inclusive growth that benefits all of the country's citizens.

Regrettably, the United States questions the Government of Cambodia's commitment to these priorities and therefore cannot support new lending to Cambodia at this time. The United States also questions whether the Bank has fully absorbed the lessons of previous projects – such as LASED I – in developing this CEN and the four projects that are being presented to the Board today.

In recent years, the World Bank has consistently noted the importance of citizen feedback to support stronger development outcomes, culminating in the adoption of the 2014 Strategic Framework for Citizen Engagement. Unfortunately, the Government of Cambodia appears to be reducing its openness to feedback from its citizens and civil society groups. The United States hears consistent complaints that the Cambodian government – at all levels – is growing less responsive to citizen feedback, and the concept of citizen engagement is absent from this CEN despite being a prominent pillar in the last country assistance strategy. Recent events also call into question the independence of Cambodia's judiciary and its ability to play a key role in ensuring the equitable and transparent implementation of development projects. In a country where such a large percentage of the population remains at or near the poverty line and civil society groups are often prevented from expressing their views, the United States would have expected greater focus in this CEN on supporting the government to strengthen its commitment to citizen engagement and good governance.

The United States also has concerns about the government's commitment to appropriately manage the difficult issue of land tenure reform. While the United States recognizes that land tenure reform and land reallocation are particularly difficult issues in Cambodia, the reticence of the government to provide appropriate compensation for citizens evicted from their land under previous projects does not provide the United States with confidence that the authorities will deal with its citizens equitably in the future. The United States also notes significantly different reporting on the results and impact of other Bank projects in the area of land reallocation. While the Bank contends that the LASED I project was satisfactory in its implementation, independent reporting from local Cambodian civil society organizations documents serious issues with the

project and calls into question the project rating. It is unfortunate that the LASED project appraisal document neither notes nor addresses these criticisms.

For these reasons, while the United States recognizes the potentially positive development impact of World Bank engagement in Cambodia and, in the future, hopes to be able to support projects such as those proposed for Board consideration today, the United States wishes to be recorded as abstaining on these four projects.